

Outline

Outline of Operations

Minebea's operations are divided into four segments, which are machined components, rotary components, electronic devices and components, and other. The machined components segment focuses on miniature and small-sized ball bearings, rod-end and spherical bearings, as well as fasteners and pivot assemblies. The segment accounted for 40.1% of consolidated net sales in the current fiscal year. The rotary components segment, which focuses on small precision motors, such as hard disk drive (HDD) spindle motors and fan motors, represented 37.6% of consolidated net sales. The electronic devices and components segment, which accounted for 15.0% of consolidated net sales, encompasses light-emitting diode (LED) backlights for liquid crystal displays (LCDs) and other lighting devices, as well as inverters and measuring components. Our other segment, producing PC keyboards, speakers and defense-related products, generated 7.3% of consolidated net sales.

Minebea's product development efforts are centered in Japan, Germany, Thailand and the United States. Our manufacturing network encompasses bases in Japan, Thailand, China, the United States, Singapore, Malaysia, Germany, the Czech Republic, the United Kingdom and others. Thailand, which is our largest manufacturing base, accounted for 51.0% of total consolidated production while China accounted for 23.7%. Combined production at all our bases in Asia (excluding Japan) represented 80.3% of total production while manufacturing outside of Japan accounted for 92.2% of total production.

We supply products to a number of key markets. Notable among these markets are the PC and peripheral equipment, OA and telecommunications equipment, automotive, household electrical appliances and aerospace sectors, which respectively accounted for 28.8%, 20.5%, 10.6%, 8.3% and 8.2% of our consolidated net sales. Many of our customers, who are manufacturers of these products, are expanding their production bases beyond Japan, Europe, and the Americas. This expansion has been directed particularly toward China and other parts of Asia, and accordingly, highest sales were to China, accounting for 26.6% of consolidated net sales. Our second-largest geographic market is Japan, which accounted for 23.5% of consolidated net sales. The third largest, Thailand, accounted for 13.6%. Remaining sales came from the United States, Europe, and other areas.

Under the organizational change implemented on June 1, 2009, we established business headquarters for each product category in order to organically link the functions of business units and headquarters. The change maximizes operational efficiency, provides a clear picture of operational results for each product category, and enables units producing similar products to share technological know-how. Business headquarters were created to serve as the administrative umbrellas for similar business departments and certain functions that previously fell under the direct oversight of corporate headquarters. Various production, engineering, sales and procurement operations were transferred to the new business headquarters in an effort to increase efficiency. In the current fiscal year, Minebea was composed of 5 business headquarters overseeing 17 business units, 4 divisions supporting these business units, 2 administrative divisions and the CSR Promotion Division.

In April 2011, the Circuit Components Business Unit of the Electronic Device & Component Business Headquarters, the HMSM Business Unit of the Rotary Component Business Headquarters and part of the EMS Department of the Engineering Support Division were integrated to form the EMS Business Unit under the Electronic Device & Component Business Headquarters. As a result of this organizational change, the number of business units now totals 16.

Outline of Strategies

We aim to bring profitability and corporate value to new heights by leveraging our vertically integrated manufacturing system that takes advantage of ultra-precision machining technologies, large-scale overseas volume production systems, and a well-developed R&D system. These systems, which we have established worldwide, will keep us ahead of the competition in manufacturing and technological excellence.

The path to the top, as well as sustainable growth, lies in the utilization of our group's collective vertical and horizontal strengths, increasing corporate values through M&A and alliances, developing new products, improving existing products, and constantly improving our production technologies, etc.

1. We will capitalize on untapped demand for ball bearings by taking steps to expand our production capacity as we strengthen our development capabilities and production technologies for high-growth miniature ball bearings. We will also focus on manufacturing and selling low-priced products and medium-size ball bearings to emerging markets.
2. We will lay the foundation needed to increase pivot assembly and ball bearing production in order to keep pace with the demand from HDD-related markets.
3. We will improve profitability in the spindle motor business by quickly responding to market demands while increasing production and cutting costs.
4. We will maximize growth for precision aircraft components by enhancing our existing rod-end bearing business and moving forward with our expansion into large mechanical parts for aircraft, an area involving sophisticated new processing technologies.
5. We will boost sales and earnings by substantially increasing production of LED backlights for LCDs.
6. We will turn fan motors and other precision small motors into the second most important pillar of our operations following bearings and bearing-related products.
7. We will increase the ratio of high-value-added products in all product categories and diversify offerings to serve a broader market.
8. We will strengthen our ability to provide flexible prices and satisfy customer needs by continually adapting our business portfolio and leveraging our organization-wide management resources, covering everything from manufacturing to sales and marketing, engineering as well as R&D.
9. We will harness the combined technological strengths in electronic devices and components as well as machined components to cultivate new markets and increase sales as we develop new hybrid component products.
10. We will strive to improve our performance by aggressively implementing thorough and full-scale cost reduction initiatives as well as bolstering our overall business structure.
11. We will continue to seek out for optimal production locations in order to minimize regional risks and be ready to expand production to multiple locations.

Financial Data by Segments

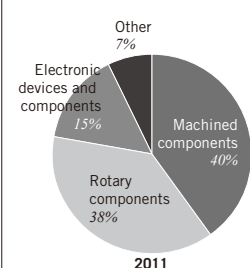
	<i>Millions of yen</i>					
<i>Years ended March 31</i>	2011	2010	2009	2008	2007	
Sales by reportable segments						
Machined components	¥107,841	¥ 99,291	¥ —	¥ —	¥ —	
Rotary components	101,139	74,185	—	—	—	
Electronic devices and components	40,502	35,780	—	—	—	
Reportable segments total	249,482	209,256	—	—	—	
Other	19,657	19,190	—	—	—	
Total	269,139	228,446	—	—	—	
Adjustment	—	—	—	—	—	
Consolidated financial statements amount	¥269,139	¥228,446	¥ —	¥ —	¥ —	
Income (loss) by reportable segments						
Machined components	¥ 28,088	¥ 20,634	¥ —	¥ —	¥ —	
Rotary components	(225)	(1,827)	—	—	—	
Electronic devices and components	4,160	5,385	—	—	—	
Reportable segments total	32,023	24,192	—	—	—	
Other	498	(685)	—	—	—	
Total	32,521	23,507	—	—	—	
Adjustment	(10,358)	(11,448)	—	—	—	
Consolidated financial statements amount	¥ 22,163	¥ 12,059	¥ —	¥ —	¥ —	
Assets by reportable segments						
Machined components	¥ 77,796	¥ 79,507	¥ —	¥ —	¥ —	
Rotary components	72,374	64,488	—	—	—	
Electronic devices and components	18,280	14,898	—	—	—	
Reportable segments total	168,450	158,893	—	—	—	
Other	10,857	19,911	—	—	—	
Total	179,307	178,804	—	—	—	
Adjustment	111,785	99,163	—	—	—	
Consolidated financial statements amount	¥291,092	¥277,967	¥ —	¥ —	¥ —	
Depreciation and amortization by reportable segments						
Machined components	¥ 8,098	¥ 8,017	¥ —	¥ —	¥ —	
Rotary components	7,895	7,887	—	—	—	
Electronic devices and components	979	953	—	—	—	
Reportable segments total	16,972	16,857	—	—	—	
Other	1,291	1,472	—	—	—	
Total	18,263	18,329	—	—	—	
Adjustment	2,543	2,811	—	—	—	
Consolidated financial statements amount	¥ 20,806	¥ 21,140	¥ —	¥ —	¥ —	
Increase in tangible and intangible fixed assets by reportable segments						
Machined components	¥ 10,783	¥ 4,122	¥ —	¥ —	¥ —	
Rotary components	9,490	3,516	—	—	—	
Electronic devices and components	1,515	592	—	—	—	
Reportable segments total	21,788	8,230	—	—	—	
Other	825	460	—	—	—	
Total	22,613	¥ 8,690	—	—	—	
Adjustment	4,722	2,391	—	—	—	
Consolidated financial statements amount	¥ 27,335	¥ 11,081	¥ —	¥ —	¥ —	

Note: Effective from fiscal 2011, the Company has applied the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” and the “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information.” Accordingly, figures before fiscal 2009 are not disclosed, as they cannot be compared to.

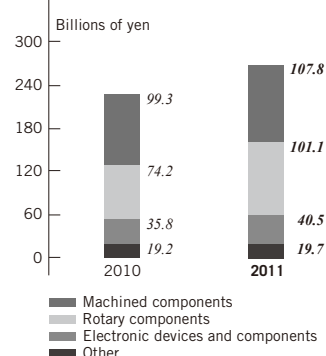
Financial Review

Results of Operations

Ratio of Net Sales by Segment



Net Sales by Segment



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.

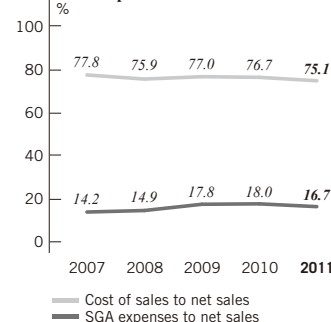
Cost of Sales

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%.

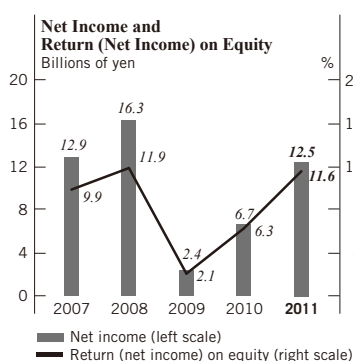
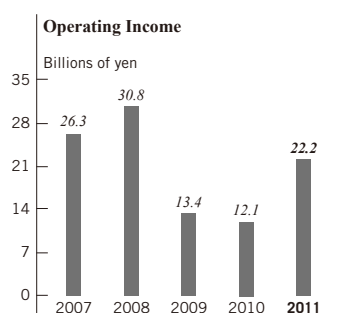
Cost of Sales to Net Sales and SGA Expenses to Net Sales



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

<i>As of May 2011</i>	<i>Long-term debt</i>	<i>Short-term debt</i>
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

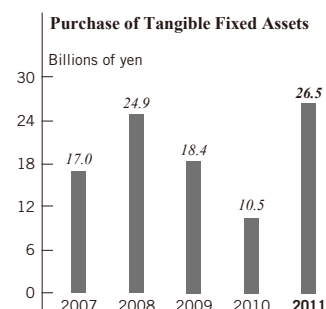
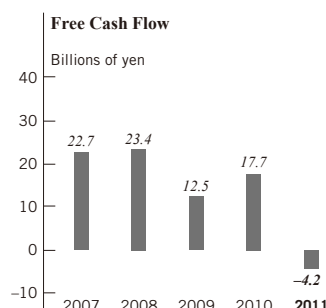
Cash flows used in investing activities increased 124.9%, or ¥15,898 million, to total ¥28,631 million. This was primarily due to a year-on-year increase of ¥16,022 million in payments for purchase of tangible fixed assets, which amounted to ¥26,517 million.

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

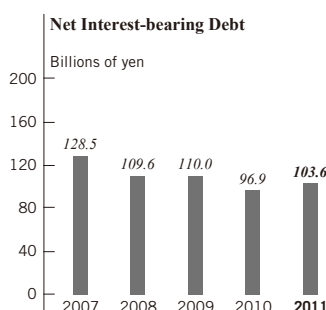
The balance of cash and cash equivalents at the end of the current fiscal year was ¥27,622 million. This represented a net increase of ¥2,767 million, resulting from net cash provided by financing activities exceeding outflow of free cash flow.



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

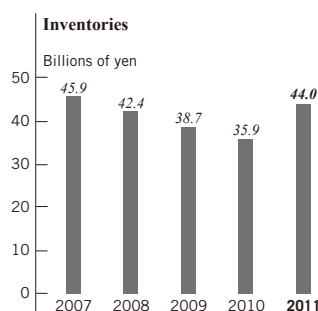


Total assets at the end of the current fiscal year amounted to ¥291,092 million, up 4.7%, or ¥13,125 million, year on year. The major reasons for this uptick include an increase in inventories as well as an upswing in notes and accounts receivable-trade due to recovery of production and sales.

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.



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.

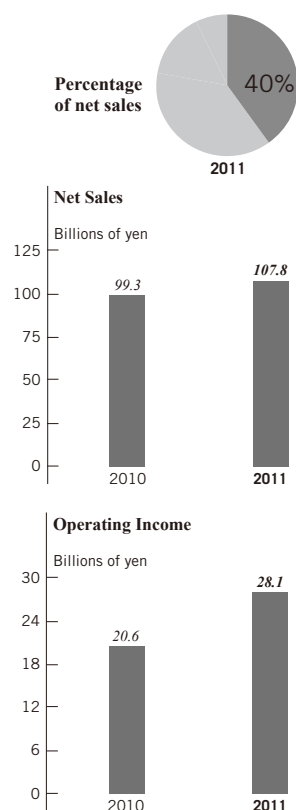
Minority interests in consolidated subsidiaries increased by 38.0%, or ¥564 million, to reach ¥2,049 million.

Financial Position

	<i>Millions of yen</i>				
<i>As of March 31</i>	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

Segment Information

Machined Components



Net sales increased ¥8,550 million, or 8.6%, year on year to total ¥107,841 million. Operating income rose 36.1%, or ¥7,454 million, year on year to hit ¥28,088 million. Operating margin, calculated using sales to external customers, was up 5.2 percentage points year on year at 26.0%. Increases in both revenue and income were in part a result of our ongoing efforts to lower costs via improvements to basic technologies, product technologies and manufacturing techniques. Other factors behind the uptick include robust sales buoyed by the rebounding global economy and enhanced efficiency that accompanied the boost in production.

Major Products and Applications and Minebea's Global Market Share

Major Products	Major Applications	Global Market Share*
Miniature and small-sized ball bearings	Small motors, household electrical appliances, information and telecommunications equipment, automobiles, industrial machinery	60%
Rod-end and spherical bearings	Aircraft	50%
Fasteners	Aircraft, automobiles	—
Pivot assemblies	HDDs	60%

*Global market shares are based on units shipped except for rod-end and spherical bearings, which is based on sales value. Minebea estimates market shares using information collected on its own and through independent market research firms.

Business Activities and Ongoing Efforts

Sales of miniature and small-sized ball bearings (our mainstay products) as well as rod-end and spherical bearings were lifted by an upbeat market. Pivot assemblies sales remained flat due to the strong yen despite the increased sales volume to the hard disk industry, our primary market.

We continued to lower manufacturing costs in the ball bearings business via streamlining as well as initiatives designed to improve production yield. Our commitment to get back to the basics of manufacturing resulted in a real improvement in business performance as we looked for ways to bolster the development of basic technologies. We will continue to work on boosting production in order to meet today's high demand while moving ahead with plans to build a new plant in Thailand. The new plant will be used to mass produce ball bearings for pivot assemblies as well as low-priced products for emerging markets and medium-size ball bearings. We are working to strengthen our sales network in the emerging markets of Brazil, China and India.

In addition to responding to the growing demand for rod-ends and fasteners in the aerospace industry, we are expanding our product range beyond just rod-end and spherical bearings to encompass ball bearing parts for engine peripherals and large mechanical parts that entail more sophisticated processing technologies. We are now in the process of shifting some of our production operations for rod-end and spherical bearings from Japan and the United Kingdom to Thailand.

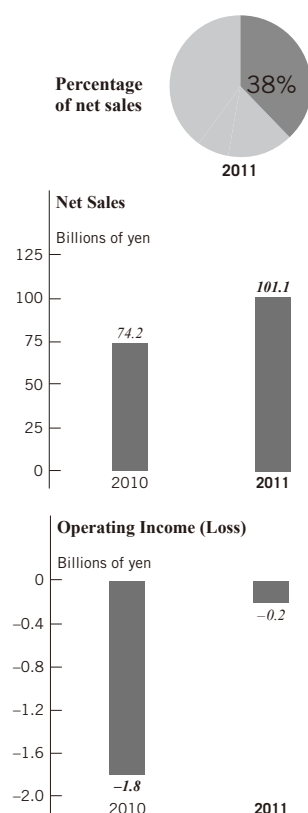
A number of measures have been implemented to increase pivot assembly production and lower the cost of manufacturing by improving yield. While the HDD market continues to lag we deemed it best to halt construction of a new pivot assembly plant.

Major Products

Ball bearings	Rod-end bearings	Spherical bearings	Roller bearings	Bushings	Pivot assemblies
Mechanical assemblies	Aerospace fasteners	Automotive fasteners			

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

Rotary Components



Net sales were up ¥26,954 million, or 36.3%, year on year to total ¥101,139 million. Operating losses totaled ¥225 million, ¥1,602 million less than what it was in the previous fiscal year. Operating margin, calculated using sales to external customers, improved 2.3 percentage points to hit -0.2%. Net sales increased significantly thanks to the global economic recovery as well as the addition of the brushless DC motor line, which we took over from Panasonic Corporation in April 2010. Although a drop in sales of precision motors had a significant impact on our bottom line, operating loss was diminished by ongoing cost reduction efforts for information motors (excluding vibration and brush DC motors) and improved performance of HDD spindle motors on top of the positive effect of the newly acquired brushless DC motor business.

Major Products and Applications and Minebea's Global Market Share

Major Products	Major Applications	Global Market Share*
Information motors (fan motors, stepping motors, brush DC motors, vibration motors, brushless DC motors)	PCs and servers, information and telecommunications equipment, household electrical appliances, cellular phones, automobiles, industrial machinery, office automation equipment	2–66%, depending on product
HDD spindle motors	HDDs	—
Precision motors	Automobiles	—
Micro actuators	Digital still cameras, automobiles	—

*Global market shares are based on units shipped. Minebea estimates market shares using information collected on its own and through independent market research firms.

Business Activities and Ongoing Efforts

Sales of HDD spindle motors exceeded the previous fiscal year's level due to improved market conditions and marketing efforts. Sales of information motors (excluding vibration and brush DC motors) were up thanks to the addition of brushless DC motors to our product line as well as better market conditions for information equipment makers.

We are introducing some new products to our information motors business as we pursue greater product synergy. The brushless DC motor products taken over from Panasonic Corporation were incorporated into our product line in April 2010.

Our efforts in the area of HDD spindle motors continue to focus on stepping up production and sales of high-growth, high-priced 2.5-inch HDD models as well as servers while we work to improve yield as well as R&D capabilities.

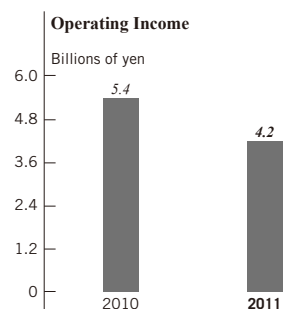
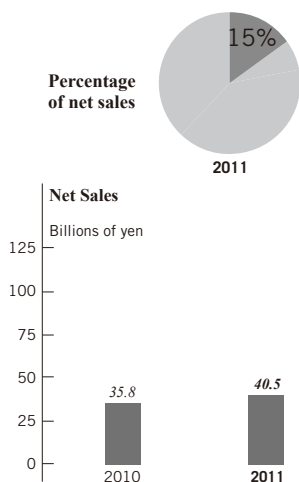
In April 2011, our Cambodian plant, which is going to be one of our production bases for small motors, went on line at its temporary facility. Cambodia awarded us its Pioneer Incentive, giving us the exclusive right to manufacture small motors with an output of 50 watts or less for the first five years of production. We had a groundbreaking ceremony in May 2011 and plan to complete the plant by the end of 2011. The Cambodian plant will be a production base specializing in the manual assembly of small motors for office automation equipment, household electrical appliances and digital equipment using parts supplied by our plants in neighboring Thailand and Malaysia. Our overall aim is to enhance our production efficiency in Asia.

Major Products

Fan motors	Permanent magnet (PM)-type stepping motors	Hybrid-type stepping motors	Brush DC motors
Vibration motors	Brushless DC motors	HDD spindle motors	Precision motors
AC radial fan			AC propeller fan

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

Electronic Devices and Components



Net sales were up ¥4,722 million, or 13.2%, year on year to total ¥40,502 million. Operating income fell 22.7%, or ¥1,225 million, to ¥4,160 million. Operating margin, calculated using sales to external customers, was 10.3%, down 4.8 percentage points from the previous fiscal year. Although improved market conditions and aggressive sales efforts boosted sales of LED backlights for LCDs, resulting in an increase in net sales, operating income declined due to the discontinuation of some measuring component products.

Major Products and Applications and Minebea's Global Market Share

Major Products	Major Applications	Global Market Share*
LED backlights for LCDs	Cellular phones, automobiles, digital still cameras, portable digital information terminals	13%
Measuring components	Industrial machinery, automobiles	—

*Global market shares are based on units shipped. Minebea estimates market shares using information collected on its own and through independent market research firms.

Business Activities and Ongoing Efforts

Sales of LED backlights for LCDs were buoyed by robust sales in the smartphone and cellular phone markets. Sales of measuring components dipped slightly and profits also declined due to the discontinuation of some measuring component products.

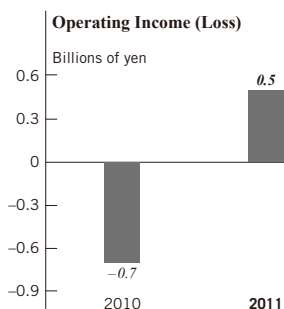
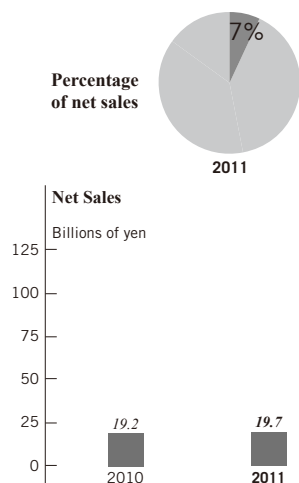
We are expanding the electronic devices business' product lineup as well as the production of LED backlights for small and medium-sized LCDs. Now that the Suzhou plant in China went on line in April 2011, we will work to boost production capacity and expand the product range in order to meet the high demand in the market.

We are also developing new products and markets in the measuring components business.

Major Products

LED backlights	Backlight inverters	LED drivers	Measuring components	Hybrid components
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Other



Net sales were up ¥467 million, or 2.4%, year on year to total ¥19,657 million. The turnaround in the keyboard business brought operating income up ¥1,183 million year on year for a total of ¥498 million. Operating margin, calculated using sales to external customers, was up 6.1 percentage points at 2.5%.

Major Products and Applications and Minebea's Global Market Share

Major Products	Major Applications	Global Market Share*
Notebook PC keyboards	Notebook PCs	3%
Speakers	Audio equipment, PCs, automobiles	—

*Global market shares are based on units shipped. Minebea estimates market shares using information collected on its own and through independent market research firms.

Business Activities and Ongoing Efforts

Sales of special devices and keyboards were relatively good compared with the previous fiscal year due to better market conditions. We were able to successfully turn around the keyboard business. Our PC keyboards business is now developing high-value-added products, lowering costs and enhancing efficiency. We are working on expanding speaker sales as we focus on specializing in high-added-value products.

Major Products

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

Research and Development

Research and Development

Minebea manufactures and sells a wide range of products around the world. These include ball bearings, precision machinery components that incorporate ball bearings, aircraft components such as rod-end bearings and high-end fasteners, as well as electronic components used in state-of-the-art electronics equipment. Minebea and Minebea Group companies work closely together on R&D in each of these areas.

The Minebea Group is also dedicated to the development of hybrid component products that integrate the elemental technologies that go into making its machined components, electronic devices and components. In March 2010, Minebea released “COOL LEAF,” a next generation input device combining various technologies cultivated in the process of design and development of keyboards (input devices), lighting devices (backlight modules employing light guide plates) and measuring components (force sensors).

Minebea has development bases in Japan (Karuizawa Plant and Hamamatsu Plant), Thailand, China, the United States, and Europe. These bases leverage their individual expertises and the synergy between them to quickly move products through the R&D pipeline and bring new business opportunities to light. Our facilities in Karuizawa, Thailand and China have all been ISO17025 certified and are moving the entire Minebea Group forward in analyzing and reducing emissions of hazardous substances targeted by environmental regulations, including those banned by the European Union’s Restriction of Hazardous Substances (RoHS) directive.

R&D expenses for the Minebea Group amounted to ¥7,895 million. This included ¥1,639 million allocated to general basic research at material science laboratories in Thailand and China, which could not be apportioned to any individual segment.

R&D activities for each segment include:

Machined Components

R&D in this segment remained geared toward our mainstay bearing products (i.e. ball and rod-end bearings) with a focus on developing basic tribological technologies for materials and lubricants, etc., as well as on oil fill, electromechanical machining (ECM), diamond-like carbon (DLC) and other processes. We are working with a keen eye to responding to the needs of manufacturers in emerging areas of the IT, home electrical appliances, automobiles and aerospace industries. Reliability engineering aimed at minimizing particle generation, extending product life, enhancing electroconductivity, etc. as well as applied engineering is at the heart of our work in this area.

Work is also moving ahead to develop ever-smaller miniature ball bearings. We succeeded in developing the world’s smallest miniature ball bearings, boasting an outer ring diameter of 1.5 mm and an inner ring diameter of just 0.5 mm.

Recent progress in the area of aerospace industry bearings includes the development and approval of tie-rod mechanical assemblies, trunnion bearings for main landing gear and a wide range of bearings that will go into flight control systems for new models released by U.S. and European aircraft manufacturers. These R&D successes are built on the same technology used in our rod-end bearings.

R&D expenses for the machined components segment totaled ¥1,265 million.

Rotary Components

Our mainstay motor products in this segment include information motors (fan motors, stepping motors, brushless DC motors, vibration motors, and brush DC motors) and HDD spindle motors. We are working to enhance our basic technologies such as various core analysis technologies, control technologies and materials technologies, as well as to enhance our product development. Our aim is to be the first to launch a range of state-of-the-art products that respond to growing customer requirements for compact, highly efficient (low energy consumption), quiet, and reliable components designed for various types of motors and applications.

We developed a stepping motor unit whose external diameter of just 3.2 mm makes it the smallest stepping motor in the world. This unit is currently undergoing assessment for a variety of applications. R&D work on magnetic application products harnesses our expertise in materials technology, core technologies and product-related technologies. Ongoing work in this area continues to yield such outstanding products as rare earth bond magnets and heat-resistant magnets for use in high-performance motors.

The majority of HDDs now use perpendicular magnetic recording to achieve higher recording densities. This means we have to be more careful than ever in ensuring that every component is perfectly clean. That is why we have put so much effort into developing clean manufacturing technologies that ensure a high level of cleanliness in our mainstay HDD-related products, including our bearing units, spindle motors and base plates.

Another success involves R&D combining our motor, fan, electronics and other technologies that has produced the innovative heat management system module (HMSM).

R&D expenses in the rotary components segment totaled ¥3,178 million.

Electronic Devices and Components

Progress in the area of display-related products includes the development of a new high-brightness, high-efficiency LED backlight for LCDs targeting the cellular phone, smartphone, tablet PC, handheld game console, and digital still camera markets. After developing a plastic molding technology capable of accommodating larger, thinner optical devices and increasingly fine optical patterns we have one more development to add to our list of outstanding technological achievements that includes ultra precision machining, mold production and molding technologies. This development gives us the technological foundation needed to expand into the area of LED backlights for notebook and desktop PC monitors, for which LCDs have become the preferred type of display.

Advances in electronics-related products includes state-of-the-art LED backlight driver circuits for large-sized LCD TVs and driver circuits for LED lighting applications. Our shift from analog to digital control circuits will significantly reduce the number of parts used as well as improve control precision, enabling us to reduce engineering lead time.

R&D expenses in the electronic devices and components segment totaled ¥1,259 million.

Other

Our main products in the other businesses are PC keyboards, speakers and defense related products.

R&D expenses in this segment totaled ¥554 million.

Outlook for the Next Fiscal Year and Risk Management

Outlook for the Next Fiscal Year (Fiscal Year Ending March 2012) (as of May 2011)

In the aftermath of the Tohoku Earthquake in March we expect the Japanese economy to stay low while the impact of delays in component procurement and halted production of the automobile and other industries will continue to be felt throughout global economy.

The outlook for the future remains uncertain as materials and components shortages cast doubt over the markets we supply. Since these circumstances make it extremely difficult to accurately predict future performance, we have calculated our forecast figures within ranges as follows:

Net sales	¥260,000 million – ¥285,000 million
Operating income	¥ 21,000 million – ¥ 24,500 million
Net income	¥ 11,000 million – ¥ 13,000 million

We will revise these figures when the outlook for the future becomes clearer.

Outlook by segment for the full year is as follows:

Machined Components

We expect demand for ball bearings, our primary product line, to increase in major markets during the latter half of the fiscal year despite the negative impact of the earthquake during the first half. We will continue to aggressively expand sales of ball bearings to the automobile, information and telecommunications equipment industries as we enhance production capacity with our new production facility in Thailand. Expanding sales and cutting costs will give us the economies of scale in manufacturing needed to boost performance even further.

Rotary Components

We will work to tap into new markets for information motors and continue to increase production efficiency, improve product mix, and start mass production at the newly launched Cambodian plant with an eye to boosting sales. While the HDD spindle motors business currently has only a small share of the market, we intend to improve performance through cost reductions. Although the outlook for our major customers in the hard disk industry is clouded by murky market waters we will do our best to chart a course forward. We look forward to turning the rotary component segment around as these business operations rebound during the second half of the fiscal year.

Electronic Devices and Components

We will work to quickly launch the Suzhou plant in China for producing LCD backlights and boost production and sales with an eye to garnering the top share of the market.

Other

Both the special devices and keyboard business operations are expected to be steady. We will now concentrate on improving the ailing speaker business to boost our bottom line.

Risk Management

Minebea recognizes a variety of risks and uncertainties that have the potential to affect its operating results and/or financial position. Like all publicly traded companies in Japan, Minebea is required to file an annual securities report (*Yuka Shoken Hokokusho*). In this report, filed on June 29, 2011, we recognized the following risks:

1. 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. Our operating results and financial position are vulnerable to these fluctuations.

2. Foreign exchange risk

A significant portion of our consolidated net sales and production are 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 derivative 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.

3. Research and development risk

While we focus on R&D to introduce a constant stream of new, high-quality products, there is the risk that significant R&D investments may not pay off. There are simply no guarantees that R&D efforts will come to fruition.

4. Legal risk

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

5. Risk related to price negotiations

We continue to face intense competition from lower-priced products made overseas. 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.

6. Risk related to raw materials and logistics costs

We purchase a variety of materials from external suppliers and strive to ensure optimal purchase inventory volumes for such materials as well as access to steady supplies of materials with stable prices. This leaves us open to the risk of rising prices for such materials that could potentially affect our operating results and/or financial position in the future.

7. Latent risk related to operations overseas

The Minebea Group's manufacturing activities are conducted overseas such as Thailand, China, and Singapore. While considerable time has passed since we established our operations in these countries, overseas operations are always subject to the following risks (any of which could have a negative impact on our operating results and/or financial position): (a) unexpected changes to laws or regulations, (b) difficulty in attracting and securing qualified human resources, (c) acts of terrorism or war, or other acts that may disrupt social order.