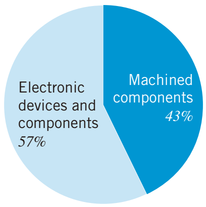
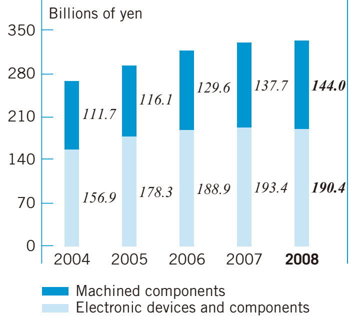
Financial Review

Results of Operations

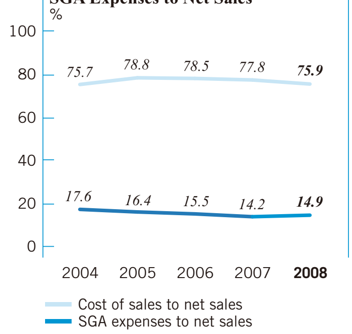
Net Sales by Business Segment



Net Sales by Business Segment



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



Net Sales

Consolidated net sales in fiscal 2008 rose 1.0%, or ¥3,409 million, to ¥334,431 million. During the period, the Japanese economy remained on a gentle upswing, reflecting strong corporate earnings, which were supported by increased investment in plants and equipment and rising exports, despite indications of a slowdown—notably surging crude oil and raw materials prices and a slump in housing starts and construction investment in the second half. In the United States, the economic outlook was clouded by chaos in the financial and capital markets and a deepening adjustment in the housing market in the second half, both stemming from the subprime loan crisis, while downturns in previously robust capital investment and personal consumption underscored an increased risk of recession. In Europe, moderate growth continued, bolstered by brisk domestic demand in key countries, despite increasing signs of a slowdown. In China, economic growth remained high, reflecting increases in exports and investment in fixed assets. The economies of other Asian countries also remained firm.

In this environment, the Minebea Group focused on reducing costs, developing new, high-value-added products and technologies and expanding sales. These efforts contributed to the increase in consolidated net sales for the period.

Cost of Sales

Cost of sales declined 1.5%, or ¥3,934 million, to ¥253,710 million. Cost of sales as a percentage of net sales edged down 1.9 percentage points, to 75.9%. Despite such negative factors as depreciation of the yen against the Thai baht, and rising prices for crude oil, steel materials, rare metals and other raw materials, stringent cost cutting prompted an improvement in cost of sales as a percentage of net sales.

SGA Expenses

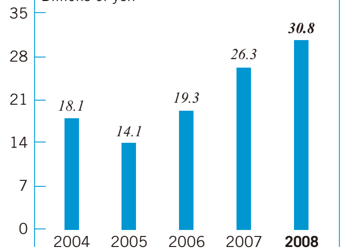
Despite ongoing efforts to lower administrative expenses, an increase in investment in R&D, higher transport costs attributable to rising crude oil prices, and outlays for internal controls relating to the preparation of the Company's financial statements, coupled with the impact of unfavorable exchange rates, boosted SGA expenses 6.0%, or ¥2,846 million, to ¥49,959 million. SGA expenses were equivalent to 14.9% of net sales, up 0.7 percentage point from fiscal 2007.

Cost of Sales and SGA Expenses

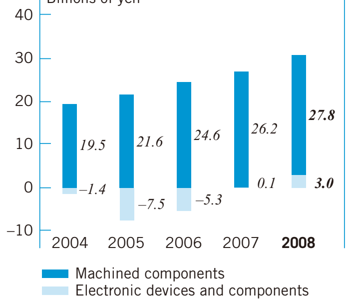
Millions of yen

Years ended March 31	**2008**	2007	2006	2005	2004
Net sales	**¥334,431**	¥331,022	¥318,446	¥294,422	¥268,574
Cost of sales	**253,710**	257,644	249,935	232,019	203,261
Cost of sales to net sales	**75.9%**	77.8%	78.5%	78.8%	75.7%
Gross profit	**80,721**	73,378	68,511	62,403	65,313
SGA expenses	**49,959**	47,113	49,242	48,320	47,209
SGA expenses to net sales	**14.9%**	14.2%	15.5%	16.4%	17.6%

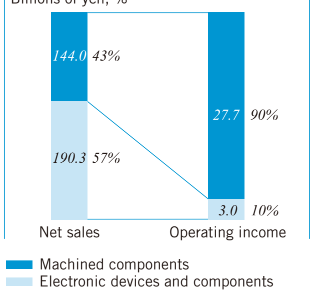
Operating Income
Billions of yen



Operating Income (Loss) by Business Segment
Billions of yen

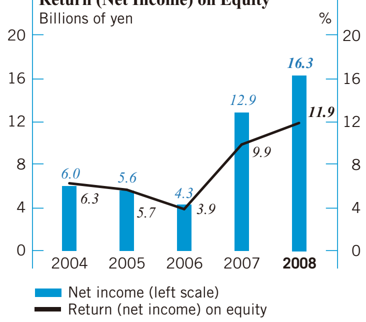


Net Sales and Operating Income by Business Segment
Billions of yen, %



Note: Percentages represent contribution by business segment to total.

Net Income and Return (Net Income) on Equity
Billions of yen



Operating Income

Operating income advanced 17.1%, or ¥4,497 million from fiscal 2007, to ¥30,762 million. As a consequence, the operating margin rose 1.2 percentage points, to 9.2%. For more detailed information, refer to the section entitled "Performance by Business Segment," on page 27.

Other Income (Expenses)

The net balance of other income (expenses) was expenses, i.e., a loss, of ¥5,508 million, a decrease of ¥1,234 million. Efforts to reduce interest-bearing debt supported a ¥822 million decline in interest expense, to ¥4,402 million.

Income before Income Taxes and Minority Interests

Owing to the factors described above, income before income taxes and minority interests climbed 29.4%, or ¥5,731 million, to ¥25,254 million.

Income Taxes

Income taxes edged up ¥844 million, to ¥7,906 million. This comprised current income taxes, that is, corporate, residential and business taxes, of ¥8,497 million, less an adjustment of ¥591 million. The effective income tax rate improved to 31.3%, from 36.2% in fiscal 2007, reflecting a decline in the number of overseas subsidiaries reporting losses, a decrease in losses of those that continued to do so, and the impact of the cumulative tax losses of subsidiaries.

Minority Interests

Minority interests amounted to ¥1,045 million, compared with a negative ¥401 million in the previous period. This was primarily attributable to an improvement in the earnings performance of joint venture Minebea Motor Manufacturing Corp.

Net Income

As a consequence of the aforementioned factors, net income climbed 26.8%, or ¥3,441 million, to ¥16,303 million. Basic net income per share was ¥40.86, a significant increase from ¥32.23 in the previous period.

Income

Millions of yen

Years ended March 31	**2008**	2007	2006	2005	2004
Operating income	**¥30,762**	¥26,265	¥19,269	¥14,083	¥18,104
Operating margin	**9.2%**	8.0%	6.0%	4.8%	6.7%
Net balance of other income (expenses)	**(5,508)**	(6,742)	(9,649)	(6,305)	(5,146)
Net income	**16,303**	12,862	4,257	5,581	6,019
Net income to net sales	**4.9%**	3.9%	1.3%	1.9%	2.2%
Net income per share (Yen):					
Basic	**40.86**	32.23	10.67	13.93	15.08
Diluted	**—**	—	—	13.27	14.51
Return (net income) on equity	**11.9%**	9.9%	3.9%	5.7%	6.3%
Return on total assets	**4.8%**	3.7%	1.2%	1.7%	1.9%

Financial Condition

Financial Policy and Liquidity

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

Our debt ratings in fiscal 2008, shown in the table below, are indicative of the success of efforts to reinforce our financial position. We have set medium-term goals to reduce interest-bearing debt (¥109,571 million at fiscal 2008 year-end) to below ¥100,000 million. Given the uncertain interest rate situation, we will promote efforts to expand income, shrink inventories and step up implementation of an effective investment program that focuses on the efficient use of assets to accelerate the reduction of interest-bearing debt. In terms of capital investment, we are promoting decisive investment in growth businesses, as well as stringent rationalization efforts and efficient investments in businesses that remain unprofitable.

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

In Thailand, where our principal manufacturing base is located, in December 2006 stringent controls were placed on short-term capital inflows with the aim of preventing speculative investment in and appreciation of the baht. Most of these controls were subsequently eased, however, and the impact on our operations was negligible. These controls were abolished in March 2008.

Debt Ratings

As of May 2008	*Long-term debt*	*Short-term debt*
Moody's Investors Service	Baa2	—
Japan Credit Rating Agency, Ltd.	A	J–1
Japan Rating and Investment Information, Inc.	A–	a–2

Purchase of Tangible Fixed Assets

Purchase of tangible fixed assets, or capital investment, in fiscal 2008 totaled ¥24,888 million, up ¥7,919 million, or 46.7%, from the previous fiscal year, and comprised ¥11,959 million in the Machined Components segment and ¥12,929 million in the Electronic Devices and Components segment. In the Machined Components segment, investments were used to expand and rationalize production facilities for bearings and bearing-related products in Thailand, China and Singapore, and to expand production facilities for pivot assemblies in Thailand. In the Electronic Devices and Components segment, investments were applied to facilities for HDD spindle motors, LED backlights and other electronic devices in Thailand and for information motors in Thailand and China.

In fiscal 2009, we expect capital investment to be in the area of ¥29,000 million. We plan on making investments in, among others, the construction of a ball bearing plant and the expansion of bearing production facilities in Thailand, the construction of a new plant and expansion of production facilities for aircraft components in Karuizawa, the expansion of production facilities for pivot assemblies and changes to the layout of facilities necessitated by the merger of consolidated subsidiaries in Thailand.

Dividends

Our basic dividend policy is to ensure dividends reflect our business performance, while giving consideration to our operating environment and placing our primary emphasis on enhancing capital efficiency and enhancing returns to investors.

Cash dividends for fiscal 2008 were declared at ¥10.00. As a result, the payout ratio was 24.5%.

Free Cash Flow

Free cash flow (calculated by subtracting net cash used in investing activities from net cash provided by operating activities) totaled ¥23,432 million, an increase of 3.1%, or ¥710 million, from fiscal 2007.

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥46,893 million, up 23.7%, or ¥8,991 million, from fiscal 2007. Factors behind this change included income before income taxes and minority interests of ¥25,254 million, up ¥5,731 million, and a ¥939 million decrease in notes and accounts receivable, compared with a ¥3,674 million increase in fiscal 2007. Depreciation and amortization totaled ¥26,443 million, up ¥1,795 million from the previous fiscal year.

Cash Flows from Investing Activities

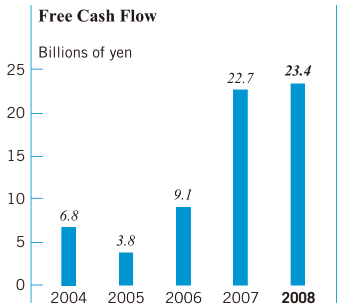
Net cash used in investing activities increased 54.6%, or ¥8,281 million, to ¥23,461 million. This change reflected the application of ¥24,888 million to the purchase of tangible fixed assets, up ¥7,919 million from the previous fiscal year.

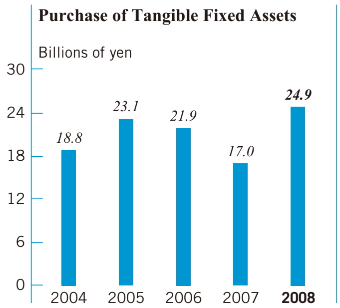
Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥20,604 million, a decrease of 19.8%, or ¥5,079 million, from fiscal 2007. This change was primarily due to the application of ¥16,597 million to the repayment of short-term and long-term debt, down ¥6,279 million, and was despite cash dividends paid of ¥3,990 million, up ¥1,197 million from fiscal 2007.

Cash and Cash Equivalents

Operating, investing and financing activities in fiscal 2008 resulted in a net increase in cash and cash equivalents at end of year of ¥1,550 million, to ¥23,281 million, as free cash flow exceeded net cash used in financing activities.





Free Cash Flow

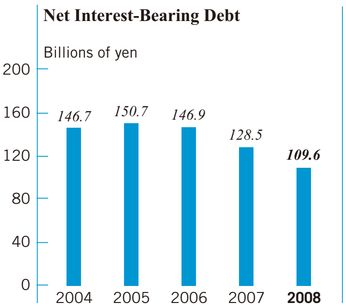
Millions of yen

Years ended March 31	**2008**	2007	2006	2005	2004
Net cash provided by operating activities	**¥ 46,893**	¥ 37,902	¥ 28,237	¥ 27,586	¥ 21,714
Net cash used in investing activities Portion of above used in purchase of tangible fixed assets	**(23,461)**	(15,180)	(19,120)	(23,789)	(14,932)
Purchase of tangible fixed assets	**(24,888)**	(16,969)	(21,897)	(23,060)	(18,825)
Free cash flow	**23,432**	22,722	9,117	3,797	6,782

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

Assets, Liabilities and Net Assets

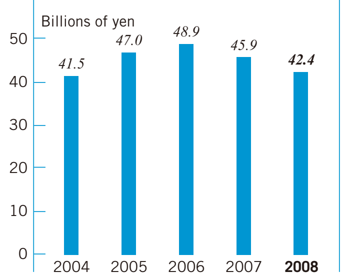
Total assets at the end of fiscal 2008 amounted to ¥320,544 million, a decrease of 9.7%, or ¥34,240 million, from the fiscal 2007 year-end, owing primarily to a decline in the value of assets held by affiliates overseas when calculated in yen. Total net assets came to ¥131,730 million and the equity ratio was 40.7%, up 0.6 percentage point. Net interest-bearing debt (total debt minus cash and cash equivalents) declined 14.8%, or ¥18,959 million, to ¥109,571 million. As a consequence, the net debt-to-equity ratio improved to 0.8 times.



Assets

Since free cash flow exceeded net cash used in financing activities, cash and cash equivalents rose by a net total of ¥1,550 million, to ¥23,281 million. Notes and accounts receivable–trade declined ¥7,048 million, including approximately ¥6,100 million attributable to yen appreciation, to ¥64,835 million. Despite increased inventories resulting from the shift of sales functions for Southeast Asia to Thailand, from Singapore, inventories fell ¥3,503 million, to ¥42,401 million, owing to the impact of yen appreciation—a decline of approximately ¥5,000 million—and Companywide inventory reduction efforts. Deferred tax assets (short-term) amounted to ¥8,498 million, an increase of ¥1,442 million. As a consequence, total current assets declined 5.1%, or ¥7,942 million, to ¥148,117 million.

Inventories



Net tangible fixed assets declined 12.0%, or ¥20,455 million, to ¥150,609 million. Purchase of tangible fixed assets (capital investment) totaled ¥24,888 million, while depreciation and amortization amounted to ¥26,443 million. The negative impact of yen appreciation was approximately ¥17,300 million. Intangible fixed assets totaled ¥9,847 million, a decline of 17.8%, or ¥2,127 million. Net investments and other assets were ¥11,956 million, down 23.6%, or ¥3,691 million, due to a decline in the equity value of investments in securities. As a consequence, total fixed assets amounted to ¥172,412 million, an increase of 13.2%, or ¥26,273 million. Deferred charges declined ¥25 million, to ¥15 million.

Liabilities

Notes and accounts payable–trade declined ¥3,689 million, including approximately ¥2,400 million attributable to yen appreciation, to ¥24,055 million. Short-term loans payable fell ¥7,287 million, to ¥50,352 million. The current portion of long-term debt increased ¥878 million, to ¥15,000 million, reflecting an increase in bonds payable within one year. Owing to such factors, total current liabilities declined 9.8%, or ¥12,834 million, to ¥118,321 million.

Long-term debt declined 14.0%, or ¥11,000 million, to ¥67,500 million, reflecting the transfer of long-term debt due within one year to current portion of long-term debt. As a consequence, total long-term liabilities fell 13.0%, or ¥10,578 million, to ¥70,493 million.

Net Assets

Despite a ¥12,313 million increase in the earnings surplus, total net assets at fiscal 2008 year-end were ¥131,730 million, a decline of 7.6%, or ¥10,828 million, as foreign currency translation adjustments, a negative figure, decreased a further ¥22,536 million. Minority interests in consolidated subsidiaries climbed 466.2%, or ¥951 million, to ¥1,155 million.

Financial Position

Millions of yen

As of March 31	2008	2007	2006	2005	2004
Total assets	**¥320,544**	¥354,784	¥349,862	¥332,217	¥314,915
Cash and cash equivalents at end of year	**23,281**	21,731	24,385	21,759	24,780
Total current assets	**148,117**	156,059	153,564	147,295	138,953
Inventories	**42,401**	45,904	48,914	46,963	41,534
Total current liabilities	**118,321**	131,155	150,886	141,449	167,626
Working capital	**29,796**	24,905	2,678	5,846	(28,673)
Interest-bearing debt	**132,852**	150,261	171,272	172,453	171,485
Net interest-bearing debt	**109,571**	128,530	146,887	150,694	146,706
Total net assets	**131,730**	142,558	118,209	102,088	93,866
Equity ratio	**40.7%**	40.1%	33.6%	30.7%	29.8%
Debt-to-equity ratio (Times)	**1.0**	1.1	1.5	1.7	1.8
Net debt-to-equity ratio (Times)	**0.8**	0.9	1.2	1.5	1.6
Net assets per share (Yen)	**327.25**	356.75	294.65	255.82	235.21

Note: Effective fiscal 2007, Minebea has applied the Accounting Standard for Presentation of Net Assets in the Balance Sheet and the Implementation Guidance for the Accounting Standard for Presentation of Net Assets in the Balance Sheet. Accordingly, "shareholders' equity," "total shareholders' equity/total assets" and "shareholders' equity per share" have been restated as "net assets," "equity ratio" and "net assets per share," respectively. Also, fiscal 2008, 2007 and 2006 figures include minority interests in net assets.