



Business Results

First Half of Fiscal Year Ending March 31, 2006

November 1, 2005

Minebea Co., Ltd.

1. Financial Results

2. Policy and Strategy

November 1, 2005



Financial Results

Hiroharu Katogi
Director, Managing Executive Officer

November 1, 2005



All explanations are given on consolidated basis.

Summary of Consolidated Business Results

(Millions of yen)	Year ended Mar. '05	Year ending Mar. '06	Change yoy	H1 of year ending Mar. '06	
	H1	H1		Original forecast	Vs. forecast
Net sales	146,751	155,739	+6.1%	142,000	109.7%
Operating income	5,468	7,224	+32.1%	7,500	96.3%
Ordinary income	3,885	5,322	+37.0%	5,500	96.8%
Income before income taxes	3,391	4,425	+30.5%	4,500	98.3%
Net income	1,095	2,421	x2.2	3,000	80.7%

**Sales increased beyond forecast.
Profit underran forecast slightly, but achieved
large improvement from last fiscal year.**

Effect of FX Fluctuations
H1 of FY Mar. '05 → H1 of FY Mar. '06
US\$ ¥109.43 → ¥109.39
Thai Baht ¥2.69 → ¥2.69
Net sale + ¥900 million
Operating income + ¥100 million

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Consolidated results for the first half of fiscal year ending March 31, 2006 were: sales of 155.7 billion yen (6% increase from the same period of last fiscal year), operating income of 7.2 billion yen (32% increase) and net profit of 2.4 billion yen (2.2 times). Compared to the same period of the last fiscal year, significant improvement was achieved for the income although they were slightly below the forecasts announced at the beginning of the fiscal year.

Consolidated Results for Q2 of Fiscal Year ending Mar. 31, 2006

(Millions of yen)	Year ended Mar. '05	Year ending Mar. '06		Change yoy
	Q2	Q1	Q2	
Net sales	75,427	75,690	80,049	+6.1%
Operating income	2,666	3,010	4,214	+58.1%
Ordinary income	1,903	2,163	3,159	+66.0%
Income before income taxes	1,454	830	3,595	x2.5
Net income	887	980	1,441	+62.5%

**In Q2, sales remained favorable from Q1.
Achieved large improvement in profit from Q1.**

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For the second quarter, sales were 80 billion yen, operating income 4.2 billion yen and net income 1.4 billion yen. Second quarter profit was a large improvement from the first quarter. Operating income improved by 1.2 billion yen.

Net Sales and Operating Income by Segment

(Millions of yen)	Year ended	Year ending Mar. '06			Change	H1	H1
	Mar. '05	Q1	Q2	H1			
	H1					announced	forecast
						in May	
[Net Sales]							
Machined components business	57,350	30,573	31,631	62,204	+8.5%	58,500	106.3%
Bearing-related products	49,153	25,982	26,402	52,384	+6.6%	49,800	105.2%
Other machined components	8,197	4,591	5,229	9,820	+19.8%	8,700	112.9%
Electronic devices and components business	89,400	45,116	48,419	93,535	+4.6%	83,500	112.0%
Rotary components	54,061	26,443	27,880	54,323	+0.5%	49,600	109.5%
Other electronic devices	35,340	18,673	20,539	39,212	+11.0%	33,900	115.7%
Total net sales	146,751	75,690	80,049	155,739	+6.1%	142,000	109.7%
[Operating Income]							
Machined components business	10,478	5,067	6,045	11,112	+6.1%	11,250	98.8%
Electronic devices and components business	-5,010	-2,056	-1,831	-3,887	-	-3,750	-
Total operating income	5,468	3,010	4,214	7,224	+32.1%	7,500	96.3%

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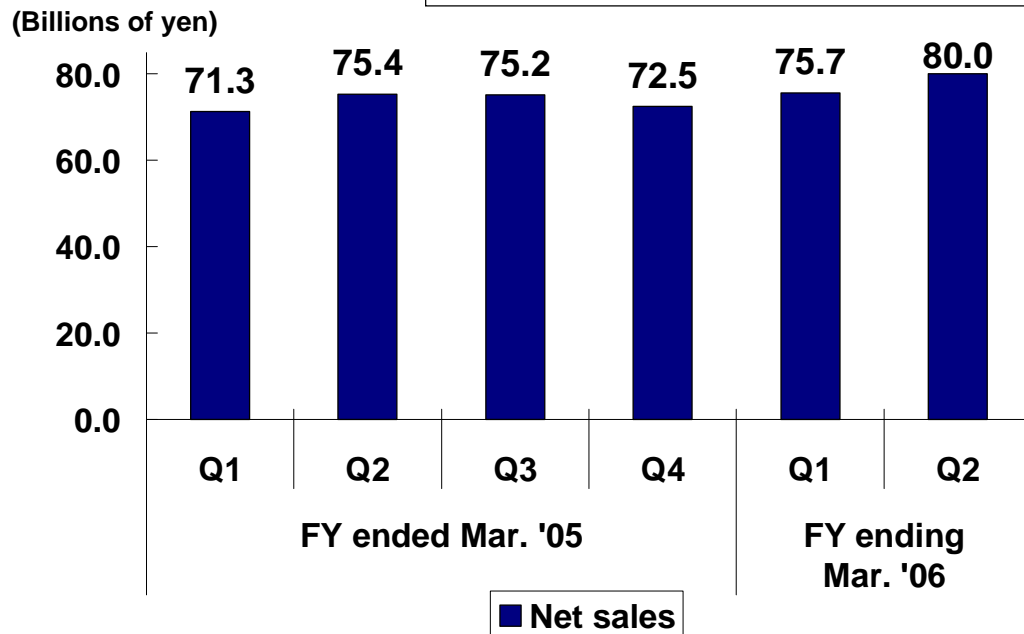
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This slide shows breakdown by segment. Sales were all above forecasts. Operating income was slightly below forecast. For the machined components segment, pivot assembly and rod-end businesses achieved large improvement and ball bearing business also posted higher profit. For the electronic devices and components segment, HDD spindle motor business in the second quarter was better than the first quarter, however, some of the businesses with tasks to improve profitability have not yet achieved their goals.

Net Sales

Compared to Q1, most of main products increased further in Q2. +6.1% yoy, +5.8% qoq



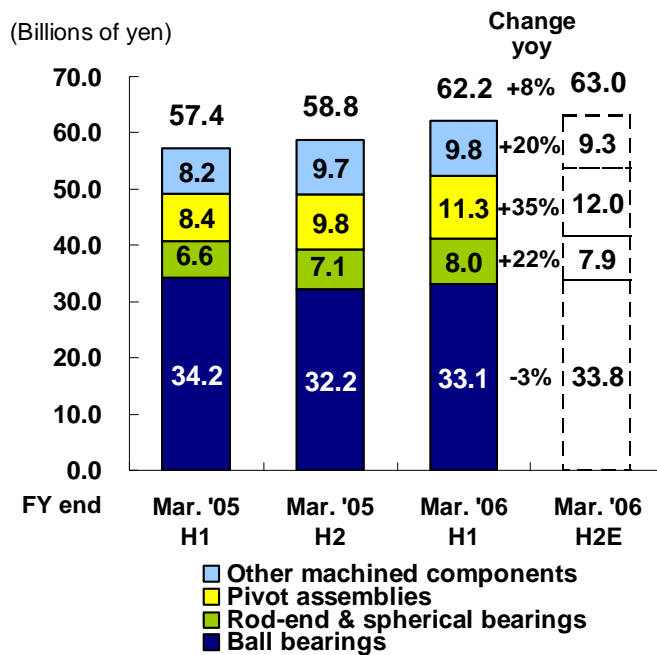
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Sales increased further to 80 billion yen in the second quarter from the first quarter. Sales are on an increasing trend with some seasonal fluctuations.

Sales of Machined Components Business



Results

Pivot assembly sales recorded large growth from last fiscal year. Q2 sales increased from Q1 on the back of growth in 2.5-inch and 3.5-inch types.

Sales of rod-end bearings for aircrafts continued to be strong.

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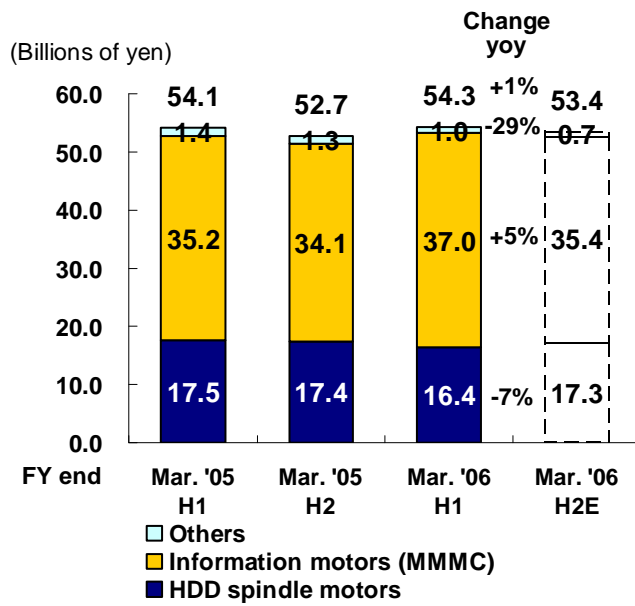
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First half sales of the machined components segment reached 62.2 billion yen, an 8% increase from the same period last fiscal year.

Sales of ball bearings increased from the second half of the last fiscal year. Sales for rod-ends and other bearings for aircraft were also robust. On the back of growing demand for 3.5-inch and 2.5-inch types, pivot assemblies for HDDs increased further in the second quarter from the first quarter. Moreover, fastener and special machined component businesses grew in sales.

Sales of Rotary Components



Results

Comparing to last fiscal year, sales of fan motors increased at MMMC. Comparing Q2 to Q1, sales increased for stepping motors and vibration motors.

Sales of HDD spindle motors remained flat due to the policy to maintain its shipment volume at the same level.

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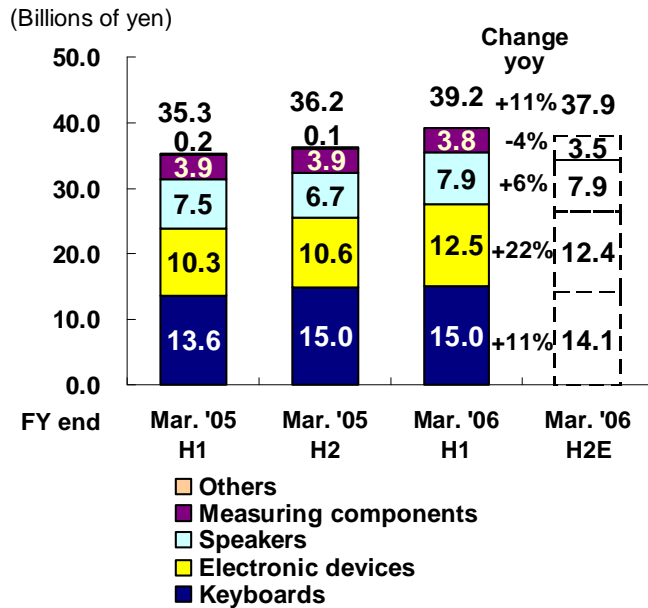
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Sales of rotary components in the first half remained flat. Sales were 54.3 billion yen, a 1% increase from last year.

Sales of HDD spindle motors declined due to a new policy to focus on profitability improvement while maintaining volume at the same level. As for information motors, sales increase owes to higher fan motor sales for PCs.

Sales of Other Electronic Devices



Results

Within electronic devices, backlight sales recorded large growth. Increased orders for cellular phones.

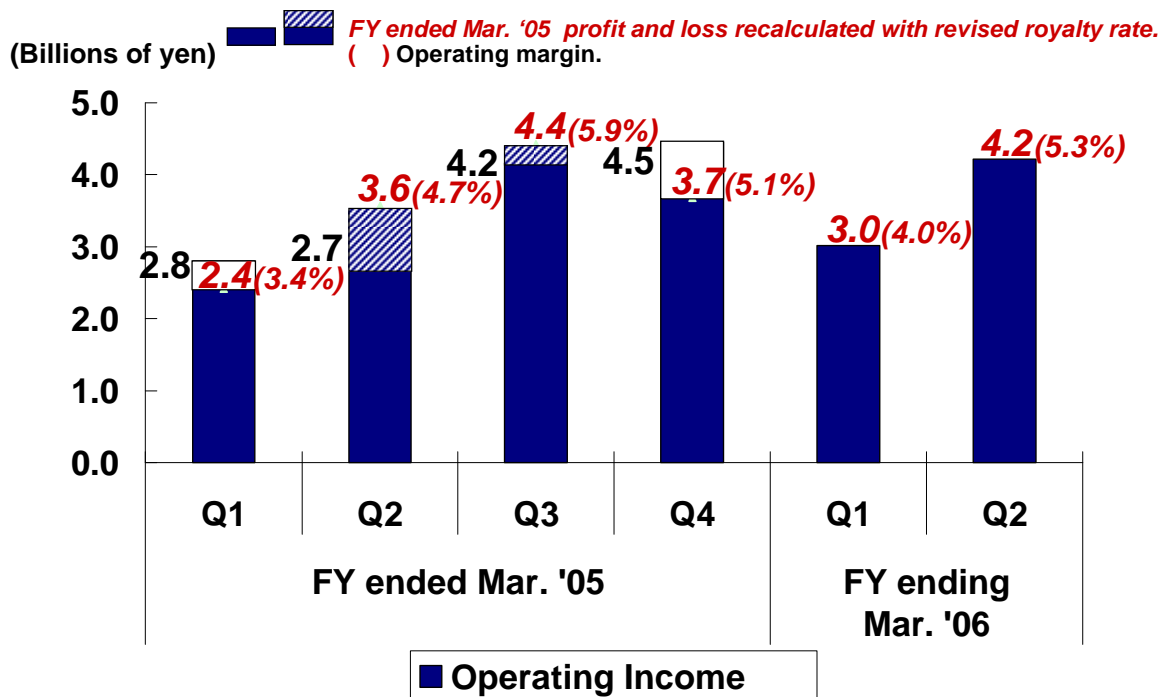
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Other electronic device and component business is expanding. Sales in the first half reached 39.2 billion yen, an 11% increase from the last year. Keyboard sales increased in the first half. As for the backlights, orders are favorable and the business is rapidly expanding.

Operating Income



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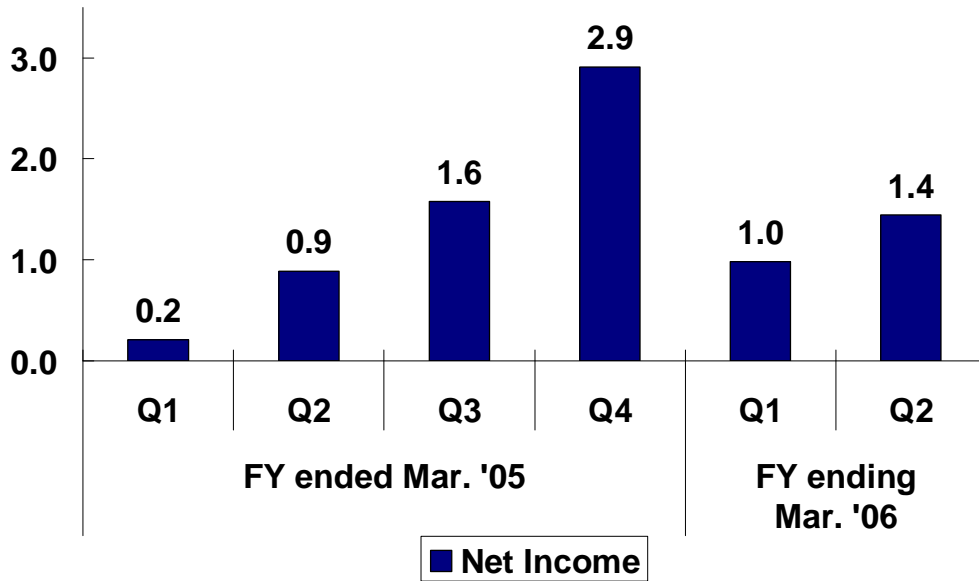
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Operating income in the second quarter was 4.2 billion yen. Red figures in the slide show last fiscal year's figures adjusted for irregular royalty payment at Minebea-Matsushita Motor joint venture. By improving profit further in the second half, we are determined to make the recovery trend an even stronger one.

Net Income

(Billions of yen)



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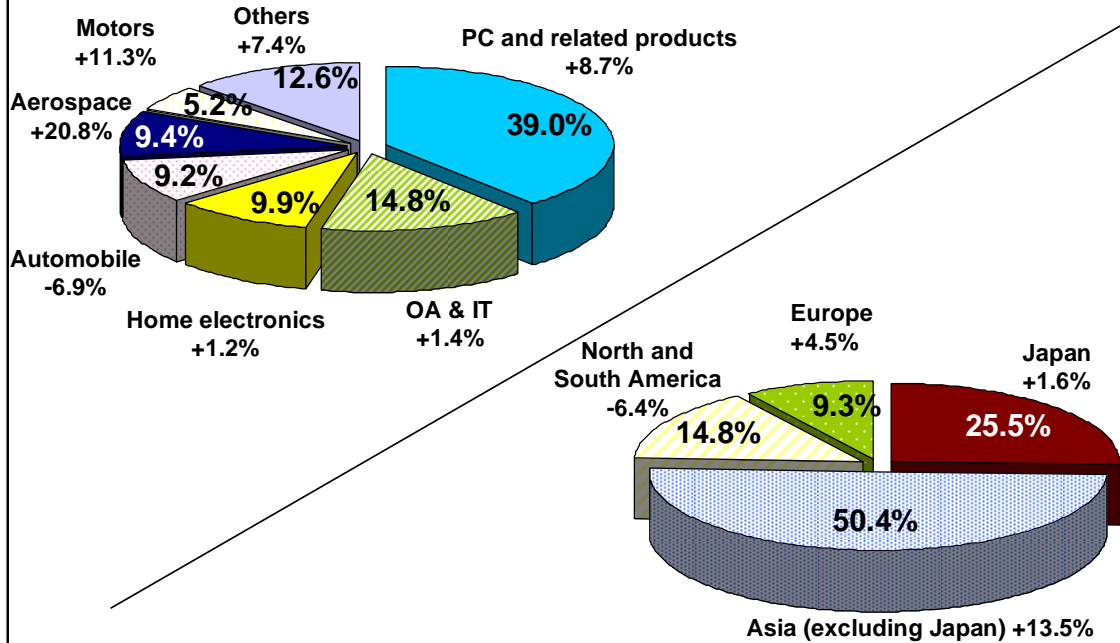


Net income in the second quarter was 1.4 billion yen.

Sales by User Industry and by Region

Q2 Results

The number inside the circle is sales %.
The number outside the circle is the change yoy.



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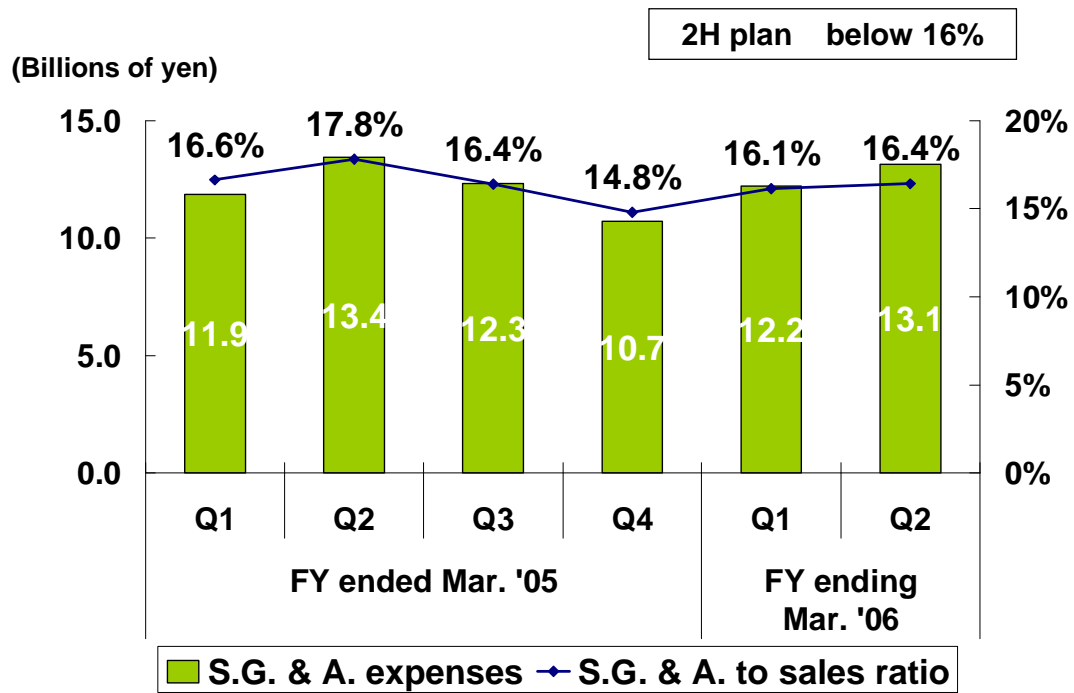
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Of applications, aircraft business continued to be robust in the second quarter and increased over 20% from a year ago. Businesses for PCs were also favorable.

By region, Asia, especially Greater China, continued to see a fast pace of growth.

S.G. & A. Expenses



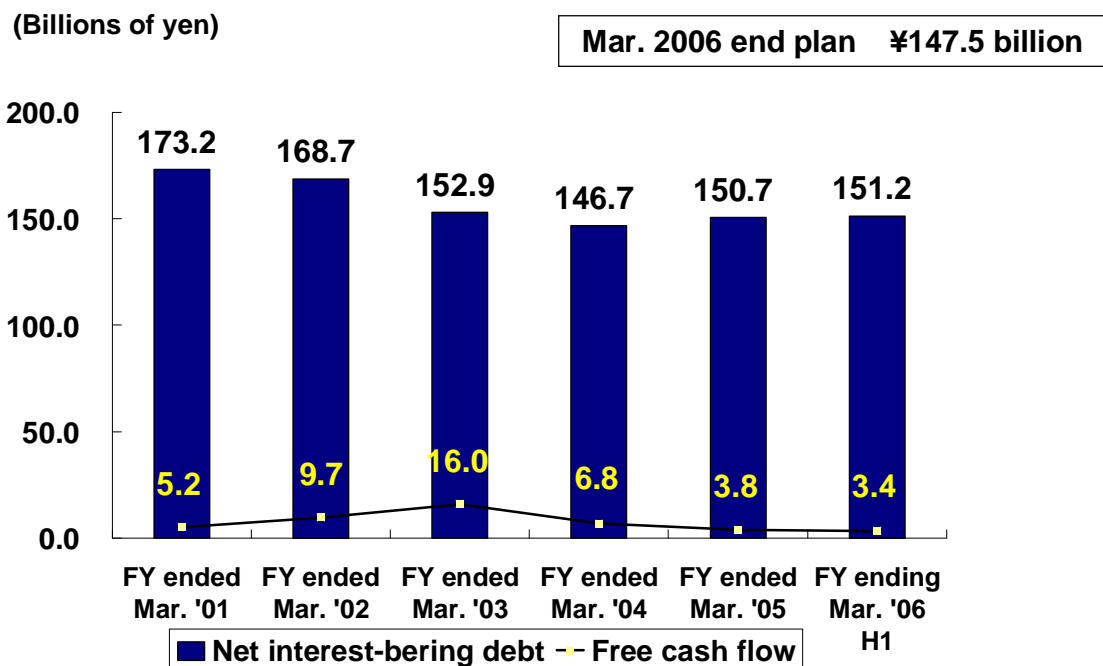
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SG&A in the second quarter was 13.1 billion yen, or 16.4% as percentage of sales. SG&A has increased along with sales but we plan to reduce the percentage of sales ratio by the end of fiscal year. We target below 16% in the second half.

Interest-Bearing Debt



Note: Net interest-bearing debt: Sum of interest-bearing debt – Cash and cash equivalents
 Cash flow: Cash flow from operating income – Cash flow from investing activities

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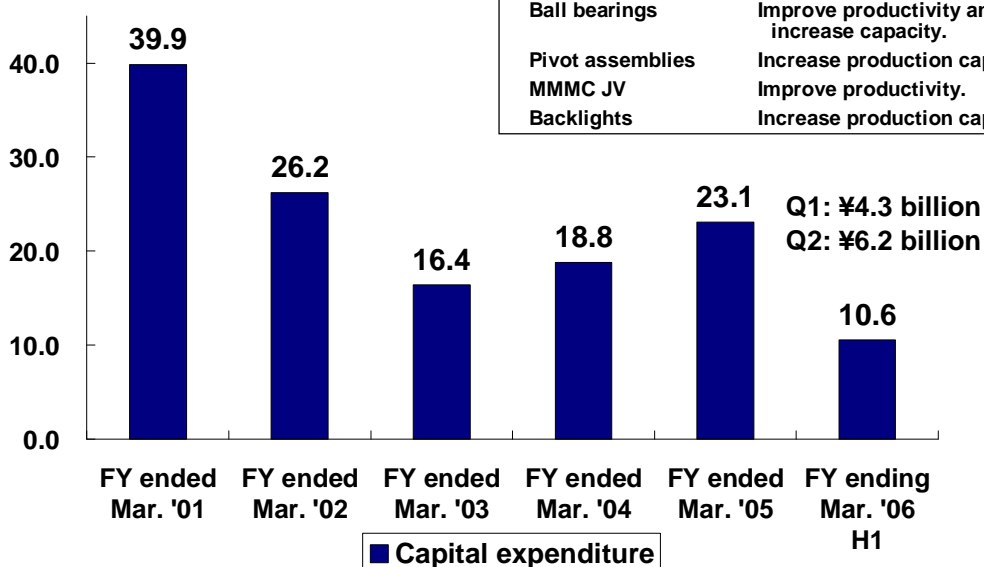
Interest bearing debt, net of cash and cash equivalents, at the end of September was 151.2 billion yen, a reduction of approximately 3 billion yen in the second quarter from 154.3 billion yen at the end of the first quarter. In the second quarter, cash flow turned positive along with profit improvement.

There were also effects of yen depreciation. Compared to the end of March, effect of yen depreciation on foreign currency denominated debts was an increase of 1.1 billion yen.

We target 147.5 billion yen at the end of March next year.

Capital Expenditure

(Billions of yen)



Full year forecast ¥22.5 billion	
Fiscal year ending Mar. '06	Main areas of investment
Ball bearings	Improve productivity and increase capacity.
Pivot assemblies	Increase production capacity.
MMMC JV	Improve productivity.
Backlights	Increase production capacity.

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Capex in the first half was 10.6 billion yen, of which 6.2 billion yen was in the second quarter.

There are no changes to full year plan of 22.5 billion yen. Main areas of investment during this fiscal year are ball bearings, spindle motors, information motors and backlight businesses.

Forecast for Fiscal Year Ending March 31, 2006

(Millions of yen)	FY ended Mar. '05 Full year	FY ending Mar. '06			Change yoy	Previous forecast Full year
		H1	H2 revised est.	Full year revised est.		
Net sales	294,422	155,739	154,261	310,000	+5.3%	295,000
Operating income	14,083	7,224	10,776	18,000	+27.8%	18,000
Ordinary income	10,206	5,322	8,678	14,000	+37.2%	14,000
Income before income taxes	7,778	4,425	8,075	12,500	+60.7%	12,500
Net income	5,581	2,421	5,079	7,500	+34.4%	7,500

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We have reviewed full year sales forecast but make no change to profit forecasts. Sales forecast is revised to 310 billion yen from 295 billion yen.

Forecast for Net Sales and Operating Income by Segment

(Millions of yen)	Year ended Mar. '05	Year ending Mar. '06			Change yoy	Previous forecast Full year
	Full year	H1	H2 est.	Full year est.		
[Net sales]						
Machined components business	116,105	62,204	62,996	125,200	+7.8%	119,900
Bearing-related products	98,218	52,384	53,716	106,100	+8.0%	101,600
Other machined components	17,887	9,820	9,280	19,100	+6.8%	18,300
Electronic devices and components business	178,317	93,535	91,265	184,800	+3.6%	175,100
Rotary components	106,750	54,323	53,377	107,700	+0.9%	105,400
Other electronic devices	71,566	39,212	37,888	77,100	+7.7%	69,700
Total net sales	294,422	155,739	154,261	310,000	+5.3%	295,000
[Operating income]						
Machined components business	21,572	11,112	12,138	23,250	+7.8%	22,750
Electronic devices and components business	-7,489	-3,887	-1,363	-5,250	-	-4,750
Total operating income	14,083	7,224	10,776	18,000	+27.8%	18,000

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The slide shows forecast breakdown by segment. In the second half, operating income of the machined components segment is expected to increase slightly from the first half. For the electronic devices and components segment, we plan to make a large improvement by improving profitability of the loss making businesses.

Policy and Strategy

Takayuki Yamagishi
Representative Director,
President and Chief Executive Officer

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Second Quarter Results

Improved profitability (short-term accomplishment)

◆ Pivot assemblies

- **Sales reached record high in Q2, increased 30% yoy.**
- **Achieved large improvement in profitability.**
 - Reduced production costs . . . Improved assembly yield and reduced production costs of components.
 - Improved production capacity . . . Further, preparing for next fiscal year's capacity expansion to 30 million units per month.
 - Rectified sales price

◆ HDD spindle motors

- **Focused on cost reduction while maintaining volume.**
 - Improved production yield of parts and brought previously outsourced components in-house.
 - Reduced manpower in assembly lines
 - Improvement in operation and quality.
 - Shorter production process.

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The most important priority for us is improving profit in the short term. Of several businesses with needs to turnaround, there were clear outcome for pivot assemblies and HDD spindle motor businesses.

Pivot assembly sales in the second quarter increased 30% from a year ago on the back of robust HDD demand. We expect further growth in the second half and plan to build up monthly production capacity to 28 million units by the end of this year and to 30 million during next fiscal year. Lower production costs of components and improving assembly yield are successfully leading to production with lower costs.

Cost reduction is also making a clear progress for HDD spindle motors. We look for loss to be reduced significantly the second half. Currently, we are maintaining volume at the same level and focusing on cost reduction. We are improving production yield of components, producing previously outsourced parts in-house, and reducing personnel by reviewing assembly processes.

Second Quarter Results

Expand profit (growth businesses)

◆ Rod-end & spherical bearings and bearings for aircraft

- **Increased production capacity in response to strong demand for aircrafts.**
 - Manufacturing locally at three locations, Karuizawa, U.S.A. and U.K.
- **Built low cost structure and expanded product range.**
 - Started full-scale front-end production in Thailand.
- **Cultivated new high-value added areas.**

◆ Lighting devices

- **Established technical advantage by reinforcing technological development.**
 - New high-intensity and ultra-thin backlight model has been well received by customers. Started introduction to market in April, shipment in October.
- **Expanded operation size and reinforced structure.**
 - Shortened delivery time drastically by locating design team at Thai plant.
 - Built efficient zero-inventory logistic system.

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Growth businesses are expanding. Demand for aircraft, which is the main application for rod-ends, is expected to continue to grow for some time. To expand business strategically, we are improving cost competitiveness and exploiting new business areas, as well as expanding capacity. We began front-end production in Thailand on full scale.

For lighting device business, we established technical edge with introduction of new high-intensity and ultra-slim backlight, which we developed with cooperation from Nichia Corporation.

To expand scale of business and to reinforce the organization, we recently strengthened sales engineering and set up design teams at Thai plant in order to shorten sample development time. We also built zero-inventory efficient logistics system to reduce inventory risks.

Profit Improvement of 3 Businesses (H2)

◆ HDD Spindle Motors

- Confirmed clear positive outcome of improvement measures in Q2.
- Change product mix by further increasing 2.5 inch type.
- Promote more efficient product development . . . Integrate to Germany.

◆ Minebea-Matsushita Motor JV

- Completed structural reorganization in September . . . In the process of verifying outcome.
- Pursue cost reduction of molds and components.
- Strengthen development team for new product launch.

◆ Keyboards

- Almost completed transferring of notebook type from Thailand to Shanghai in September . . . In the process of verifying outcome.
- Improving skill levels of operators for production of transferred models.
- Promoting to raise sales price of high material rate models.

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Of the three businesses with immediate tasks to turn around profitability, HDD spindle motor business made improvement as explained in previous slides. We plan to continue the cost reduction measures further in the second half.

Minebea-Matsushita Motor joint venture completed organization reform in September. We will verify outcome in the second half. We are also implementing measures to reduce costs of molds and components and to reinforce new product development.

Transfer of production of keyboards from Thailand to Shanghai almost completed in September. We are currently implementing measures to improve productivity of the transferred notebook models. Moreover, we are working to raise sales prices as the last year's increase in costs in raw material is not easily absorbed by reduction of production costs.

Reinforcement and Expansion Measures of Ball Bearing Business

- **Shipment increased 7% yoy in Q2 owing to increase of internal sales. Expect 10 % sales increase in H2 as external sales are also expected to increase.**
- **Increasing production capacity in response to expanding market demand for pivot assemblies and fan motors.**
- **Pursue further cost reduction.**
- **Strengthen product development in response to diversifying specifications required by various applications.**

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Ball bearing sales, including internal use, in the second quarter increased 7% from the same period last year. Demand is expected to gain momentum in the second half and we look for 10% growth compared to the same period last year.

We decided to increase production capacity to meet such demand growth, in particular for pivot assembly and fan motor applications, which are used in HDDs, PCs and home devices.

Cost reduction is an eternal theme and we are launching further cost reduction programs. At the same time, we are reinforcing engineering capability to respond to diversifying specifications required by various applications.

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Business Results

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Any statements in the presentation which are not an historical fact are future projections made based on certain assumptions and our management's judgment drawn from currently available information.

Please note that actual performance may vary significantly from any particular projection, due to various factors.

Factors affecting our actual performance include: (i) changes in economic indicators surrounding us or demand trends; (ii) fluctuation of foreign exchange rates or interest rates; and (iii) our ability to continue R&D, manufacturing and marketing in a timely manner in the electronics business sector, where technological innovations are rapid and new products are launched continuously. However, this is not a complete list of the factors affecting actual performance.

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