

To Our Shareholders

The 71st Business Year Interim Business Report

April 1, 2016 ▶ September 30, 2016

Minebea
Passion to Exceed Precision

Minebea Co., Ltd.

Business Summary

As the interim period of the 71st Business Year (April 1, 2016 - September 30, 2016) has ended, we would like to present our business summary.

■ Overview of the interim period

During the first half of the fiscal year (April 1, 2016 to September 30, 2016) the Japanese economy saw the drop in consumer spending bottom out. On the down side, both manufacturing and exports remained flat as corporations continued to take a cautious approach to making capital investments.

In the U.S., growing consumer spending fueled modest economic growth although the manufacturing sector lost steam. The European economy remained on a moderate upward trajectory mainly in the household sector as employment and income opportunities increased despite declining exports to non-EU countries due to production cutbacks in the steel industry mainly in Germany.

In Asia, especially in China, dark clouds loomed over the horizon as private corporations put the brakes on investing and cut back

on labor.

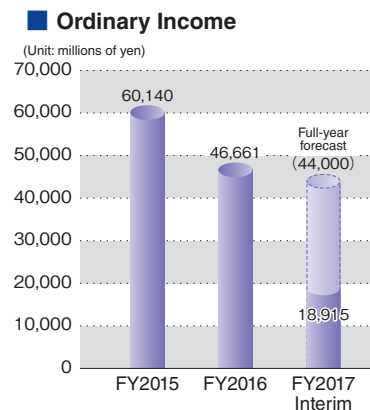
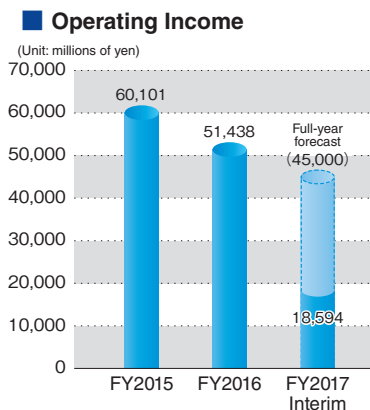
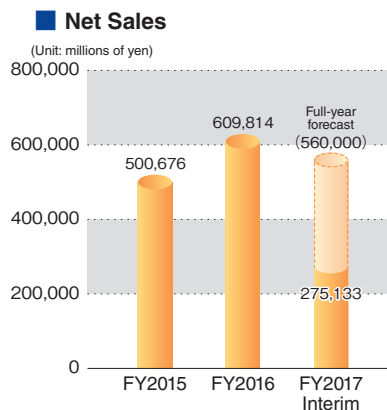
Under such economic circumstances, the Minebea Group has been focusing on thoroughgoing cost cutting, development of high-value-added products and new technologies, and sales expansion initiatives aiming at boosting profitability further.

As a result, net sales decreased by 20,421 million yen (-6.9%) year on year to 275,133 million yen. Operating income fell 8,823 million yen (-32.2%) year on year to total 18,594 million yen, and ordinary income was down 4,411 million yen (-18.9%) year on year at 18,915 million yen. Net income attributable to owners of the parent decreased 5,013 million yen (-28.2%) year on year to total 12,745 million yen. Such decreases are due to the accrual of 1,302 million yen of income taxes for prior periods, as a result of the court ruling on the petition filed by our Thai subsidiary against the local tax authorities.

■ Outlook for the current fiscal year

It is difficult to get a clear picture of where the global economy is headed for the remainder of this fiscal year. It is too early to tell how it will be affected by the death of Thailand's king and the

■ Financial Highlights (Consolidated)



events that may follow, the global trends after the new U.S. president takes office, geopolitical risks, and fluctuating exchange rates.

After reviewing our consolidated full-year forecast in light of this backdrop and making our best estimate of the total impact current market conditions as well as our performance during the first six-month period will have on our operations, we have decided to revise the forecast for net income attributable to owners of the parent as shown below.

Net sales	560,000 million yen (91.8%)
Operating income	45,000 million yen (87.5%)
Ordinary income	44,000 million yen (94.3%)
Net income attributable to owners of the parent	26,500 million yen (72.8%)

(%): Year-on-year change

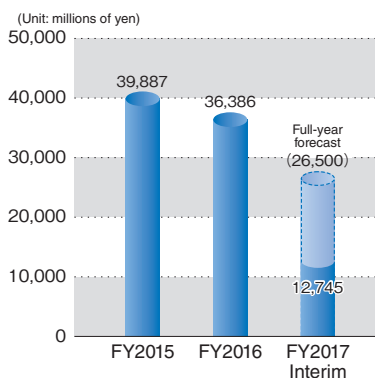


Yoshihisa Kainuma
Representative Director
December 2016

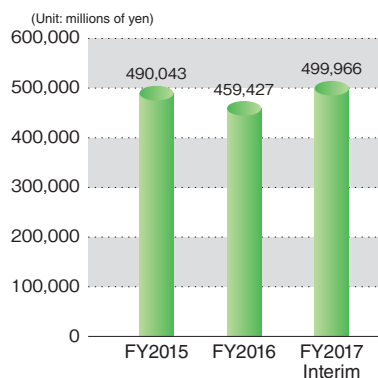
In light of the performance for this fiscal year, the interim dividend is 7 yen per share. The Company plans to pay a 14 yen per share annual dividend (7 yen for the interim dividend and 7 yen for the fiscal year-end dividend).

We look forward to your continuous support and guidance.

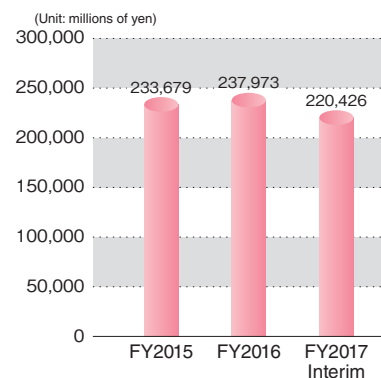
Net Income Attributable to Owners of the Parent



Total Assets



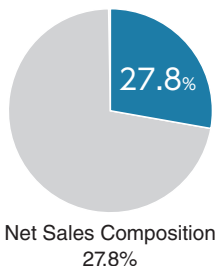
Net Assets



Overview by Business Segment

Machined Components Business

Net Sales 76,467 million yen  Down 8.1%

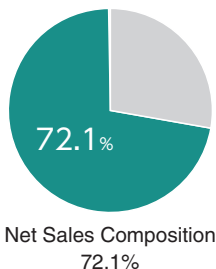


Products in our Machined components business segment include our anchor product line, ball bearings, in addition to mechanical components such as rod-end bearings used primarily in aircraft and hard disk drive (HDD) pivot assemblies, etc., as well as fasteners for automobiles and aircraft. Growing demand in all major markets kept ball bearing sales volumes up. Sales were particularly robust in the automobile market where demand for energy-efficient models equipped with safety devices soared. The pivot assembly sales volume remained flat year on year despite the adverse effect of the shrinking HDD market. Sales of rod-end bearings used in aircraft were also steady mainly in Europe. However, net sales declined year on year due to the effects of currency fluctuations as well as other factors.

As a result, net sales for the first six-month period were down 6,780 million yen (-8.1%) year on year to 76,467 million yen. Operating income also fell 650 million yen (-3.2%) year on year to 19,525 million yen.

Electronic Devices and Components Business

Net Sales 198,354 million yen  Down 6.5%

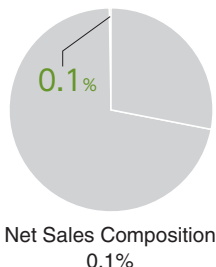


The core products of our Electronic devices and components business include electronic devices (LED backlights for LCDs, sensing devices (measuring components), etc.), HDD spindle motors, stepping motors, DC motors, air movers (fan motors), precision motors, and special devices. Sales of LED backlights for LCDs remained strong due to surging demand for Minebea products that offer a technological advantage in thinner products. Sales of stepping motors and other motors continued to be strong centering on the automobile market.

As a result, net sales for the first six-month period were down 13,710 million yen (-6.5%) year on year to total 198,354 million yen and operating income decreased 5,497 million yen (-44.5%) year on year to total 6,852 million yen due to negative foreign exchange effects, inventory adjustments, as well as other factors.

Other Business

Net Sales 311 million yen  Up 28.4%



Net sales for the first half of the fiscal year in our Other business segment, which includes machines produced in-house, were up 69 million yen (28.4%) year on year to total 311 million yen. The segment, however, posted an operating loss of 53 million yen, bringing operating income down 77 million yen year on year.

Note: In operating income for the current interim period, in addition to the figures noted above, 7,730 million yen in corporate expenses, etc., not belonging to any particular segment has been included as adjustments. Adjustments for the corresponding period of last fiscal year amounted to 5,130 million yen.

Date of Business Integration Between Minebea Co., Ltd. and MITSUMI ELECTRIC CO., LTD. Moved Up to January 27, 2017

The Company and MITSUMI ELECTRIC CO., LTD. (“MITSUMI ELECTRIC”) have proceeded with preparations and discussions in connection with the business integration. Since discussions concerning the business integration between the two companies as well as procedures for obtaining permits and approvals necessary for the business integration from relevant Japanese or foreign authorities have made progress at a better rate than initially expected, the date of the business integration that was originally scheduled on March 17, 2017 has now been moved up to January 27, 2017.

Bringing forward the date of the business integration makes it possible for the Company to move ahead on management support for MITSUMI ELECTRIC and for the Company and MITSUMI ELECTRIC to more promptly and powerfully establish the post-integration group business structure.

Business and Capital Alliance with Iwasaki Electric Co., Ltd.

The Company and Iwasaki Electric Co., Ltd. (“Iwasaki Electric”) entered into a business and capital alliance agreement on September 29, 2016. The Company has been forging ahead with expanding its sale of lighting-appliance-related products, and since 2014 it has been developing LED lighting appliances with wireless function together with Iwasaki Electric. Since 2015 the Company has been supplying to Cambodia high-efficiency LED street lights with wireless function that the Company jointly developed with Iwasaki Electric. Through the business alliance, we expect that it will be possible to develop next-generation street lighting appliances that are compatible with IoT*, such as “Smart Cities”, as well as to provide such appliances across a large geographical area through the Company’s sales networks centered in Southeast Asia and Iwasaki Electric’s nationwide sales channels across Japan, which will lead to enhancements in the corporate values of both companies.

* The term IoT (Internet of Things) refers to the internetworking (connecting to the Internet and establishing bi-directional communication) of various physical devices (things), encompassing more than just computers and other information and communication devices, in order to perform such tasks as automatic recognition, automatic control and remote measurement.

Holding of Lighting Fair 2016 at Minebea Tokyo Head Office

In July 2016, we held the first Lighting Fair 2016 at Tokyo Head Office. We displayed the Company’s new LED lighting fixture SALIOT (Smart Adjustable Light for the Internet Of Things) and the smart city solution by the Company’s subsidiary Paradox Engineering SA. Over 700 customers visited the event for three days and we were able to draw attention to the Company’s presence in the lighting fixture industry and our technological strengths for customers.



Lighting Fair 2016



* By using your smartphone, you can adjust the light distribution and irradiation direction.

“SALIOT CUBE” received the “2016 Good Design Award”



SALIOT CUBE

The cube design type of SALIOT, SALIOT CUBE, received the 2016 Good Design Award.

SALIOT CUBE enables remote operation using a smartphone app, including vertical and horizontal orientation, brightness and even light distribution angle; it is also encased in a simple heat-sink incorporated cubic form that has no exposed cables, and its functionality, operability, safety and design were highly evaluated.

Participated in 2016 China International Bearing Industry Exhibition

In September 2016, the Company participated in 2016 China International Bearing Industry Exhibition, the world’s largest professional exhibition for bearing industry. Approximately 10,000 customers visited the Bearing Industry Exhibition for four days. We were able to draw attention to the Company’s technological strengths.

The presentation we gave at the exhibition focused on the daily life of consumers and how this was related to the exhibition themes of “Transport • Business • Enrichment,” and we proposed the supply of entirely new solutions for different situations such as modern convenient transportation, efficient smart business and comfortable high-tech life. We will further draw attention to our technological strengths and expand sales in China where there is the steadily growing demand.



2016 China International Bearing Industry Exhibition

Consolidated Financial Statements

● Consolidated Balance Sheets (unit: millions of yen)

	Fiscal year 2017 Interim (as of September 30, 2016)	Fiscal year 2016 (as of March 31, 2016)
Assets		
Current assets	308,820	249,820
Cash and cash equivalents	47,102	39,594
Notes and accounts receivable	132,530	92,275
Marketable securities	15,067	1,545
Finished goods	34,641	39,717
Work in process	28,911	29,873
Raw materials	18,102	18,799
Supplies	4,672	4,939
Goods in transit	10,119	9,681
Deferred tax assets	3,916	4,016
Other	14,188	9,557
Allowance for doubtful receivables	(432)	(179)
Fixed assets	191,142	209,597
Tangible fixed assets	161,067	177,993
Intangible fixed assets	12,501	12,905
Investments and other assets	17,573	18,699
Deferred charges	2	9
Total assets	499,966	459,427

	Fiscal year 2017 Interim (as of September 30, 2016)	Fiscal year 2016 (as of March 31, 2016)
Liabilities		
Current liabilities	226,344	165,424
Notes and accounts payable	78,881	35,807
Short-term loans payable	81,151	66,165
Current portion of bonds	10,000	10,000
Current portion of convertible bond-type bonds with subscription rights to shares	7,700	7,700
Current portion of long-term loans payable	13,402	13,479
Lease obligations	40	64
Accrued income taxes	4,847	5,385
Accrued bonuses	8,944	6,157
Allowance for bonuses to directors	90	180
Allowance for after-care of products	—	302
Allowance for environmental remediation expenses	159	463
Allowance for business restructuring losses	104	216
Other	21,022	19,502
Long-term liabilities	53,194	56,029
Long-term loans payable	38,482	39,765
Lease obligations	111	45
Allowance for retirement benefits to executive officers	150	187
Allowance for environmental remediation expenses	377	513
Net defined benefit liability	11,978	13,246
Other	2,094	2,271
Total liabilities	279,539	221,454
Net Assets		
Shareholders' equity	289,380	279,914
Common stock	68,258	68,258
Capital surplus	96,042	95,772
Retained earnings	134,134	125,133
Treasury stock	(9,055)	(9,249)
Total accumulated other comprehensive income	(74,996)	(49,129)
Difference on revaluation of available-for-sale securities	570	588
Deferred gains or losses on hedges	617	283
Foreign currency translation adjustments	(74,120)	(47,390)
Remeasurements of defined benefit plans	(2,063)	(2,611)
Subscription rights to shares	105	130
Non-controlling interests	5,936	7,058
Total net assets	220,426	237,973
Total liabilities and net assets	499,966	459,427

Note: Amounts less than one million yen have been omitted.

● Consolidated Statements of Income (unit: millions of yen)

	Fiscal year 2017 Interim (Apr. 2016 thru Sept. 2016)	Fiscal year 2016 Interim (Apr. 2015 thru Sept. 2015)
Net sales	275,133	295,554
Cost of sales	220,417	232,866
Gross profit	54,716	62,687
Selling, general and administrative expenses	36,121	35,269
Operating income	18,594	27,417
Other income	1,435	949
Interest income	210	299
Dividends income	68	69
Foreign currency exchange gains	538	—
Dividends income of insurance	199	206
Other	418	373
Other expenses	1,114	5,041
Interest expenses	421	569
Foreign currency exchange losses	—	3,434
Other	693	1,037
Ordinary income	18,915	23,326
Extraordinary income	102	1,577
Gain on sales of fixed assets	36	15
Insurance income	—	504
Government subsidy	—	973
Gain on liquidation of affiliates	—	83
Gain on sales of subsidiaries and affiliates' stocks	66	—
Extraordinary loss	542	1,661
Loss on sales of fixed assets	152	13
Loss on disposal of fixed assets	28	62
Loss on reduction of fixed assets	—	928
Loss on disaster	—	137
Loss on liquidation of affiliates	266	—
Business restructuring losses	9	61
Loss on abolishment of retirement benefit plan	—	50
Loss for after-care of products	12	220
Allowance for environmental remediation expenses	72	187
Income before income taxes	18,474	23,241
Income taxes (including enterprise tax)	4,905	6,869
Income taxes for prior periods	1,302	—
Adjustment of income taxes	(515)	(1,653)
Total income taxes	5,692	5,215
Net income	12,782	18,026
Net income attributable to non-controlling interests	37	267
Net income attributable to owners of the parent	12,745	17,758

Note: Amounts less than one million yen have been omitted.

● Consolidated Statements of Cash Flows (unit: millions of yen)

	Fiscal year 2017 Interim (Apr. 2016 thru Sept. 2016)	Fiscal year 2016 Interim (Apr. 2015 thru Sept. 2015)
Cash flows from operating activities	25,167	13,214
Cash flows from investing activities	(25,314)	(27,150)
Cash flows from financing activities	12,409	8,967
Effect of exchange rate changes on cash and cash equivalents	(3,173)	(398)
Net increase (decrease) in cash and cash equivalents	9,087	(5,366)
Cash and cash equivalents at beginning of period	29,141	36,137
Cash and cash equivalents at end of period	38,229	30,771

Note: Amounts less than one million yen have been omitted.

Trade Name	: Minebea Co., Ltd.	Registered Head Office	: 4106-73, Oaza Miyota, Miyota-machi, Kitasaku-gun, Nagano 389-0293, Japan Phone: +81-267-32-2200
Established	: July 16, 1951	Tokyo Head Office	: 3-9-6 Mita, Minato-ku, Tokyo 108-8330, Japan Phone: +81-3-6758-6711
Capital	: 68,258 million yen	Headquarters and Plants	: Tokyo Head Office, Karuizawa Plant, Matsuida Plant, Hamamatsu Plant, Fujisawa Plant, Yonago Plant
Number of Employees	: 3,594		

■ Minebea's Website <http://www.minebea.co.jp/english/>

Information on Minebea can be found on our website. Contents including Minebea Technology, Products, Corporate (company information, information for investors, recruitment information, and CSR/environmental activities) and News (press releases and updates) are updated as needed. We also offer our Minebea news delivery service, sending you the latest press releases by e-mail. Please subscribe to our news mail.



The screenshot shows the Minebea website homepage. A red box highlights the 'Corporate' link in the top navigation menu, with a line pointing to the 'IR Information' callout. Another red box highlights the 'CSR/Environment' link in the 'Pickup' section, with a line pointing to the 'CSR/Environmental Activities' callout.

Homepage

IR Information

The "Investors" page contains various IR information, including management policy, stocks and bonds, IR library documents, financial data and investor meeting presentations.

CSR/Environmental Activities

The "CSR/Environment" page contains information on the Minebea Group's commitment to CSR, its initiatives in this area, corporate governance and environmental activities. Past issues of our CSR reports published every year can also be downloaded from this page.

Share Information (as of September 30, 2016)

Total Number of Shares Authorized	1,000,000,000	shares
Number of Shares Issued	399,167,695	shares
Number of Shareholders	27,213	

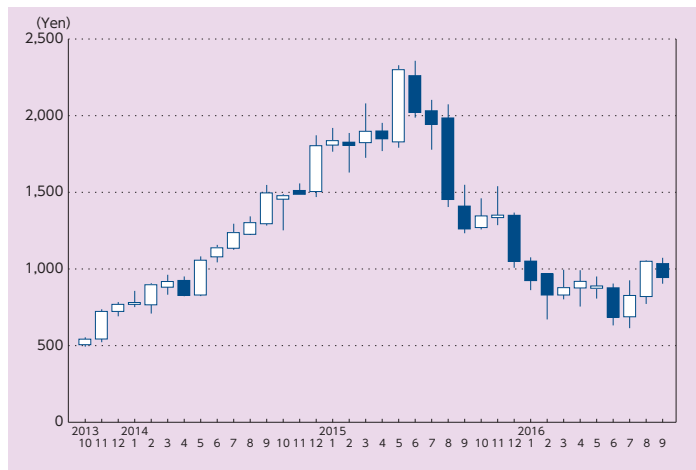
Major Shareholders (Top 10)

	Number of Shares (shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	26,129,300	6.91
Japan Trustee Services Bank, Ltd. (Trust Account)	20,167,600	5.33
Takahashi Industrial and Economic Research Foundation	15,447,330	4.08
Sumitomo Mitsui Trust Bank, Limited	15,349,000	4.06
Japan Trustee Services Bank, Ltd. (Trust Account 4)	13,750,200	3.64
Keiaisha Co., Ltd.	10,100,000	2.67
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	10,057,839	2.66
Sumitomo Mitsui Banking Corporation	10,000,475	2.64
GOLDMAN SACHS INTERNATIONAL	7,089,672	1.87
National Mutual Insurance Federation of Agricultural Cooperatives	5,770,000	1.53

Note: 1. The Company holds 20,995,888 shares of treasury stock, which are excluded from the major shareholders.

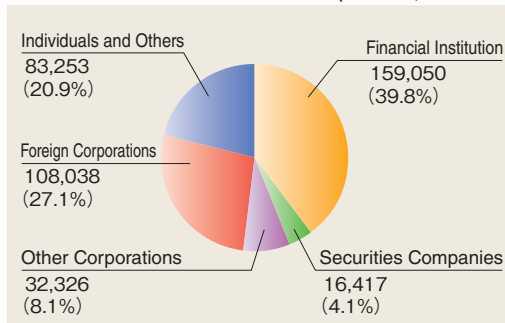
2. Shareholding ratio is calculated exclusive of treasury stock.

Stock Price on Tokyo Stock Exchange



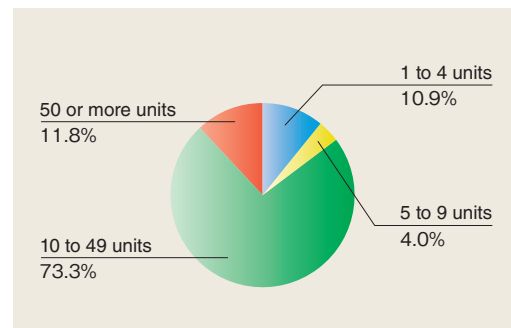
Distribution of Shareholding by Investor Type

(1 unit = 1,000 shares)



※The figure in () indicates the shareholding ratio.

Distribution of Number of Shareholders by Number of Shares Held



[Payment of Interim Stock Dividends for the 71st Business Term]

The Interim stock dividends for the 71st Business Year will be paid by the enclosed *Interim Stock Dividend Warrant for the 71st Business Year*. Please take this Warrant to any office or post office of Japan Post Bank and Japan Post Network (banking agency) within the specified payment period (from December 5, 2016 to January 10, 2017) to receive your dividends.

We have enclosed forms of *Statement of Interim Dividends* and *Where to Transfer Dividends* for those who have designated a transfer account(s), and forms of *Statement of Interim Dividends* and *How to Receive Dividends* for those who have chosen the method of share number pro-rata distribution in plural securities company accounts for your confirmation.

(With respect to where to transfer dividends in the case that you have chosen the method of share number pro-rata distribution in plural securities company accounts, please contact the securities company with which you deal.)

[Special Accounts]

What is a special account?

In line with share certificate dematerialization, all our shares are electronically registered at Japan Securities Depository Center, Inc. (JASDEC). As a general rule, such an account is managed through a shareholder's account at a securities company. Shares of such shareholders that have not notified us of their accounts at securities companies are managed at special accounts we opened at Sumitomo Mitsui Trust Bank, Limited in order to protect the shareholders' rights.

Shares registered in our special accounts cannot be traded except for selling or buying shares less than one unit (100 shares). To sell or buy shares in a special account, shareholders are requested to open an account with a securities company and transfer such shares from our special account to their account. For details of the procedures, please contact the Stock Transfer Agency Business Planning Department of Sumitomo Mitsui Trust Bank, Limited.

[Shareholders' Inquiries and Notifications Concerning Matters Such as Change of Address]

Please direct inquiries or notifications concerning procedures related to shares (such as change of registered address, change of the method or place to receive dividends, and request to sell or buy shares less than one unit [for holders of shares less than one unit]) to the following, depending on your account type.

Shareholders whose shares are recorded in
the account at a securities company

Please contact the securities company.

Shareholders whose shares are recorded in
the special account

Please contact the Stock Transfer Agency Business Planning
Department of Sumitomo Mitsui Trust Bank, Limited

Contact for All Inquiries

Sumitomo Mitsui Trust Bank, Limited
Stock Transfer Agency Business
Planning Department

☎ 0120-782-031 (Weekdays 9 a.m. to 5 p.m.)
(Mailing Address) 2-8-4, Izumi, Suginami-ku, Tokyo 168-0063, Japan

● Business Year

From April 1 to March 31 of next year

● Ordinary General Meeting of Shareholders

June every year

● Shares per Unit

100 shares

* As of May 1, 2016, the number of shares constituting one unit of shares was changed from 1,000 shares to 100 shares.

● Record Date

Ordinary General Meeting of Shareholders
March 31 every year

● To Be Eligible to Receive a Dividend

Year-end Dividends March 31 every year
Interim Dividends September 30 every year

● Stock Transfer Agent and Account Management

Institution for Special Accounts
Sumitomo Mitsui Trust Bank, Limited
1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan

● Handling Office

Sumitomo Mitsui Trust Bank, Limited
Stock Transfer Agency Business Planning Department
1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan

(Mailing Address)

Sumitomo Mitsui Trust Bank, Limited
Stock Transfer Agency Business Planning Department
2-8-4, Izumi, Suginami-ku, Tokyo, 168-0063, Japan

(Telephone Inquiries)

 0120-782-031 (Weekdays 9 a.m. to 5 p.m.)

● Public Notice

Public notice by the Company shall be carried out by way of electronic public notice. (<http://www.minebea.co.jp/>)

Provided, however, when the Company is unable to carry out public notice by way of electronic public notice due to accident or unavoidable reason, it shall be given in the Nihon Keizai Shimbun.

● Common Stock Listings

Tokyo and Nagoya

Minebea Co., Ltd.

Tokyo Head Office

3-9-6 Mita, Minato-ku, Tokyo 108-8330, Japan

Phone: +81-3-6758-6711 Fax: +81-3-6758-6700

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