

## Outline

<b>Outline of Operations</b>	<p>Minebea's operations are divided into the following segments: The machined components segment makes miniature and small-sized ball bearings, rod-end and spherical bearings, as well as fasteners and pivot assemblies. The segment accounted for 42.6% of consolidated net sales for the current fiscal year. The rotary components segment focusing on small precision motors, like spindle motors for hard disk drives (HDDs) and fan motors, represented 36.3% of consolidated net sales. The electronic devices and components segment, which accounted for 15.1% 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 special devices, generated 6.0% of consolidated net sales.</p> <p>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, Cambodia, Germany, the Czech Republic and the United Kingdom. Our largest manufacturing base, in Thailand, accounted for 51.9% of total consolidated production in the current fiscal year, while our manufacturing base in China accounted for 21.2%. Combined production at all our bases in Asia (excluding Japan) represented 78.5% of total annual production while manufacturing outside of Japan accounted for 91.1% of total yearly output.</p> <p>We supply products to a number of key markets. Notable among these markets are the PC and peripheral equipment, office automation and telecommunications equipment, automotive, aerospace and household electrical appliances sectors, which respectively accounted for 28.4%, 20.9%, 11.0%, 9.4% and 7.3% 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 which explains why sales were highest in China (including Hong Kong), accounting for 24.4% 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 13.4%. Remaining sales came from the United States, Europe, and other areas.</p> <p>While we had established business headquarters for each product category and managed the business using both a vertical organization called "Business Headquarters/Business Unit" that combines the manufacturing divisions and marketing divisions by business unit, and a horizontal organization called "Division" that indirectly supports the activities of business headquarters/business units based on their own functions. On May 21, 2012, we changed the above organizational structure. After the change, we also changed the name of each business headquarters to manufacturing headquarters, and newly established Global Motor Business Headquarters. We also reorganized the business administrative functions into three divisions. As a result, Minebea is now composed of five manufacturing headquarters and one business headquarters to which 16 business units belong, with four supporting divisions and three administrative divisions. The marketing functions the previous "Business Headquarters/Business Unit" was responsible for were transferred to Sales Division, which enables us to do both manufacturing activities and marketing activities in parallel for the purpose of flexibly responding to a quick change of the market as well as strategically promote the business with mobility. Global Motor Business Headquarters are responsible for conducting motor businesses outside of Japan that includes "Moatech Business Unit" which was newly established when we acquired shares of Moatech in May 2012, and expanding business synergy. In administrative divisions, we seek more efficient business operation through the restructuring.</p>
<b>Outline of Strategy</b>	<p>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 volume production systems overseas, and a well-developed R&amp;D system. These systems, which we have established worldwide, will keep us ahead of the competition in manufacturing and technological excellence.</p> <p>In addition, for the purpose of diversifying the procurement of equipment and materials, we seek to establish a new supply chain system, respond to a quick change of demand and supply, and improve the capital efficiency. 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&amp;As and alliances, developing new products, improving existing products, and constantly improving our production technologies, etc.</p> <ol style="list-style-type: none"> <li>1. In ball bearings, we will create and expand new demands by strengthening production capacity of miniature ball bearings that have much potential for growth and developing new products. We will also focus on production and sales for emerging market and further expand high profitable business by responding to a quickly changing business environment.</li> <li>2. We will increase pivot assembly and ball bearing production in order to keep pace with the growing demand from HDD-related markets.</li> <li>3. In the HDD spindle motor business, we will strive for earnings improvement by responding to market demands, developing new products, and at the same time, implementing increased production and cost reductions.</li> <li>4. For the purpose of further enhancing the aircraft parts of which demand is expected to increase, we will prepare a global business strategy and also improve the basic technical capability of existing rod-end bearings. We will also continue deploying our business in the area of mechanical parts for aircrafts using our highly sophisticated processing technology.</li> <li>5. In the LED backlight business, we will increase the products for smart phones and tablet PCs and expand the business in the automobile market, aiming at more sales and stable profits.</li> <li>6. We will build our operations in the area of precision small motors into a second pillar of our operations after bearings and bearing-related products. Additionally, we will transfer the function of small motor assembling (such as micro actuators and DC brush motors) to Cambodia plant that was constructed in 2011 to increase the production and reduce production cost for higher profitability.</li> <li>7. We will increase the ratio of high-value-added products and expand the product line-up to serve a broader market.</li> <li>8. We will strengthen our ability to provide flexible prices and ability to satisfy the requirements of our customers by always considering the re-organization of our business portfolios and demonstrating across-the-board management resources covering manufacturing, sales and marketing, engineering and development.</li> <li>9. We will harness the combined technological strengths in electronic devices and components as well as machined components to cultivate new markets such as a medical one and increase sales as we develop new hybrid products.</li> <li>10. We will strive for improved results by aggressively undertaking thorough and full-scale cost reduction initiatives as well as furthering the strengthening of our business structure.</li> <li>11. We will continue to keep an eye out for optimal production locations in order to minimize regional risks and be ready to expand production to multiple locations.</li> <li>12. We will actively improve the corporate value through M&amp;A and alliance. (For the purpose of conducting this strategy, we entered into a capital and business alliance agreement for joint investment with the Development Bank of Japan on February 2, 2012.)</li> </ol>

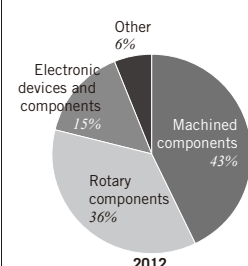
## Financial Data by Segments

	<i>Millions of yen</i>				
<i>Years ended March 31</i>	2012	2011	2010	2009	2008
Sales by reportable segments					
Machined components	¥107,038	¥107,841	¥ 99,291	¥ —	¥ —
Rotary components	91,364	101,139	74,185	—	—
Electronic devices and components	37,887	40,502	35,780	—	—
Reportable segments total	¥236,289	249,482	209,256	—	—
Other	15,069	19,657	19,190	—	—
Total	¥251,358	269,139	228,446	—	—
Adjustment	—	—	—	—	—
Consolidated financial statements amount	¥251,358	¥269,139	¥228,446	¥ —	¥ —
Income (loss) by reportable segments					
Machined components	¥ 25,611	¥ 28,088	¥ 20,634	¥ —	¥ —
Rotary components	(4,119)	(225)	(1,827)	—	—
Electronic devices and components	(959)	4,160	5,385	—	—
Reportable segments total	¥ 20,533	32,023	24,192	—	—
Other	(339)	498	(685)	—	—
Total	¥ 20,194	32,521	23,507	—	—
Adjustment	(11,595)	(10,358)	(11,448)	—	—
Consolidated financial statements amount	¥ 8,599	¥ 22,163	¥ 12,059	¥ —	¥ —
Assets by reportable segments					
Machined components	¥ 82,614	¥ 77,796	¥ 79,507	¥ —	¥ —
Rotary components	70,753	72,374	64,488	—	—
Electronic devices and components	22,491	18,280	14,898	—	—
Reportable segments total	¥175,858	168,450	158,893	—	—
Other	10,065	10,857	19,911	—	—
Total	¥185,923	179,307	178,804	—	—
Adjustment	120,849	111,785	99,163	—	—
Consolidated financial statements amount	¥306,772	¥291,092	¥277,967	¥ —	¥ —
Depreciation and amortization by reportable segments					
Machined components	¥ 7,520	¥ 8,098	¥ 8,017	¥ —	¥ —
Rotary components	6,824	7,895	7,887	—	—
Electronic devices and components	1,163	979	953	—	—
Reportable segments total	¥ 15,507	16,972	16,857	—	—
Other	1,101	1,291	1,472	—	—
Total	¥ 16,608	18,263	18,329	—	—
Adjustment	2,980	2,543	2,811	—	—
Consolidated financial statements amount	¥ 19,588	¥ 20,806	¥ 21,140	¥ —	¥ —
Increase in tangible and intangible fixed assets by reportable segments					
Machined components	¥ 8,501	¥ 10,783	¥ 4,122	¥ —	¥ —
Rotary components	7,462	9,490	3,516	—	—
Electronic devices and components	2,647	1,515	592	—	—
Reportable segments total	¥ 18,610	21,788	8,230	—	—
Other	471	825	460	—	—
Total	¥ 19,081	22,613	8,690	—	—
Adjustment	8,225	4,722	2,391	—	—
Consolidated financial statements amount	¥ 27,306	¥ 27,335	¥ 11,081	¥ —	¥ —

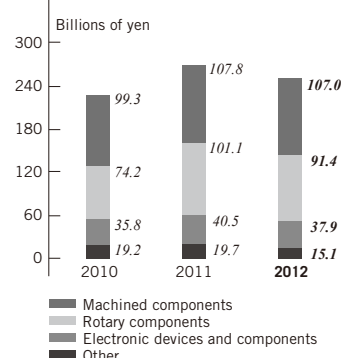
Note: Effective from fiscal 2011, the Company has applied the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” and the “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information.” Accordingly, figures before fiscal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

## Results of Operations

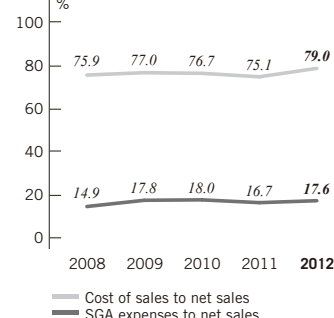
Ratio of Net Sales by Segment



Net Sales by Segment



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



## Net Sales

Although the Japanese economy in the current fiscal year plummeted significantly affected by the Great East Japan Earthquake and the subsequent nuclear power plant accident, it has recovered sharply by last summer. After that, export was down due to slowdown of European economy caused by the public debt crisis in Europe and the yen's appreciation against other currencies, which led to almost zero growth although we saw a recovery sign of domestic demand. In the U.S., it has taken a long period of time to adjust the demand-supply balance of the real estate market that is the largest structural problem in the U.S. However, we can now see a recovery of labor market that supports a gradual economic growth in conjunction with improving personal consumption and capital investment. In Europe, personal consumption and capital investment by private companies decreased affected by expanding public debt problem. Rigid austerity measures taken by each country negatively contributed. In Asia, although Thailand suffered from the damage caused by the large scale flood, Chinese economy expanded mainly supported by the domestic demand and other Asian countries also enjoyed a moderate recovery. However, in the second half of the year, the slowdown of economy in Europe was clearer and the speed of recovery slowed down.

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. The large scale flood in Thailand that occurred when we finally managed to settle serious large negative impact on our production and sales by the Great East Japan Earthquake damaged two production sites among five. Fortunately, our major three sites were not damaged by the flood. Although we have recovered sharply from the negative effect of the large scale flood month by month, sales were down 6.6%, or ¥17,781 million to ¥251,358 million from the previous fiscal year due to the damage on production and sales as well as the yen's appreciation.

## Cost of Sales

Cost of sales declined 1.8%, or ¥3,639 million from the previous fiscal year to ¥198,506 million. Production decreased as sales declined due to the Great East Japan Earthquake, the large scale flood in Thailand and the yen's appreciation. Ratio to the total sales was up by 3.9 percentage points on year on year basis to 79.0% due to the decline in sales and increase in material cost such as rare earth material prices.

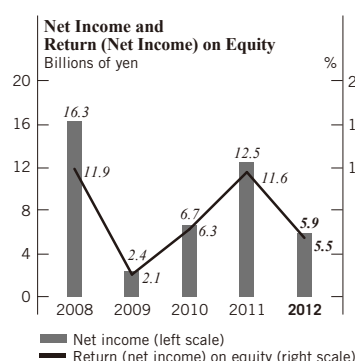
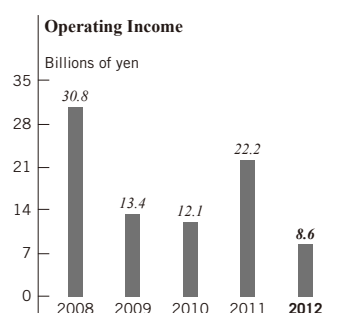
## SGA Expenses

In the current fiscal year, SGA expenses amounted to ¥44,253 million, down 1.3%, or ¥578 million year on year. SGA expenses as a percentage of net sales increased by 0.9 percentage points, to 17.6%. SGA expenses were down from the previous fiscal year thanks to our efforts for thorough cost reduction in response to the decrease of production and sales.

## Cost of Sales and SGA Expenses

	Millions of yen				
Years ended March 31	2012	2011	2010	2009	2008
Net sales	¥251,358	¥269,139	¥228,446	¥256,163	¥334,431
Cost of sales	198,506	202,145	175,286	197,138	253,710
Cost of sales to net sales	79.0%	75.1%	76.7%	77.0%	75.9%
Gross profit	52,852	66,994	53,160	59,025	80,721
SGA expenses	44,253	44,831	41,101	45,619	49,959
SGA expenses to net sales	17.6%	16.7%	18.0%	17.8%	14.9%

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



### Operating Income

Operating income was down 61.2%, or ¥13,564 million, year on year to total ¥8,599 million. Operating income was significantly down, due to sales decline caused by the Great East Japan Earthquake, the large scale flood in Thailand, and the effect of yen's appreciation and the rise of material prices including rare earth. The operating margin declined 4.8 percentage points to 3.4%. For more information see: "Segment Information."

### Other Income (Expenses)

The net balance of other income and expenses (net amounts of non-operating profit/loss and extraordinary profit/loss) amounted to loss, of ¥3,048 million, which was ¥459 million less than the previous fiscal year. Major contributors were part of insurance claim received due to the flood in Thailand of ¥9,614 million, loss due to the natural disaster of ¥7,844 million, interest paid of ¥2,321 million, business restructuring loss due to the shrinkage of keyboards business of ¥1,603 million yen, evaluation loss of securities for investment purpose of ¥831 million, and impairment loss of 291 million.

### Income before Income Taxes and Minority Interests

Net income before income taxes and minority interests for the current fiscal year totaled ¥5,551 million, a large decrease by 70.2%, or ¥13,105 million.

### Income Taxes

Income taxes decreased ¥4,286 million year on year to total ¥1,258 million. Income taxes included current income taxes (i.e. corporate, inhabitant and business taxes) totaling ¥2,621 million and deferred income taxes (benefit) of ¥1,363 million. When we look at the effective income tax rate, as we enjoyed the special exemption on the insurance claim received due to the flood in Thailand and we recorded the deferred tax asset following the downsizing of keyboard business, it declined to 22.7% from 29.7% in the previous fiscal year.

### Minority Interests (Losses)

Minority interests (losses) amounted to ¥1,629 million, down ¥2,276 million from the previous fiscal year. This was primarily attributable to the deteriorated earnings performance of the Minebea Motor Manufacturing Corporation joint venture.

### Net income

As a consequence of the aforementioned factors, net income decreased 52.5%, or ¥6,543 million to ¥5,922 million, compared to the previous fiscal year. Basic net income per share was ¥15.63, down ¥16.98 from ¥32.61 in the previous fiscal year.

### Income

	<i>Millions of yen</i>				
<i>Years ended March 31</i>	2012	2011	2010	2009	2008
Operating income	<b>¥8,599</b>	¥22,163	¥12,059	¥13,406	¥30,762
Operating margin	<b>3.4%</b>	8.2%	5.3%	5.2%	9.2%
Net balance of other income (expenses)	<b>(3,048)</b>	(3,507)	(2,798)	(6,572)	(5,508)
Net income	<b>5,922</b>	12,465	6,662	2,441	16,303
Net income to net sales	<b>2.4%</b>	4.6%	2.9%	1.0%	4.9%
Net income per share (Yen):					
Basic	<b>15.63</b>	32.61	17.20	6.18	40.86
Diluted	<b>15.54</b>	—	—	—	—
Return (net income) on equity	<b>5.5%</b>	11.6%	6.3%	2.1%	11.9%
Return on total assets	<b>2.0%</b>	4.4%	2.4%	0.8%	4.8%

## Financial Condition

### Financial Policy and Liquidity

In the various businesses 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 Group sets the "Enhancement of Financial Condition" as one of the major management policies and targets in a mid-term basis to maintain the net interest-bearing debts at the level of ¥100 billion (¥114,214 million as of the end of the current fiscal year). For the capital investments, while we actively make an investment for business expansion in areas that have growth potential, we will reduce the total net assets, limit the capital investments, and reduce the debts supported by an effective investment plan and efficient use of assets.

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 signing agreements to set up commitment lines of ¥10 billion.

#### Debt Ratings

*As of May 2012*

	<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 ¥27,306 million, down 0.1%, or ¥29 million, from the previous fiscal year. The breakdown of capital investment includes ¥8,501 million for the machined components segment, ¥7,462 million for the rotary components segment, ¥2,647 million for the electronic devices and components segment, ¥471 million for the other segment, and ¥8,225 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. We also invested in pivot assembly production facilities to increase production capacity. Investments in the rotary components segment included the investment for recovery of HDD spindle motors production in Thailand that was damaged by the flood as well as production equipment for information motors in Cambodia, China and other areas. Investments in the electronic devices and components segment focused on manufacturing equipment used to produce LED backlights and component production facilities in Thailand and China.

Capital investments included purchases of intangible fixed assets (¥383 million) and assets acquired through new finance leases (¥348 million).

As we intend to make investments for production expansion in the growth areas in addition to the investments for recovery from the flood on a full-fledged basis from the next fiscal year, the total investment amount is planned at ¥36 billion.

### 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 again 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.

Cash dividends for the current fiscal year were declared at ¥7.00 per share, including an interim dividend of ¥3.00 per share. As a result, the consolidated payout ratio for the current fiscal year was 44.8%.

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 an eye to responding to market needs.



## Free Cash Flow

Free cash flow (calculated by adding net cash flows from operating activities and net cash flows from investing activities) totaled an outflow of ¥8,785 million, a decrease of ¥4,593 million, from the previous fiscal year.

### Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥20,233 million, down 17.2%, or ¥4,206 million, from the previous fiscal year. This result was mainly due to the fact that increase of inventories was ¥5,539 million (outflow was down by ¥4,468 million from the previous fiscal year), increase of trade receivable was ¥3,651 million (outflow was down by ¥3,490 million from the previous fiscal year), and increase of trade payables was ¥4,929 million (inflow was up by ¥2,022 million from the previous fiscal year), although income before income taxes and minority interests was ¥5,551 million (inflow was significantly down by ¥13,105 million from the previous fiscal year).

### Cash Flows from Investing Activities

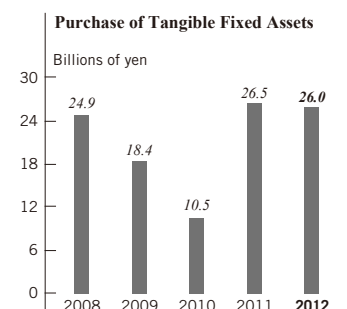
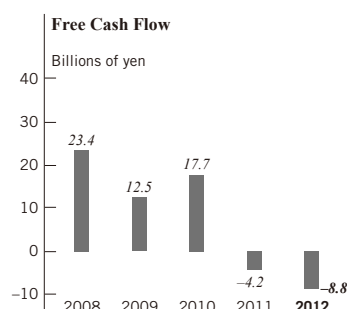
Net cash used in investment activities increased 1.4%, or ¥387 million, to total ¥29,018 million. Although transfers to time deposits were ¥7,677 million, up ¥3,924 million from the previous fiscal year, proceeds from withdrawal from time deposits were ¥4,870 million, up ¥1,555 million from the previous fiscal year and payments for purchase of tangible fixed assets were ¥25,961 million, down by ¥556 million from the previous fiscal year. Furthermore, payments for acquisition of shares in subsidiaries were ¥85 million, down ¥1,243 million from the previous fiscal year.

### Cash Flows from Financing Activities

Net cash provided by financing activities amounted to ¥4,761 million, down 40.4%, or ¥3,223 million from the previous fiscal year. This was due to the fact that net increase in short-term and long-term debt was down ¥1,436 million from the previous fiscal year to ¥9,377 million, and the payments for the purchase of treasury stocks increased ¥1,988 million from the previous fiscal year to ¥2,011 million.

### Cash and Cash Equivalents

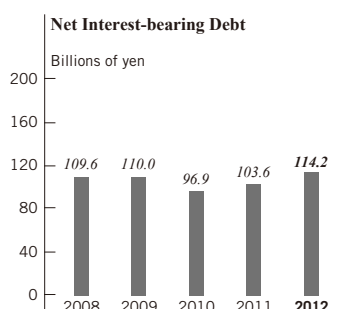
The balance of cash and cash equivalents at the end of current fiscal year was ¥23,366 million, a net decrease of ¥4,256 million, resulting from outflow of free cash flow exceeding net cash provided by financing activities.



### Free Cash Flow

	Millions of yen				
Years ended March 31	2012	2011	2010	2009	2008
Net cash provided by operating activities	¥20,233	¥24,439	¥30,408	¥37,064	¥46,893
Net cash used in investing activities	(29,018)	(28,631)	(12,733)	(24,554)	(23,461)
Portion of above used in purchase of tangible fixed assets	(25,961)	(26,517)	(10,495)	(18,429)	(24,888)
Free cash flow	(8,785)	(4,192)	17,675	12,510	23,432

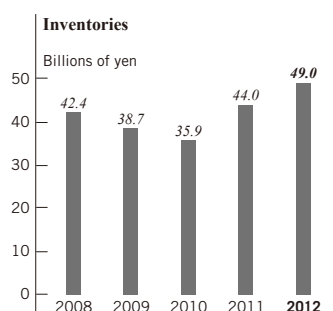
## Assets, Liabilities and Net Assets



Total assets at the end of the current fiscal year amounted to ¥306,772 million, up 5.4%, or ¥15,680 million, from the end of the previous fiscal year. The main reasons were the increase of buildings and structures due to the plant facility expansion in Thailand and Cambodia, rise of other accounts receivable resulting from the insurance receivable from the large scale flood in Thailand, and increase of inventories due to the recovery of production and sales after the flood.

Net assets were ¥109,777 million while equity totaled ¥109,393 million. This led to an equity ratio drop of 1.4 percentage points year on year, falling to 35.7%.

Net interest-bearing debt (total debt minus cash and cash equivalents and time deposits) increased 10.2%, or ¥10,592 million, to total ¥114,214 million. The net debt-to-equity ratio rose to 1.0 times.



### Assets

Cash and cash equivalents decreased ¥4,256 million, to ¥23,366 million, compared to the end of the previous fiscal year. Notes and accounts receivable—trade were up ¥2,774 million, to ¥58,795 million, reflecting the recovery of sales in the fourth quarter. Notes and accounts receivable—other were up ¥3,972 million, to ¥6,145 million due to the insurance receivable relating to the large scale flood in Thailand. Inventories increased ¥5,027 million year on year to total ¥49,025 million due to additions to inventories necessary to fill increasing orders.

As a result, total current assets increased by 9.4%, or ¥13,610 million, to ¥157,787 million.

Total tangible fixed assets amounted to ¥127,039 million, up 2.4%, or ¥2,943 million. Purchase of tangible fixed assets for the current fiscal year totaled ¥25,961 million, while depreciation and amortization amounted to ¥19,588 million.

Total intangible fixed assets totaled ¥5,479 million, down 26.3%, or ¥1,951 million.

Investments and other assets increased 6.6% or 1,014 million, to ¥16,402 million from the end of the previous fiscal year, as deferred tax assets (long-term) increased ¥567 million.

Consequently, total fixed assets amounted to ¥148,920 million, an increase of 1.4%, or ¥2,006 million.

### Liabilities

Notes and accounts payable—trade were ¥23,336 million, an increase of ¥4,705 million compared to the end of the previous fiscal year, due to increase of purchase led by increased production after the large scale flood in Thailand. Short-term debt increased by ¥1,211 million to ¥53,449 million. Current portion of long-term debt was down ¥8,974 million to ¥15,158 million, as repayment of loans payable of ¥12,632 million and redemption of bonds payable of ¥11,500 million occurred, although borrowings of ¥15,158 million were transferred from long-term liabilities. Owing to such factors, total current liabilities amounted to ¥115,713 million, down 1.0%, or ¥1,150 million.

Long-term debt increased by ¥17,094 million to ¥73,937 million, from the end of the previous fiscal year due to the issuance of bonds payable of ¥10,000 million and convertible bond-type bonds payable with stock acquisition rights of ¥7,700 million. Owing to such factors, total long-term liabilities amounted to ¥81,282 million, up 26.5%, or ¥17,020 million from the end of the previous fiscal year.

### Net Assets

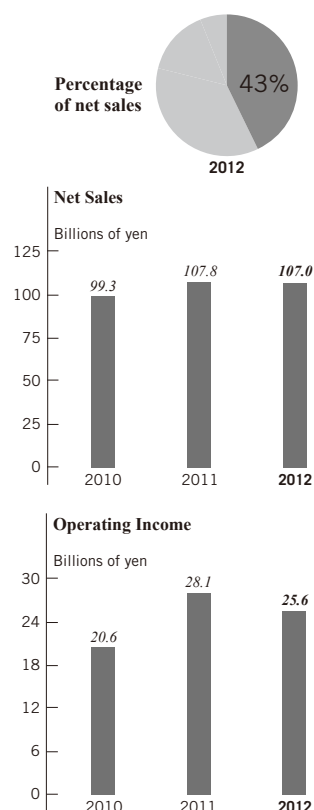
Net assets totaled ¥109,777 million, down 0.2%, or ¥190 million from the end of the previous fiscal year, as treasury stocks increased ¥1,502 million and the translation losses of assets held by overseas affiliate companies by ¥757 million, despite the increase in retained earnings by ¥3,254 million. Minority interests in consolidated subsidiaries decreased by 81.3%, or ¥1,665 million, to ¥384 million.

### Financial Position

	<i>Millions of yen</i>				
<i>As of March 31</i>	2012	2011	2010	2009	2008
Total assets	<b>¥306,772</b>	¥291,092	¥277,967	¥285,396	¥320,544
Cash and cash equivalents	<b>23,366</b>	27,622	24,855	27,895	23,281
Time deposits	<b>4,964</b>	1,969	1,652	—	—
Total current assets	<b>157,787</b>	144,178	130,004	121,699	148,117
Inventories	<b>49,025</b>	43,998	35,912	38,737	42,401
Total current liabilities	<b>115,713</b>	116,863	102,961	112,312	118,321
Working capital	<b>42,074</b>	27,315	27,043	9,387	29,796
Interest-bearing debt	<b>142,544</b>	133,213	123,400	137,890	132,852
Net interest-bearing debt	<b>114,214</b>	103,622	96,893	109,995	109,571
Total net assets	<b>109,777</b>	109,967	108,381	106,762	131,730
Equity ratio	<b>35.7%</b>	37.1%	38.5%	37.1%	40.7%
Debt-to-equity ratio (Times)	<b>1.3</b>	1.2	1.1	1.3	1.0
Net debt-to-equity ratio (Times)	<b>1.0</b>	0.9	0.9	1.0	0.8
Net assets per share (Yen)	<b>288.74</b>	282.03	279.87	271.93	327.25

## Segment Information

### Machined Components



Net sales in the machined components segment decreased ¥803 million, or 0.7%, year on year to total ¥107,038 million in the current fiscal year. Operating income declined 8.8%, or ¥2,477 million, year on year to ¥25,611 million. The operating margin, calculated using sales to external customers, was down 2.1 percentage points year on year at 23.9%. The operating ratio of plants mainly manufacturing bearings and pivot assemblies declined temporarily. Because some employees could not come to the plant for work due to the effect of large scale flood in Thailand and our supply chain was damaged by such disorder. As a result, we suffered decline of both sales and profit, in addition to the effect of yen's appreciation.

### Principal Products and Applications and Minebea's Global Market Share

Principal Products	Principal 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	80%

\*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 it collects 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 and pivot assemblies were lifted by an improvement of market condition. For pivot assemblies, although we suffered from the disorder of supply chain related to the HDD industry that was caused by the large scale flood in Thailand, our competitors were also damaged that led to the increase of our market share, resulting to the achievement of historical high shipment in volume. When we look at our mainstay products, although sales volume generally increased, net sales was down due to the yen's appreciation.

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. For the future, we will enhance our supply capacity of ball bearings for pivot assemblies in a new plant in Thailand that was constructed in October 2011. We will also strive to respond to a growing demand from emerging countries through the sales expansion to the automobile, information and telecommunication equipment industries as well as more production of medium sized and low-priced products for emerging market.

For rod-end fastener business, we are ready to increase our production capacity based on four major production sites in Japan, the United States, the United Kingdom and Thailand, and also increase sales in the growing aircraft market.

A number of measures have been implemented to increase pivot assembly production and lower the cost of sales by improving yield. We will seek to enhance our production capacity and increase sales following the expansion of supply capacity of ball bearings for pivot assemblies, maintaining our high market share.

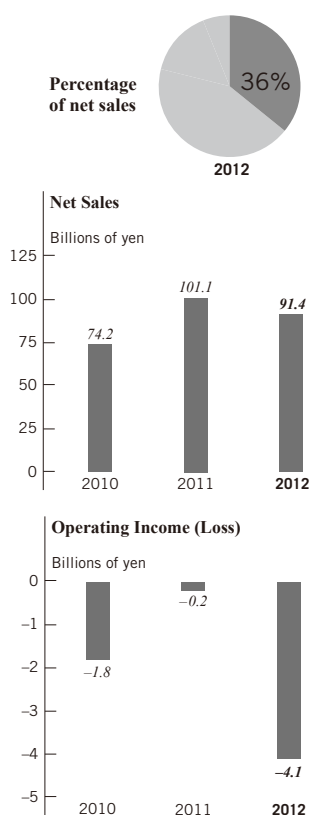
### Major Products

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



Consolidated net sales in the current fiscal year fell 9.7%, or ¥9,775 million, to ¥91,364 million. Operating losses totaled ¥4,119 million, ¥3,894 million more than the previous fiscal year. The operating margin, calculated using sales to external customers, deteriorated 4.3 percentage points to hit -4.5%.

Adjustment due to the Great East Japan Earthquake finished in the second quarter and sales increased as demand recovered. However, production at the plants for HDD spindle motor parts were significantly down due to the large scale flood in Thailand. In addition, our information motors and other precision motors also suffered from the disorder of supply chain and the production adjustment at our customers side, resulting in a decrease in sales. In the profit/loss side, operating loss widened, as a significant decrease of production due to the large scale flood in Thailand and surging raw material prices such as magnet negatively affected.

## Principal Products and Applications and Minebea's Global Market Share

Principal Products	Principal Applications	Global Market Share*
Information motors (fan motors, stepping motors, brush DC motors, vibration motors, DC brushless motors)	PCs and servers, information and telecommunications equipment, household electrical appliances, cellular phones, automobiles, industrial machinery, office automation equipment	2-70%, depending on products
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 it collects on its own and through independent market research firms.

## Business Activities and Ongoing Efforts

Sales of HDD spindle motors declined compared with the previous fiscal year, as production at the plant in Thailand was down due to the large scale flood, and the disorder of supply chain led to the adjustment of production in the whole industry. However, sales started increasing in the fourth quarter thanks to the market recovery. The information motors business was also affected by the large scale flood in Thailand and the subsequent disorder of supply chain. As a result, sales were significantly down, as its manufacturing remained in a severe condition even in the fourth quarter.

In the information motors business, we will focus on the exploitation of new markets and the development of new products. We will also seek the optimal production location for each product and restructure the production places as one of the measures for reducing the production costs and boosting up production efficiency. In December 2011, our new plant in Cambodia started its operation. Assembling process of micro-actuators, brush DC motors and others will be transferred to the new plant step by step for the purpose of enhancing our competitiveness in the cost side. We will actively use production and sales functions of Moatech Co., Ltd. which will join our Group from the next fiscal year.

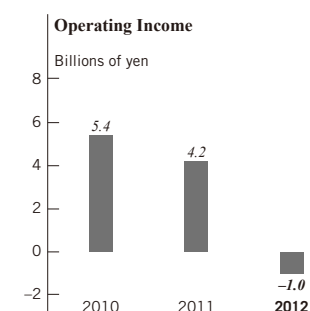
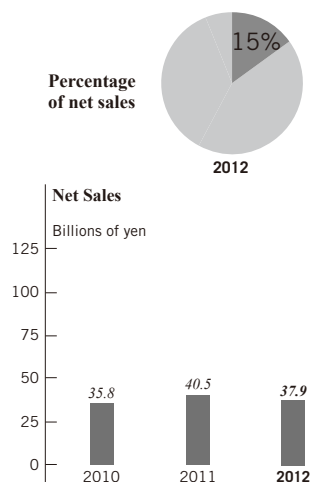
Production of HDD spindle motors has been recovering from the plant damage caused by the large scale flood in Thailand. We will make efforts to turn around this business and establish a stable and profitable system by improving the production efficiency, conducting the cost reduction and maintaining the high-value-added product portfolio. We will pursue a system that can generate profits in the rotary components business through the measures mentioned above.

## 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

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

## Electronic Devices and Components



Consolidated net sales in the current fiscal year fell 6.5%, or ¥2,615 million, to ¥37,887 million. Operating income fell ¥5,119 million, to a loss of ¥959 million. The operating margin, calculated using sales to external customers, was -2.5%, down 12.8 percentage points from the previous fiscal year. The LED backlights business experienced lower production efficiency due to delay of material procurement caused by the Great East Japan Earthquake and the large scale flood in Thailand, and a subsequent sharp rise of production level to recover such delay. In addition, the performance was well below the initial business plan due to the delay of production at new plant in Suzhou, China. In the measuring components, both sales and operating income were down compared with the previous fiscal year, as sales for automobiles decreased and yen's appreciation negatively impacted.

### Principal Products and Applications and Minebea's Global Market Share

Principal Products	Principal Applications	Global Market Share*
LED backlights	Cellular phones, automobiles, digital cameras, portable digital information terminals	17%
Measuring components	Industrial machinery, automobiles	—

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

### Business Activities and Ongoing Efforts

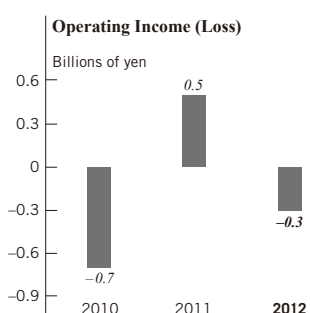
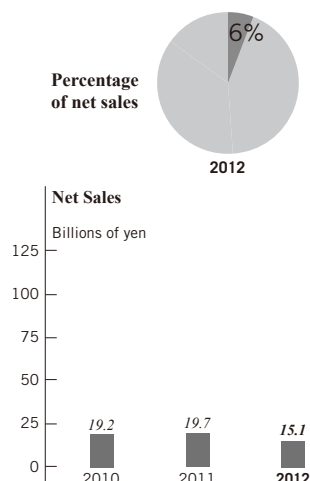
Production of LED backlights faced difficulties in the procurement of some materials due to the Great East Japan Earthquake and the large scale flood in Thailand. In addition, shipment of products for tablet-type PC delayed at the new plant in Suzhou, China. As a result performance was well below the initial business plan. In the measuring components, sales for automobiles decreased due to natural disasters as well as negative effect of yen's appreciation.

In the electronic device business, as the production of new products at Thailand plant of which production capacity was expanded and at a new Suzhou plant will start on a full-fledged basis, we expect a large increase of sales and profit in the coming fiscal year. In the measuring components business, we strive to expand sales for the automobile market as well as develop new products and explore a new market.

### Major Products

LED backlights	Backlight inverters	LED drivers	Measuring components	Hybrid components
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## Other



Consolidated net sales in the current fiscal year fell 23.3%, or ¥4,588 million, to ¥15,069 million. Operating income fell ¥837 million, to a loss of ¥339 million. The operating margin declined 4.7 percentage point, to -2.2%.

### Business Activities and Ongoing Efforts

In the PC keyboards, against the background of sluggish market, rising price of plastic materials, and strong appreciation of yen, we withdrew the manufacturing and sales of finished keyboards as well as reformed the business structure to focus on the manufacturing of parts. As a result, sales remarkably decreased. Sales of special devices and speakers remained almost unchanged from the previous fiscal year.

The special device business is expected to develop steadily. The performance of the keyboard business is likely to improve thanks to the positive effect of structural reform.

### 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 basic technologies that go into making its machined components, rotary components, electronic devices, and other components.

Minebea has development bases in Japan (Karuizawa Plant and Hamamatsu Plant), Thailand, China, the United States, and Europe. These bases leverage their individual expertise and supplement each other to speed up the development of new products in new business opportunities. 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.

The total amount of R&D expenses in the Group were ¥7,490 million. Among them, ¥1,527 million was for basic research at material science laboratories in Thailand and China, such as basic materials analysis, and other research that cannot be allocated to individual segments.

R&D activities for each segment in the current fiscal year 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, electrochemical 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/reducing electro conductivity, etc. as well as applied engineering are at the heart of our work in this area.

In the miniature ball bearing that is the essence of precision processing technology, we have made efforts to produce smaller products. Pivot assembly that is one of the applications of miniature ball bearings has contributed to the magnificent expansion of HDD recording capacity.

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 in this segment totaled ¥1,061 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 various core analysis technologies, control technologies and materials technologies. 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.

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. As a countermeasure against the rising price of rare earth, we have developed magnet that can remarkably reduce the use of the expensive rare earth.

The majority of HDDs now use perpendicular magnetic recording to achieve higher recording densities, and thus ensuring the cleanliness of components has become a crucial consideration. That's 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.

R&D expenses in this segment totaled ¥3,427 million.

#### Electronic Devices and Components

Progress in the area of display-related products includes the development of a new high-brightness, high-efficiency LED (light emitting diode) backlight for LCDs targeting the cellular phone, smart phone, tablet PC, handheld game console, and digital 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, and we are now proposing high-brightness, high-efficiency, and thin products. We also developed a thin lenses for LED lights using our optical technology fostered in the development of backlight products. The thin lens has larger transparency compared with the existing products and can save more energy.

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 this segment totaled ¥906 million.

#### Other

The main products in the other segment are PC keyboards, speakers and special devices.

R&D expenses in this segment totaled ¥569 million.

## Outlook for the Next Fiscal Year and Risk Management

### Outlook for the Next Fiscal Year (Fiscal Year Ending March 2013)

(as of May 2012)

Although there is concern about sluggish European economy and further appreciation of yen, we forecast that the Japanese economy will recover supported by the demand from the recovery activities of the Great East Japan Earthquake and increasing personal consumption. The U.S. economy will also be in a moderate growth path thanks to the improvement of employment and steady personal consumption. On the other hand, the European economy is expected to be sluggish due to the declining capital investments and personal consumption caused by the public debt crisis. In Asia, although we expect that export will be down affected by the sluggish European economy, it is likely that significant fall down will be avoided, as domestic demand in China remains stable.

Following the economic recovery, the business environment surrounding us is also expected to become positive. As a result, we forecast sales of ¥312,000 million, operating income of ¥23,300 million, and net income of ¥12,500 million.

Outlook by segment for the full year is as follows:

#### Machined Components

For the ball bearings that are our mainstay products, the full operation of our new plant in Thailand (Bang Pa-in) will increase the supply capacity of pivot assemblies that is now in shortage. We also plan to expand sales in the automobile, information and telecommunication equipment industries and also participate in a new market. At the same time, we will increase production and sales of pivot assemblies in line with the expansion of supply capacity of ball bearings. For rod-end bearings, as our four production base system consisting of Japan, the United States, the United Kingdom, and Thailand is ready for production increase after the start of operation of new plant in Thailand (Lop Buri), we will expand sales in the aircraft market that has a great growth potential.

#### Rotary Components

In the information motors business, we finally overcome the damage of large scale flood in Thailand and will see a better business environment. For the purpose of improving the performance, we will focus on the exploitation of new market and the development of new products. Additionally, as one of our activities for reducing material costs and improving production efficiency, we will review and seek the most optimal production location for each product and restructure the production sites such as transferring the production

capacity to the new plant in Cambodia that started operation at the end of the previous year. We will actively use production and sales functions of Moatech Co., Ltd. which will join our Group from the new fiscal year. For HDD spindle motors, as we are recovering from the plant damage by the large scale flood in Thailand, we will make efforts to further improve the production efficiency and reduce material costs to achieve further profitability improvement. We will pursue a system that can generate profits in the rotary components business through the measures mentioned above.

#### Electronic Devices and Components

For LED backlights which are our mainstay products, as we have started the full production of new products at the plant in Thailand of which production capacity has already been expanded and at Suzhou plant in China, we expect that sales and profit will increase. In the measuring components business, we will see favorable sales especially in the automobile market.

#### Other

The special device business is expected to develop steadily. The performance of the keyboard business is likely to improve thanks to the positive effect of structural reform.

### Risk Management

Minebea recognizes a variety of risks and uncertainties that have the potential to affect its operating results and/or financial position. Future risks mentioned in this document are those recognized by the Minebea Group as of the end of the current fiscal year.

#### 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 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.

#### 3. Research and development risk

While we focus on R&D to introduce a constant stream of new, high-quality products, we are subject to the risk that significant R&D expenditures may not be rewarded with successes, as there are 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 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 in the future.

#### 7. Latent risk related to operations overseas

The Minebea Group's manufacturing activities are conducted primarily in Thailand, China, and Singapore and other foreign countries. While considerable time has passed since we established our operations in most of 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.

#### 8. Risk related to natural disaster, etc.

If business sites of the Minebea Group and our trading partners suffer from the natural disaster such as earthquake and flood, the nuclear power plant accident, and a new-type infectious disease, production and sales activities of the Group could be seriously impaired.

#### 9. Risk related to compliance/internal control

As the Minebea Group has deployed various businesses around the world, it is subject to various laws, regulations, and rules of each country. Although the Group has established and managed necessary and proper internal control systems for the purpose of complying with laws and regulations as well as maintaining the adequacy of financial reporting, such efforts cannot guarantee the perfect achievement of the purpose. Therefore, there is possibility that breach of laws and regulations may occur in the future. If laws, regulations, or interpretation of laws and regulations by the competent authority change, we may be unable to comply with such laws and regulations, or have to incur additional costs.

#### 10. Risk related to unpaid retirement payment and pension costs

Although the Minebea Group has recorded the funded status of pension funds (i.e. difference between the retirement benefit obligation and the fair value of pension assets) on its consolidated balance sheet, the fair value of pension assets may decrease due to deteriorated return on pension fund, or the pension cost may increase due to the increase of retirement benefit obligation following the change of preconditions such as the discount rate.

#### 11. Risk related to environmental issues

The Minebea Group is subject to various environmental laws and regulations around the world. Although the Group has paid keen attention on such laws and regulations when conducting the business, the Group may suffer losses if environmental pollution occurs or the possibility of pollution is found.

#### 12. Risk related to M&A • alliance

The Minebea Group has actively conducted M&A and alliance. When conducting M&A or alliance, it is possible that M&A may not generate a positive effect as we originally expected, or an alliance partner and the Group could not reach an agreement on the strategy or other points and fail to maintain the alliance relationship. If we provide a financial support to an alliance partner due to their deterioration of financial condition or other reasons, such support may impair our performance and/or financial position.

#### 13. Risk related to quality issues

Products provided by the Minebea Group have used in various industries, especially in the areas that require high accuracy (such as automobiles, medical devices, and finished goods that are fatal to human lives). The Group has recognized its social responsibility and established a high quality assurance system. However, if our product has a serious defect that causes a material accident, suspension of production in our customer's site, or recall, we may have to pay a large amount of expenditures and our reputation may be seriously damaged, which may lead to a large negative impact on our performance and/or financial position.

#### 14. Risk related to information management

The Minebea Group may obtain a lot of important information and personal information through the business activities. The Group has established an information security policy to prevent the leakage of information to the outside of the company as well as unauthorized use of such information. However, it is possible that unexpected event may result in the information leakage. If such event happens, we may incur a large amount of costs to respond to it and also suffer from the deterioration of social credibility.