



# **Business Results**

**First Quarter of Fiscal Year Ending March 31, 2007**

**August 1, 2006**

**Minebea Co., Ltd.**

## Summary of Consolidated Business Results

New measures based on Management Policy have been producing results

(Millions of yen)	Year ended Mar. '06 1Q	Year ending Mar. '07 1Q	Change yoy
Net sales	75,690	80,201	+6.0%
Operating income	3,010	5,858	+94.6%
Ordinary income	2,163	4,713	+117.9%
Income before income taxes	830	5,205	+526.7%
Net income	980	3,288	+235.5%
Net income per share(yen)	2.46	8.24	+235.5%

**Effect of FX Fluctuations**      1Q of FY Mar. '06 → 1Q of FY Mar. '07

Net sales    ¥4,120 million, US\$ = ¥107.28 → ¥114.71	Operating income    ¥250 million Thai Baht = ¥2.70 → ¥3.00
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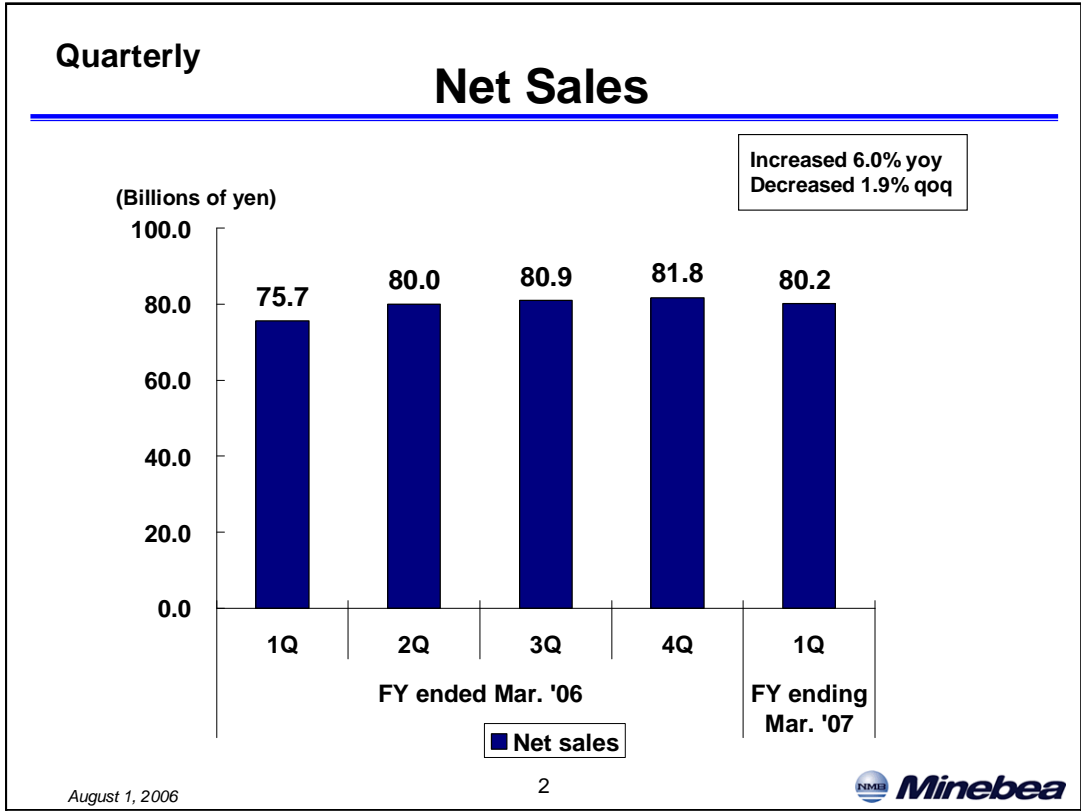
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In first quarter, net sales increased by 6.0% to 80.2 billion yen. Operating income increased significantly by 94.6% to 5.858 billion yen. Net income considerably increased to 3.4 times (+235.5%) to 3.288 billion yen.

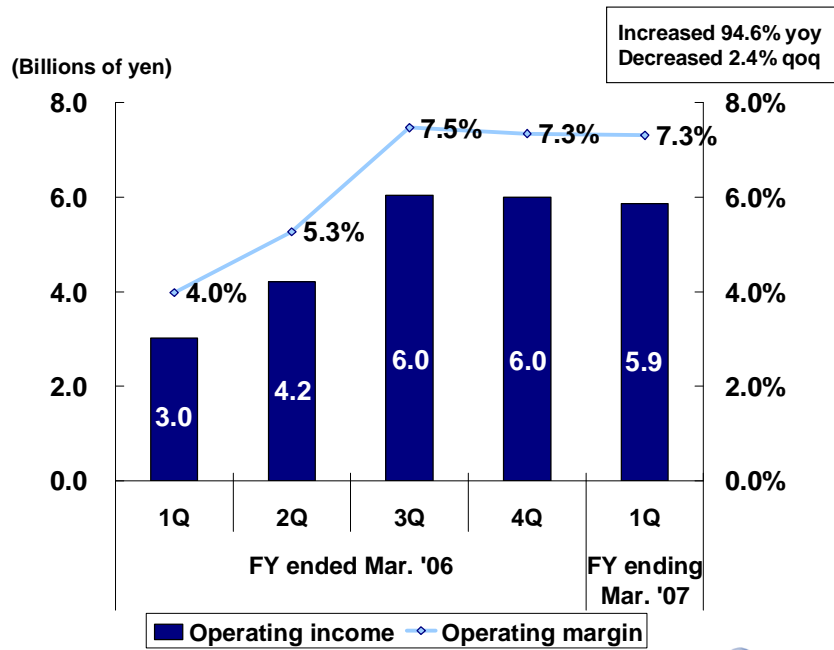
These strong results were produced by new measures based on the Management Policy implemented since June 2005.



The graph shows quarterly net sales. In first quarter, net sales decreased slightly by 1.9% from the previous quarter, but increased by 6.0% from the same period last fiscal year.

## Quarterly

# Operating Income



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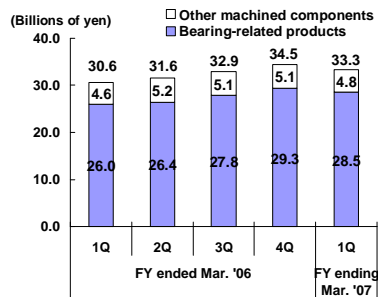


The graph shows quarterly operating income. In first quarter, operating income substantially increased by 94.6% from the same period last year, but decreased slightly by 2.4% from the previous quarter. Since third quarter of the last fiscal year, both operating income and operating margin stayed at the same level.

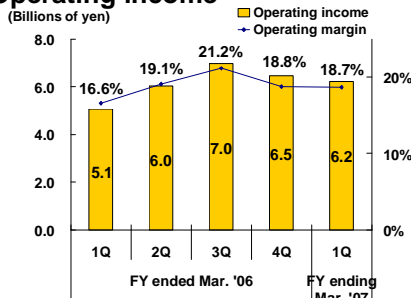
## Business Segments

# Machined Components Business

### Net sales



### Operating income



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### Miniature & Small Sized Ball Bearings

Net Sales increased 6.8% yoy  
decreased 1.2% qoq

Favorable sales continue

⇒ Increase production capacity

Improve competitiveness with 60% share  
of global market

### Rod-end & Spherical Bearings

Net Sales increased 21.7% yoy  
increased 4.2% qoq

Favorable demands continue in bearings  
for aircrafts

### Pivot Assemblies

Net Sales increased 10.1% yoy  
decreased 12.1% qoq

Weak PC market and FY end inventory  
adjustments at HDD manufacturer

Improvement expected starting 2Q

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With the machined components business segment, net sales of miniature and small sized bearings increased by 6.8% from the same period last fiscal year, but decreased by 1.2% from the previous quarter. Total shipments, including internal shipments of ball bearings, remained at 172 million units from the previous quarter. However, shipments increased month by month during the quarter due to increasing demands from customers. Because we see strong demands for miniature bearings worldwide, we are expanding our production capacity from current 180 million units per month to 190 million per month within the year, and to 200 million per month next year. We aim to improve our competitiveness with 60% share of the global market and reinforce profitability by reducing costs and making R&D activities more efficient.

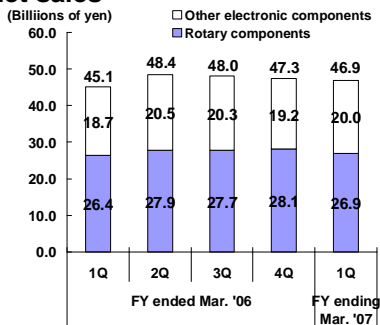
Net sales of rod-end and spherical bearings for aircrafts increased by 21.7% from the same period last fiscal year, due to increased aircraft productions worldwide. There are reports of troubles producing a specific model at an individual manufacturer, we do not feel that it will affect this entire industry.

The above mentioned businesses have performed better than our expectations. However, pivot assemblies for the hard disk drives business experienced a tough environment which caused its net sales to drop by 12.1% from the previous quarter. The world personal computer market was somewhat weaker partly due to seasonal factors and June fiscal-year-end inventory adjustments by HDD manufacturers, especially in the 3.5 inch HDD market, affected our business. The sales volume during the quarter was a little over 19 million units which was about 20% lower than the peak in third quarter of the last fiscal year. Nevertheless, we expect improvement starting in second quarter due to strong incoming orders.

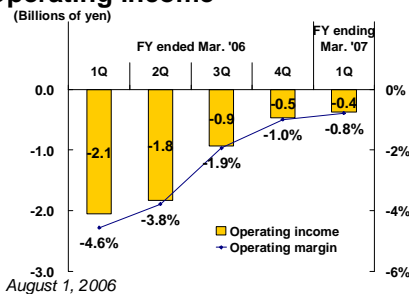
As a result, the operating income of the machined component business segment was 6.2 billion yen, and operating margin was 18.7%.

## Business Segments **Electronic Devices and Components Business**

### Net sales



### Operating income



### Electronic Devices

Net Sales increased 29.3% yoy  
increased 16.2% qoq

Favorable sales  
in LED backlights for mobile phones  
& in backlight inverters for LCD TV

### HDD Spindle Motors

Net Sales increased 9.2% yoy  
decreased 14.3% qoq

Weak PC market and FY end inventory  
adjustments at HDD manufacturer  
Improvement expected starting 2Q

### Information Motors

Net Sales decreased 4.5% yoy  
decreased 1.7% qoq

Structural reform underway to return to  
profitability this FY by reviewing orders &  
emphasizing profitability

### Keyboards

Net Sales decreased 1.7% yoy  
decreased 1.6% qoq

Implementing restructuring measures  
announced in April

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With respect to the electronic devices and components business segment, net sales of electronic devices increased substantially due to strong demand for our high-luminance, ultra-slim LED backlights and backlight inverters for LCD TV.

Net sales of HDD spindle motors decreased by 14.3% from the previous quarter due to inventory adjustments by HDD manufacturers, especially for the 3.5 inch HDD products. However, this business remained profitable following fourth quarter turnaround.

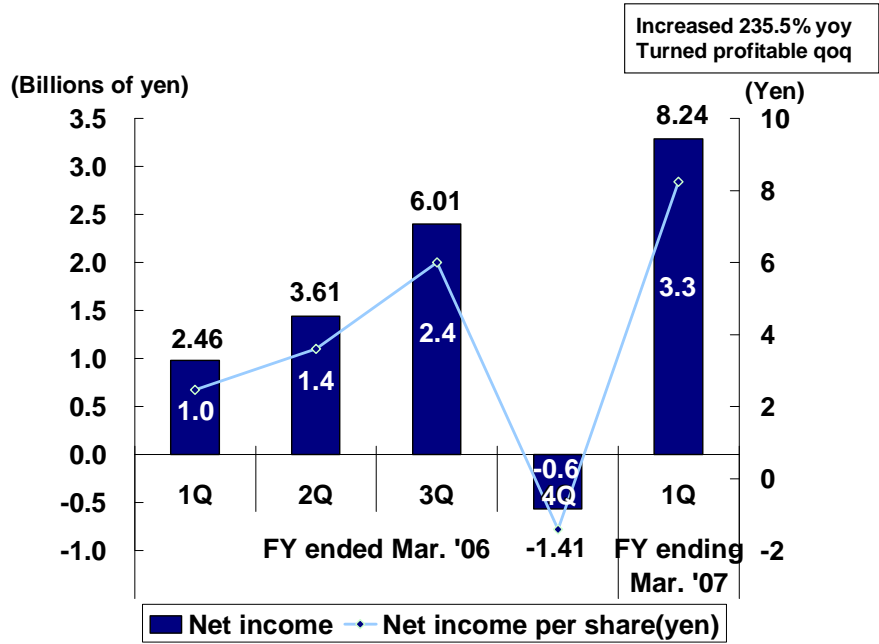
Although net sales of information motors decreased by 1.7% from the previous quarter, operating results from the business itself improved thanks to cost reductions and review of orders. In addition, the fact that joint venture parent companies (Matsushita Electric Industrial Co., Ltd. and Minebea) decided to reduce royalty payments from April made the results almost breakeven.

In the keyboards business, we have been implementing restructuring measures announced in April. Net sales decreased by 1.6% from the previous quarter and operating loss remained at the same level.

As a result, operating loss from electronic devices and components business segment was 0.4 billion yen, an improvement of 0.1 billion yen from the previous quarter.

Quarterly

# Net Income



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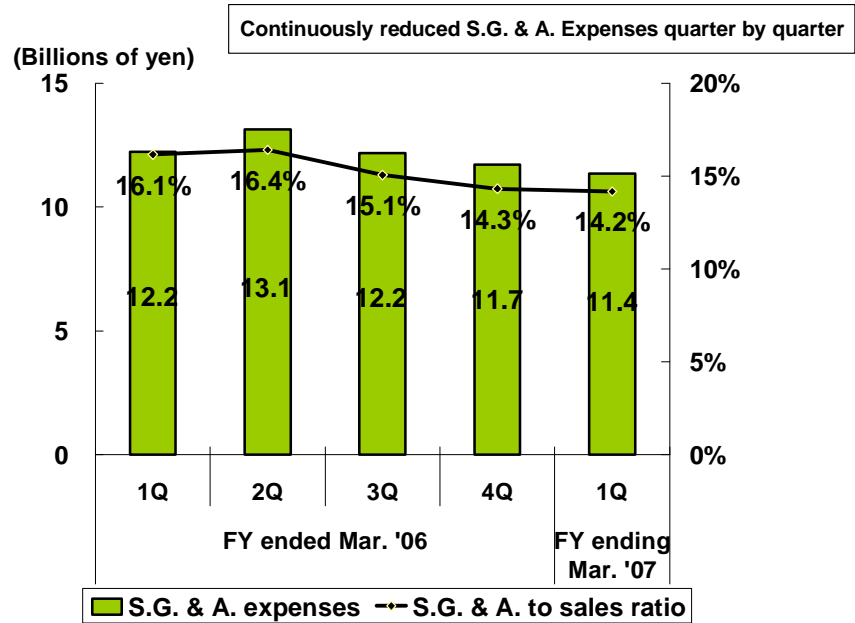
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The graph shows quarterly net income. In first quarter, net income was 3.288 billion yen and the earnings per share was 8.24 yen, considerably improving from both the previous quarter and the same period last fiscal year.

Quarterly

## S.G. & A. Expenses



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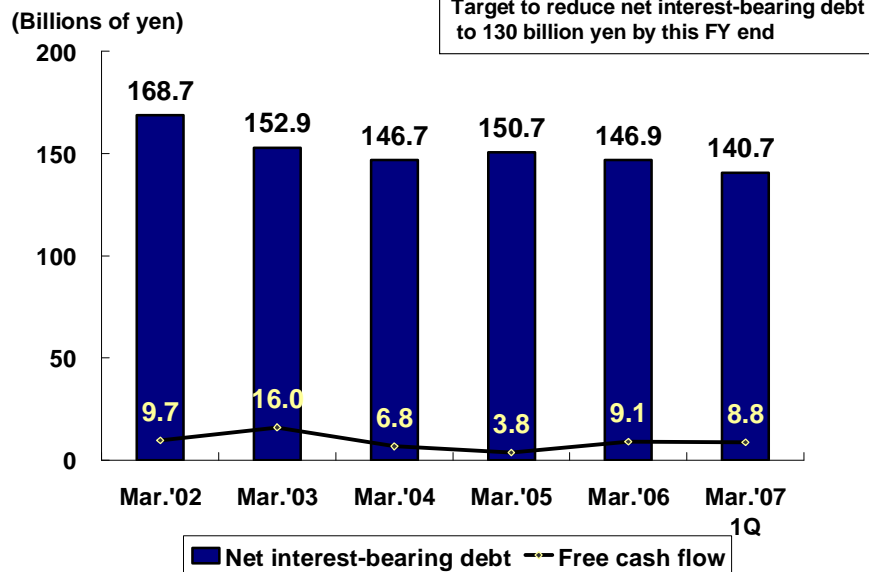


The graph shows quarterly selling, general and administrative expenses. Due to company-wide cost reduction efforts, SG&A expenses were reduced to 11.359 billion yen in first quarter. The SG&A to sales ratio was reduced to 14.2%. We will make further efforts to reduce SG&A as well as other expenses.



Yearly

## Net Interest-Bearing Debt



Net Interest-bearing debt = Interest-bearing debt - Cash and cash equivalents  
Free Cash Flow = CF from operating activities + CF from Investing activities

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The graph shows net interest-bearing debt by year. In first quarter, net interest-bearing debt, which is interest-bearing debt deducted by cash and cash equivalents, decreased by 6.2 billion yen to 140.695 billion yen. The reduction was in line with our target to reduce the amount to 130 billion yen by fiscal year end.

## Forecast for Fiscal Year Ending March 31, 2007

(Millions of yen)	Year ended Mar.'06	Year ending Mar.'07 (Announced in May 2006)		
	Full year	1H	Full year	Change yoy
Net sales	318,446	152,000	310,000	-2.7%
Operating income	19,269	11,500	25,000	+29.7%
Ordinary income	14,595	8,400	19,000	+30.2%
Income before income taxes	9,620	8,000	18,000	+87.1%
Net income	4,257	5,300	10,000	+134.9%
Net income per share	10.67	13.28	25.06	+134.9%

**Foreign exchange rate assumptions**      FY Mar. '06 → FY Mar. '07  
 US\$ = ¥113.09 → ¥115.00      Thai Baht = ¥2.79 → ¥2.80

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As a result of the above, we decided not to change our current forecast.

At this moment, we do not foresee significant changes in our business environments and conditions from our current forecast announced in May. We will make further efforts to achieve our operating targets.

# Current Progress

## 1. Improvements in 3 underperforming businesses

### HDD spindle motor business

- became profitable in 4Q of last FY
- affected by HDD market slowdown in 1Q, but expect improvement starting in 2Q
- successfully increasing sales of a new product for 2.5 inch HDD
- development of products for smaller HDD in progress

### Information motor business

- reduced costs by reorganizing production system in the last FY
- shifting focus from volume to quality, from sales to profit
- reduced royalty payments to joint-venture parents

### Keyboards business

- implementing restructuring measures announced in April
- terminating non-profitable models, focusing on high value-added models
- aim to return to profitability on monthly basis during this FY

## 2. Expansion of growth business and establishment of future profit base

### Bearing and bearing-related business

- capacity expansion to further improve competitiveness and increase profits

### Optical device business

- promote marketing of LED backlights from mobile phones to car navigation systems
- promote marketing and product development of backlight inverters for LCD TV

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I would like to explain some of the current progress on measures taken based on the Management Policy announced in May 2005.

Regarding "improvements in 3 underperforming businesses" which we established as the first priority last year, we have been seeing steady progress. We will continue to make efforts in these businesses to generate stable profits.

The HDD spindle motor business became profitable in fourth quarter of the previous fiscal year, but suffered from a slowdown in the HDD market in first quarter. Our new 2.5 inch motor products are selling very well, and we are focusing on R&D for other new products for smaller HDD. In July, incoming orders from HDD manufacturers are increasing thanks to the expected market-wide recovery. Therefore, we expect improving profitability in this business.

In the information motor business, since we have reorganized the production system and have been shifting our focus from volume to quality and from sales to profit, operating results have improved since third quarter last fiscal year. In addition, because joint venture parent companies (Matsushita Electric Industrial Co., Ltd. and Minebea) decided to reduce royalty payments from April, we are confident this business will be profitable this fiscal year.

In the keyboards business, we are steadily implementing restructuring measures announced in April, for example, terminating non-profitable models and focusing on high value-added models. It will take until third quarter. Therefore, we are expecting to bring this business back to profitability on a monthly basis by fiscal year end.

Regarding "expansion of growth business and establishment of future profit base", we are expanding our production capacity for miniature bearings for which we hold 60% share of the global market and bearing-related aircraft parts products for which we hold 50% share of the global market to further improve our competitiveness and to increase profits because of strong worldwide demand for these products. We will also increase our capacity for pivot assemblies for HDD because we expect strong growth in demand starting in second quarter.

In optical device business, we are developing new LED backlights for car navigation system in order to utilize our technology for our popular high-luminance, ultra-slim LED backlights for mobile handsets. We are also expanding our product line of backlight inverters for LCD TV which is selling well.

# Minebea Co., Ltd.

## Business Results

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

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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