



Business Results

First Half of Fiscal Year Ending March 31, 2008

October 31, 2007

Minebea Co., Ltd.

- 1. Financial Results**
- 2. Policy and Strategy**

Financial Results

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Director, Senior Managing Executive Officer

October 31, 2007

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All explanations are given on consolidated bases.

Summary of Consolidated Business Results for 1H

Despite higher Thai Baht and 1Q weakness in HDD market, sales and operating income increased due to 2Q HDD market recovery and company-wide cost reduction efforts

(Millions of yen)	Year ended	Year ending	Change	1H of year ending Mar. '08	
	Mar. '07	Mar. '08		Original forecast	Vs. forecast
	1H	1H	yoy		
Net sales	163,998	168,247	+2.6%	162,500	103.5%
Operating income	13,367	15,121	+13.1%	14,000	108.0%
Machined components business	13,317	13,704	+2.9%	13,800	99.3%
Electronic devices and components business	50	1,417	x28.3	200	x7.1
Ordinary income	10,947	13,236	+20.9%	11,500	115.1%
Income before income taxes	11,114	12,196	+9.7%	10,500	116.2%
Net income	7,468	7,474	+0.1%	6,500	115.0%
Net income per share (yen)	18.72	18.73	+0.1%	16.29	115.0%

FX Fluctuations 1H of FY Mar. '07 → 1H of FY Mar. '08
 US\$ = ¥115.26 → ¥119.64 Euro = ¥145.58 → ¥161.83
 Thai Baht = ¥3.03 → ¥3.77 (¥3.47*) RMB = ¥14.40 → ¥15.68
 (*) is on-shore rate reported by the Bank of Thailand

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Minebea achieved consolidated net sales of 168,247 million yen, operating income of 15,121 million yen, and net income of 7,474 million yen for the first half of the fiscal year ending March 31, 2008. Both sales and profit increased over the same period last year. Net sales were up by 2.6%; operating income was up by 13.1%; and net income was up by 0.1%. These financial results were better than the plan at the beginning of this fiscal year.

The better performance is due to rapid recovery in the HDD market in the second quarter, increased sales of information motors, ball bearings, and aircraft parts, improved profit in the Electronic Devices and Components segment including our keyboards business turning profitable, and progress in measures for companywide cost reduction, although there were adverse foreign currency impacts from the higher Thai baht and the first quarter fall in sales of HDD related products due to inventory adjustments by HDD makers.

Quarterly Summary of Consolidated Business Results for 2Q

Despite higher Thai Baht, sales and operating income increased due to HDD market recovery and company-wide cost reduction efforts

(Millions of yen)	Year ended Mar. '07	Year ending Mar. '08		Change	
	2Q	1Q	2Q	YoY	QoQ
Net sales	83,797	81,766	86,481	+3.2%	+5.8%
Operating income	7,509	7,115	8,006	+6.6%	+12.5%
Ordinary income	6,234	6,252	6,984	+12.0%	+11.7%
Income before income taxes	5,909	5,476	6,720	+13.7%	+22.7%
Net income	4,180	3,133	4,341	+3.9%	+38.6%
Net income per share (yen)	10.48	7.85	10.88	+3.9%	+38.6%

FX Fluctuations 2Q of FY Mar. '07 2Q of FY Mar. '08
 US\$ = ¥115.80 → ¥119.42 Euro = ¥147.67 → ¥162.43
 Thai Baht = ¥3.05 → ¥3.84 (¥3.49*) RMB = ¥14.49 → ¥15.80
 (*) is on-shore rate reported by the Bank of Thailand

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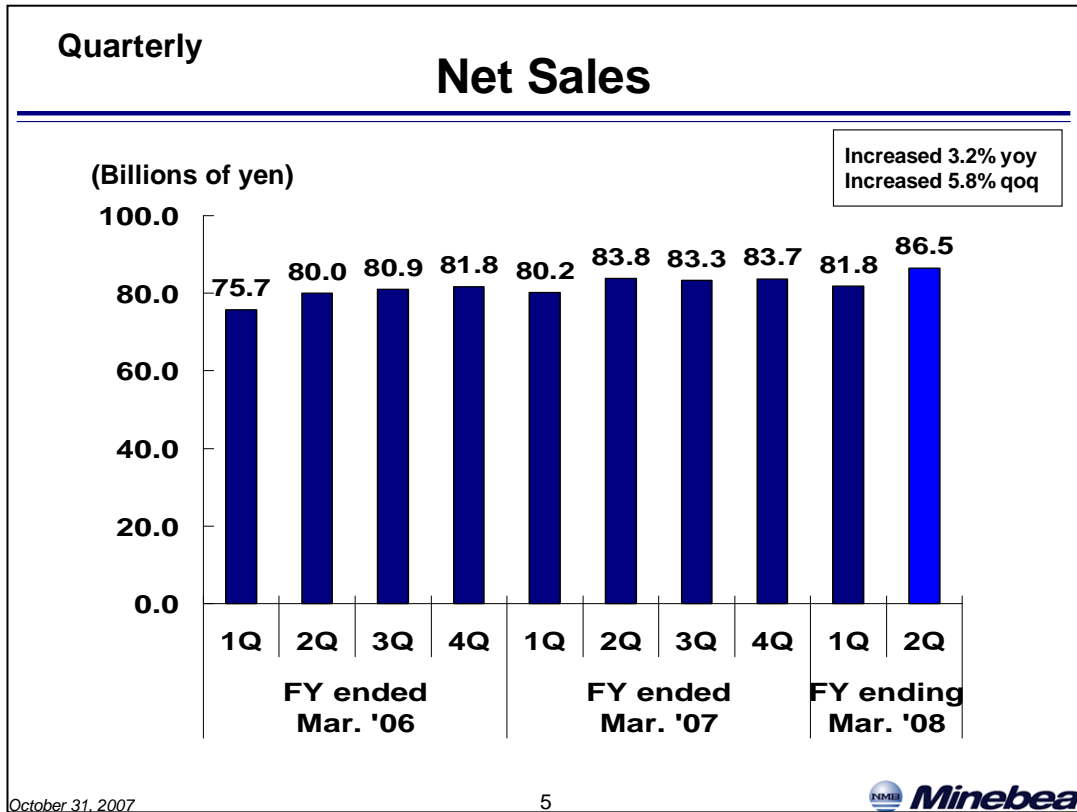
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For the second quarter, Minebea had net sales of 86,481 million yen, operating income of 8,006 million yen, and net income of 4,341 million yen.

Year on year, net sales were up by 3.2%; operating income was up by 6.6%; and net income was up by 3.9%.

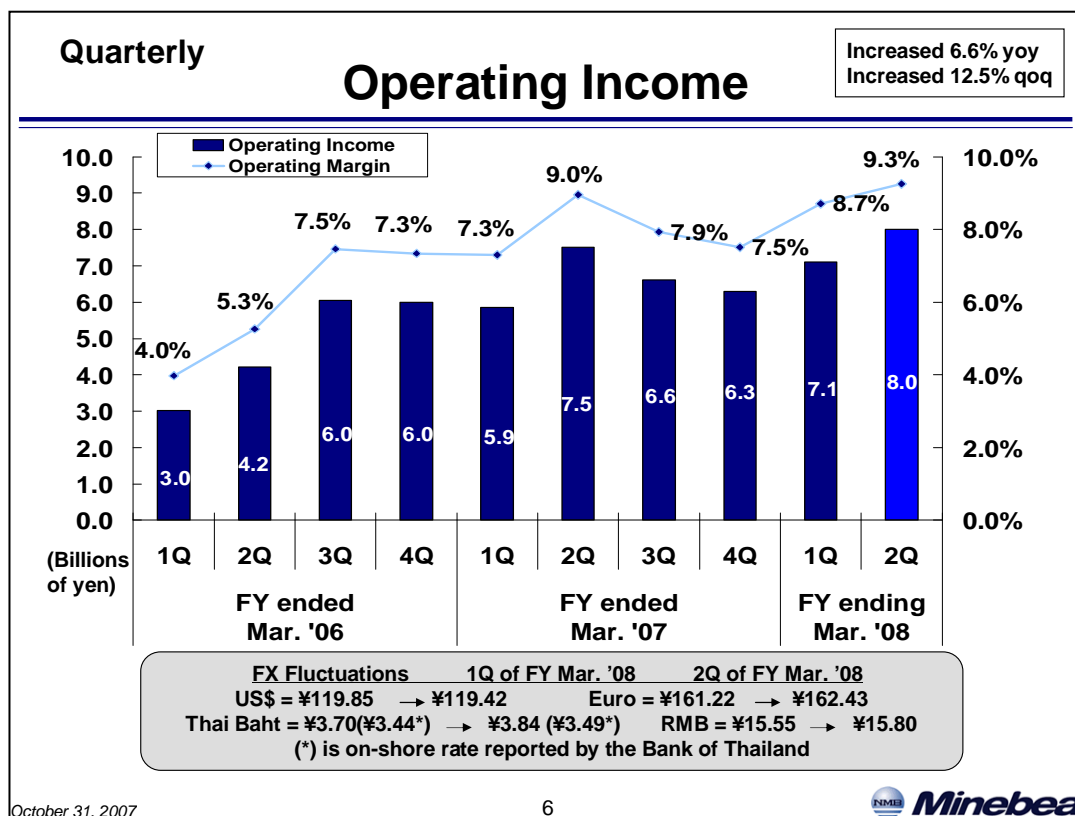
Continuing from the first quarter, there were adverse foreign exchange impacts from the higher Thai baht. In the second quarter, however, demand for HDDs recovered rapidly, which was also followed by recovery in sales of HDD related products, such as pivot assemblies and HDD spindle motors. Progress in companywide cost reduction measures also contributed to higher profit.



Net sales for the second quarter increased by 5.8% over the first quarter, and by 3.2% year on year.

Foreign exchange impact of the weaker yen brought about an increase of 4.5 billion yen year on year, and an increase of 0.3 billion yen over the first quarter.

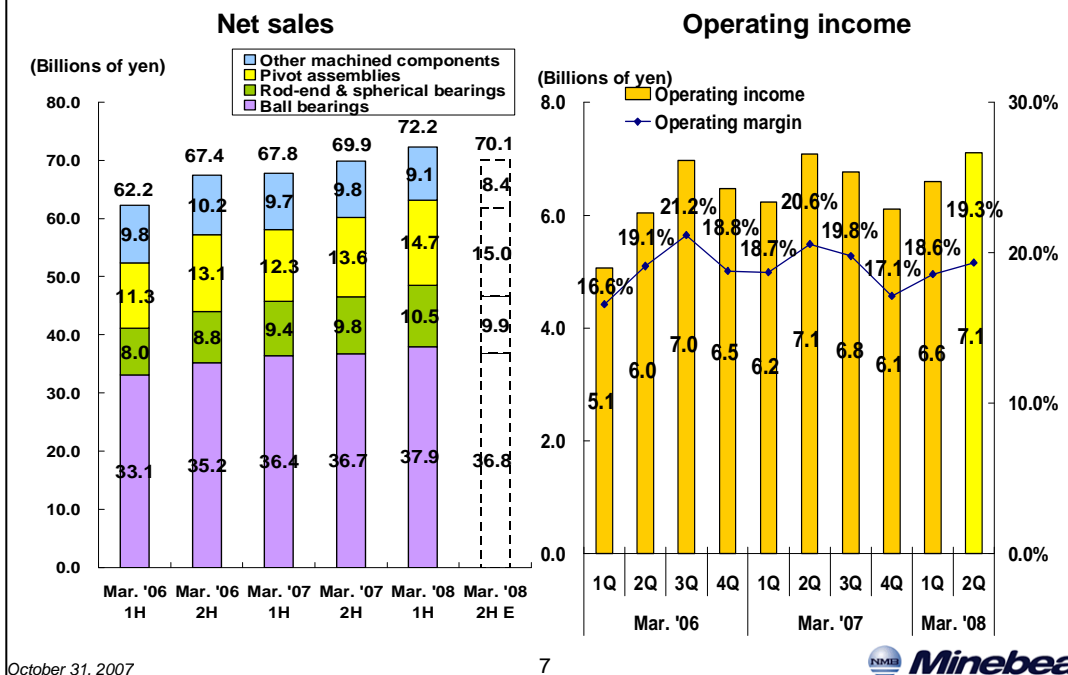
With the start of the second quarter, demand for HDDs recovered rapidly, which was followed by increased sales of HDD related products, such as pivot assemblies and HDD spindle motors. Also, keyboards sales for high-value-added products were strong.



Operating income for the second quarter was up by 12.5% over the first quarter. This fiscal year, profit improved, with second quarter profit exceeding the favorable level of the same period last year. There were 0.4 billion yen of adverse foreign exchange impacts from the higher Thai baht in the second quarter, relative to the first quarter.

Business Segments

Machined Components Business



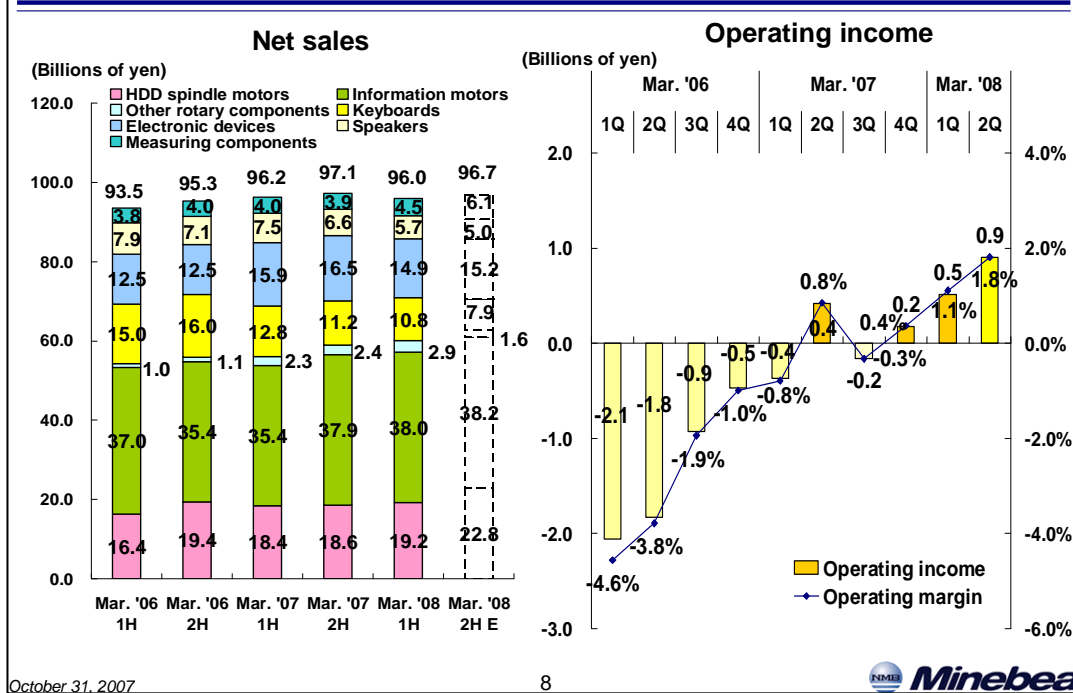
Operating income of the Machined Components Business segment for the second quarter was 7,105 million yen, with an operating margin of 19.3%.

Net sales of miniature and small-sized ball bearings for the second quarter were up by 2.4% year on year but down by 1.3% over the first quarter. Sales quantity during the second quarter increased from month to month. The average sales quantity, including for in-house use, increased to 190 million units per month, a record level. Profit also solidly increased.

Net sales of rod-end bearings continued solid increases due to strong aircraft production. As a result, net sales for the second quarter were up by 14.4% year on year, and up 1.0% over the first quarter. The increase in sales was followed by solid increases in profit.

Net sales of pivot assemblies jumped in the second quarter, up by 23.8% year on year and up by 23.7% over the first quarter. Net sales recovered rapidly since July from the severe sales environment in the first quarter that stemmed from HDD makers' inventory adjustments. As a result, the average sales quantity increased to 27 million units per month, up by about 20%. Although the yield rate needs improving, profit improved over the first quarter.

Business Segments **Electronic Devices and Components Business**



The Electronic Devices and Components Business segment achieved operating income of 901 million yen and operating margin of 1.8% in the second quarter.

With strong high-valued-added products sales, the average sales quantity of keyboards increased to one million units per month, above the first quarter. Net sales of keyboards for the second quarter were up by 1.0% year on year and up by 28.0% over the first quarter. As a result, profit improved significantly over the first quarter.

Sales of information motors for the second quarter were up by 5.3% year on year and up by 2.0% over the first quarter. Ongoing efforts to reduce stepping motor costs contributed significantly to increased profit over the first quarter.

Net sales of measuring components for the second quarter continued to grow since the first quarter. As a result, net sales were up by 20.0% over the first quarter. Profit also increased.

Net sales of HDD spindle motors for the second quarter were up by 6.9% year on year and up by 16.1% over the first quarter. The average sales quantity for the second quarter increased to 5.3 million units per month, exceeding the first quarter owing to the rapid recovery in the HDD market. However, profitability improvement was limited by a lack of progress in both improving yield rates and efforts for cost reduction.

For electronic devices, although the sales quantity of lighting devices increased, unit prices continued to decline. As a result, net sales of electronic devices for the second quarter were down by 9.5% year on year and up by 0.6% over the first quarter. Profit decreased slightly over the first quarter.

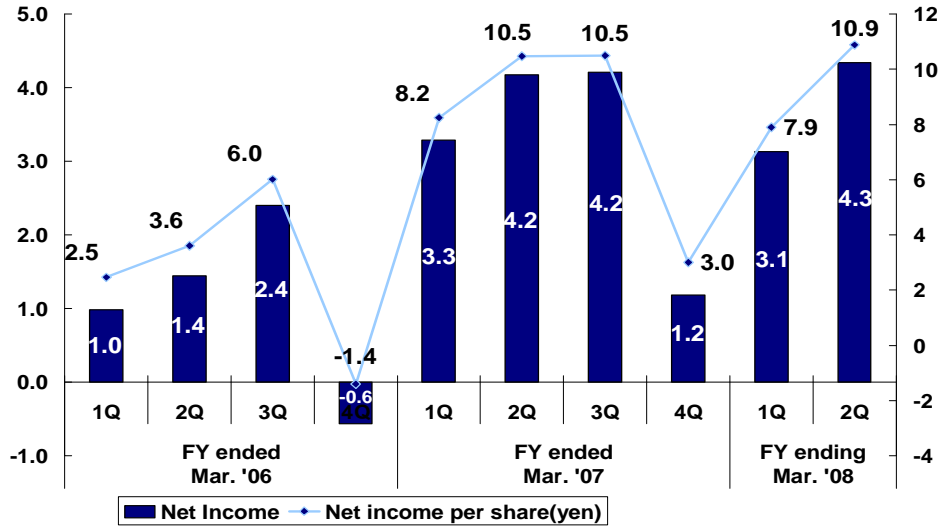
Net sales of speakers for the second quarter were down by 29.3% year on year and down by 4.9% over the first quarter, with a lack of improvement in profitability.

Quarterly

Net Income

(Billions of yen)

Increased 3.9% yoy
Increased 38.6% qoq



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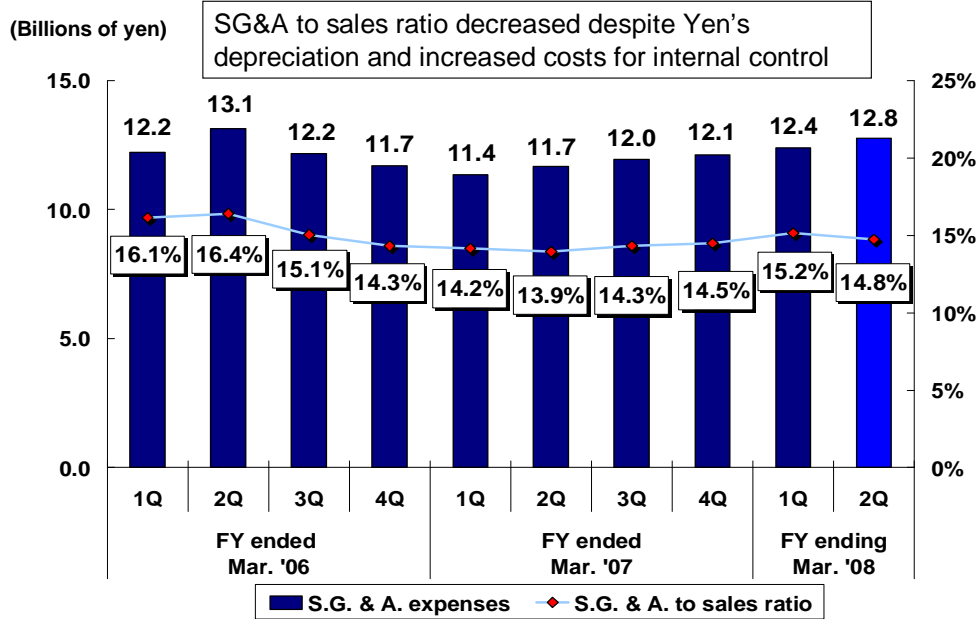


Net income for the second quarter increased to 4,341 million yen due to improved operating income. Net income per share for the second quarter also increased to 10.88 yen, improving both year on year and over the first quarter.

Quarterly

S.G. & A. Expenses

Increased 9.3% yoy
Increased 3.0% qoq



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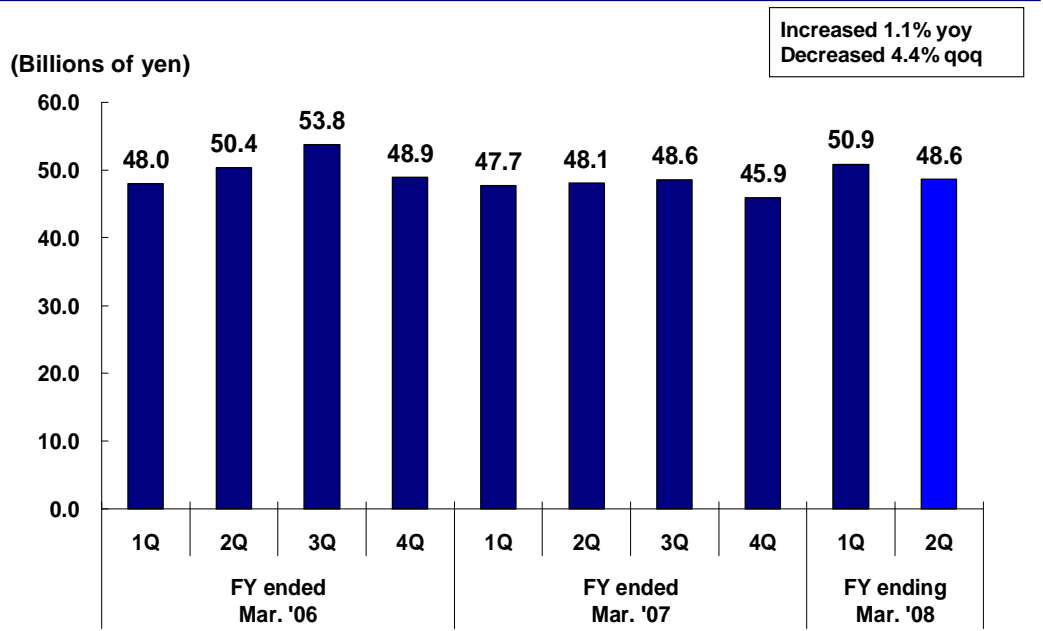
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Although SG&A expenses for the second quarter increased by 0.3 billion yen over the first quarter to 12,761 million yen, the SG&A to sales ratio fell to 14.8%. Minebea will continue working to cut SG&A expenses and other expenses in spite of the increasing cost of internal controls and others.

Quarterly

Inventories

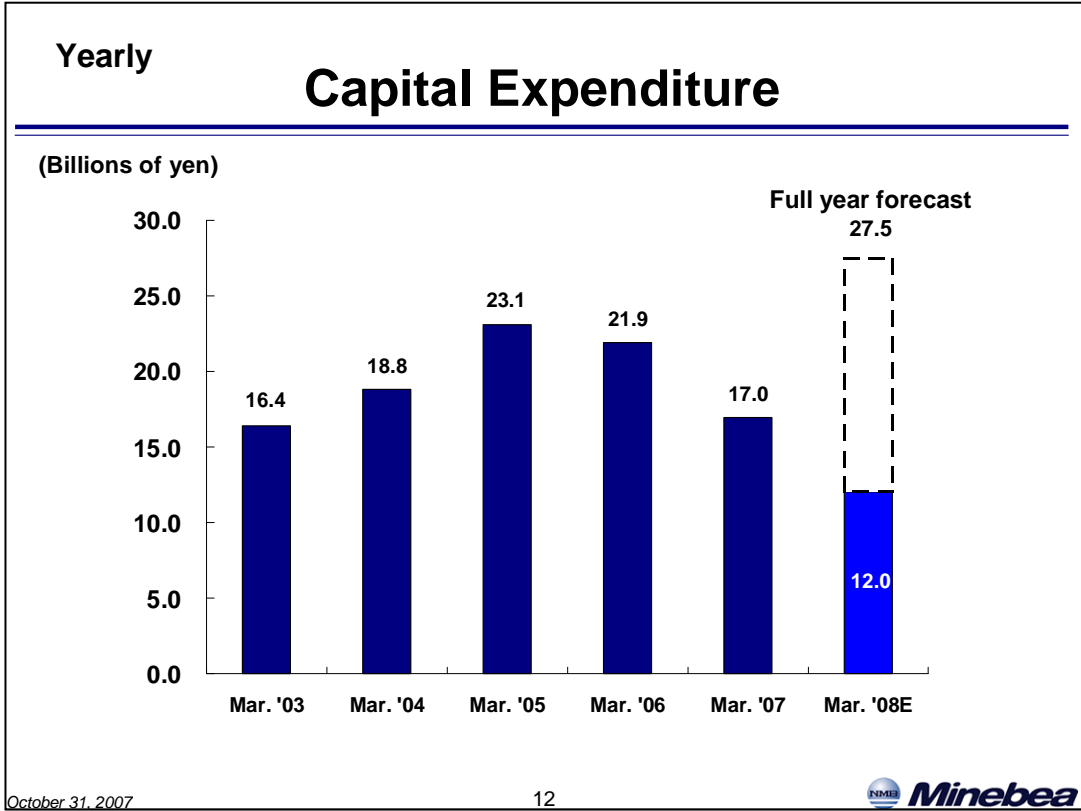


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Inventories decreased by 2.3 billion yen over the first quarter. Minebea is determined to continue working to reduce inventories.



Capital expenditure for the first half of this fiscal year was 12,035 million yen, compared with the full year forecast of 27.5 billion yen. Investments were mainly in the ball bearing and rod-end bearing businesses, to increase production.

Forecast for Fiscal Year Ending March 31, 2008

Full year forecast unchanged

(Millions of yen)	FY ended Mar. '07	FY ending Mar. '08			Change yoy
	Full year	1H	2H revised forecast	Full year forecast	
Net sales	331,022	168,247	166,753	335,000	+1.2%
Operating income	26,265	15,121	14,879	30,000	+14.2%
Ordinary income	21,843	13,236	11,764	25,000	+14.5%
Income before income taxes	19,523	12,196	11,304	23,500	+20.4%
Net income	12,862	7,474	7,526	15,000	+16.6%
Net income per share (yen)	32.23	18.73	18.86	37.59	+16.6%

Foreign Exchange Rates			
FY Mar. '07 results		FY Mar. '08 assumptions	
US\$ = ¥116.91	→ ¥117.96	Euro = ¥149.75	→ ¥159.77
Thai Baht = ¥3.18	→ ¥3.69	RMB = ¥14.77	→ ¥15.48

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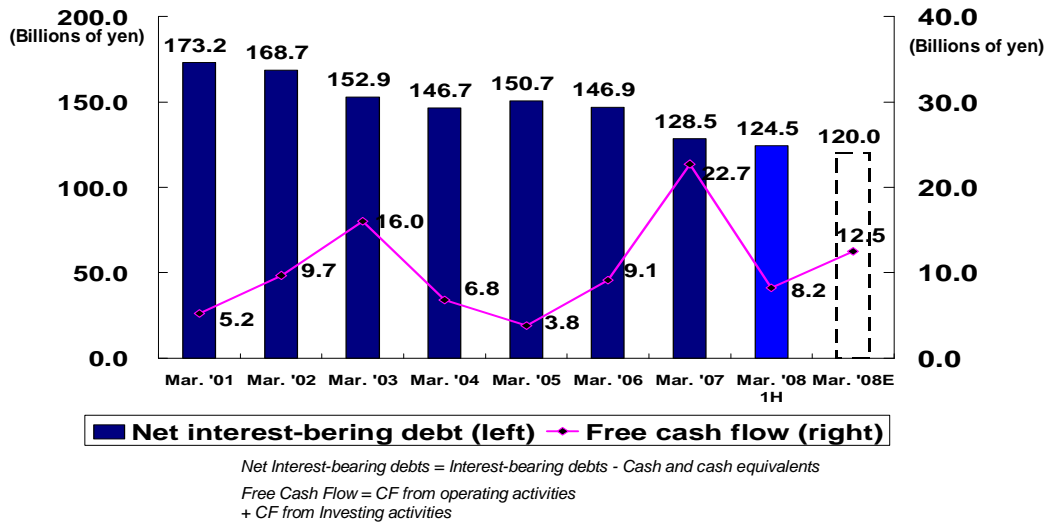


Our forecast made at the beginning of the fiscal year remains unchanged.

Consolidated business performance continued to make steady growth. Performance in the first half of this fiscal year was better than the original forecast. However, we do not change our full year forecast at this stage because we need to be sure of trends in the foreign exchange market, global business conditions, and outcomes of the Christmas and year-end sales season.

Financial Strategy : Priority on Reducing Debts

- ◆ Mid-term target = ¥100 billion level of net interest-bearing debts
- ◆ During 1H3/08, ¥4 billion was reduced. We are aiming ¥4.5 billion reduction during 2H3/08 to achieve ¥120 billion target by FY end.



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Minebea has been preferentially appropriating increasing cash flow to reduction of debts in order to reinforce the business foundation. As a result, we were able to reduce net interest-bearing debts by 4 billion yen in the first half of the fiscal year.

For the full fiscal year, we foresee increased profits along with greater capital expenditures to increase production capacities, and a target of reducing net interest-bearing debts to 120 billion yen by yearend.

Minebea is determined to steadily reduce net interest-bearing debts down to 100 billion yen, one of our mid-term goals.

Policy and Strategy

**Takayuki Yamagishi
Representative Director,
President and Chief Executive Officer**

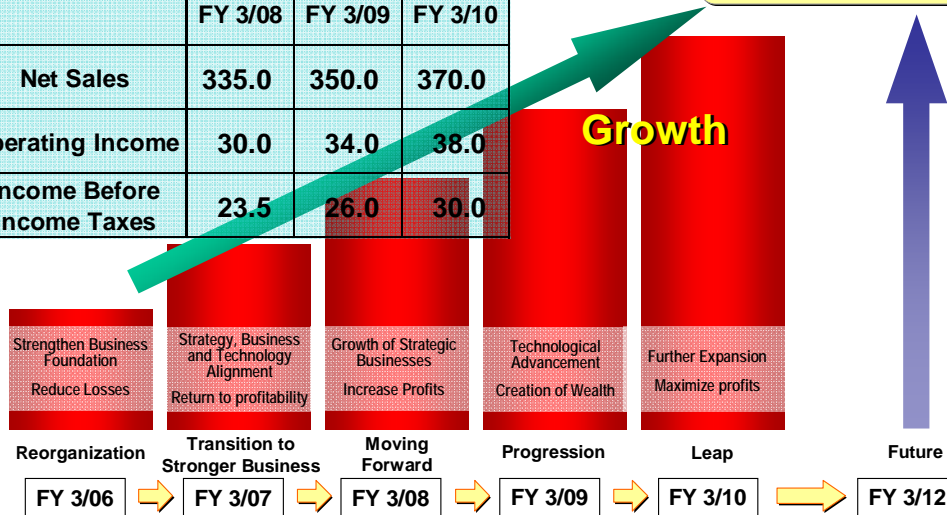
A Strategic Growth Company

Mid-term Business Plan

(Billions of yen)

	FY 3/08	FY 3/09	FY 3/10
Net Sales	335.0	350.0	370.0
Operating Income	30.0	34.0	38.0
Income Before Income Taxes	23.5	26.0	30.0

Aiming net sales of ¥500 billion

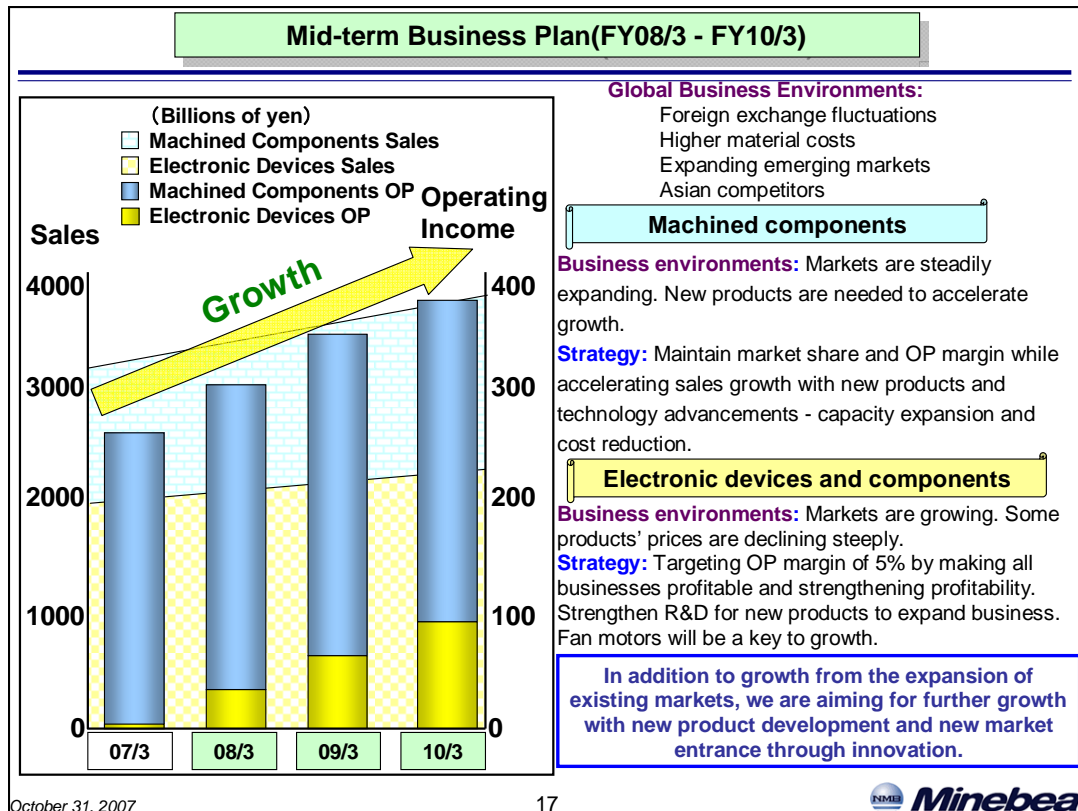


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This slide is regarding the Mid-Term Business Plan for the future. This is the first fiscal year of our Mid-Term Business Plan. We position this year as the "moving forward" year and are working with the goals of "growth of strategic businesses" and "increase profits".



I would like to explain our thoughts about the composition of net sales and operating income in the Machined Components segment and the Electronic Devices and Components segment in the Mid-Term Business Plan.

We forecast that Machined Components segment and the Electronic Devices and Components segment will respectively account for 40% and 60% of net sales for the fiscal year ending March 31, 2010.

Since operating margin of the Machined Components segment is expected to maintain its current level of 19%, an increasing operating margin of the Electronic Devices and Components segment will lead to an increasing operating margin of Minebea as a whole.

At present, Minebea is working at achieving an operating margin of 5% in the Electronic Devices and Components segment by fiscal year ending March 31, 2010.

If we clear that 5% hurdle, we will be able to achieve a double-digit overall operating margin. We are working at moving in this direction as our basic policy.

Minebea is aware that the market environment is not easy at all. As I explain later, Minebea is determined to develop new products, explore new markets, and promote innovation for those new products and markets for further business expansion.

Initiatives

Create "New Minebea"

Mid-term Business Plan

Moving Forward – Progression – Leap

FY08/3 (Moving Forward : Growth of strategic businesses, Increase profits)

Making business recovery firm:

- ➡ To make all businesses in Electronic devices & components segment profitable.
- ➡ To strengthen businesses by reducing costs against the foreign exchange fluctuations and material costs hike

Focus on growth businesses

- Ball bearings
- Aircraft parts
- Optoelectronics devices
- Measuring instruments

FY09/3 (Progression : Technological advancement, Creation of wealth)

FY10/3 (Leap : Further expansion, Maximize profits)

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Based on the numerical goals just mentioned, Minebea is launching new efforts for the future.

I am telling our managers and employees that efforts to cut losses are over. Starting this fiscal year, we have been developing strategies to expand business. To achieve this, we are pushing forward with further reform to build a new Minebea.

In the Mid-Term Business Plan, three years are positioned as the "moving forward," "progression," and "leap" years. During this fiscal year, we are working at creating an engine that is necessary for us to move forward. To this end, we are determined to make all the businesses of the Electronic Devices and Components segment profitable within this fiscal year.

In addition, we are going to focus on building up a business foundation that can cope with changing market environments in order to make a solid system to expand business.

At the same time, Minebea must accelerate its driving force by concentrating its corporate resources into the ball bearings, aircraft parts, optoelectronics devices, and measuring components businesses.

Based on this, Minebea is determined to pursue growth in the second and third years of the Mid-Term Business Plan.

Initiatives

Create "New Minebea"

Foundation for future growth

"Win the Competition with Manufacturing Excellence and Technological Competence"

Change the winds

Initiatives to activate organization and innovation

Innovation



Stepping up to the next stage by combining existing products and technologies

Expanding product coverage to modularized products

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Moreover, beginning in the latter half of the Mid-Term Business Plan, Minebea must build a structure in anticipation of the future. This will build a foundation for future growth.

As I mentioned earlier, Minebea is working under the banners of "Win the Competition with Manufacturing Excellence" and "Win the Competition with Technological Competency." To achieve these objectives, Minebea needs to invigorate its organization.

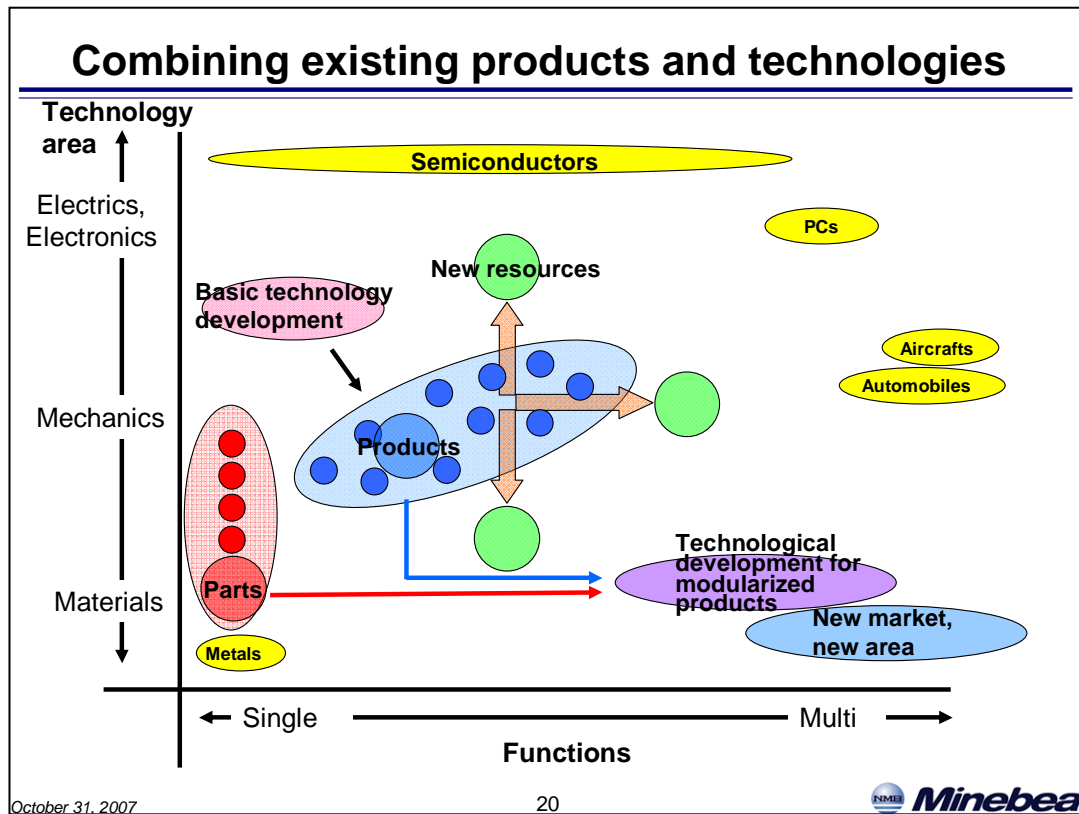
To this end, we consolidated our operations for rotary components for automobiles, including resolvers, from the Karuizawa Plant, Ohmori Plant, and Iida Plant into the Hamamatsu Plant in August 2007.

In addition, we have decided to combine the rod-end bearings business at Karuizawa Plant and the fastener business at Fujisawa Plant into a new business unit in April 2008 in order to further expand our aircraft parts business. We completed the construction of a new processing plant for aircraft parts at Fujisawa in October 2007. The new plant will become the foundation to expand our aircraft parts business from the next fiscal year and onward.

As I explained at the meeting held in May 2007, Minebea has set as goals of innovation the three items of "New Product Development," "New Market Entrance," and "Production Technology." The core of our innovations lies in combining existing products and technologies.

While we add basic technology development to these processes of combining products and technologies, we are launching efforts to pursue new ways.

One means to achieve this will be to release modularized products where existing products and technologies are combined. Minebea hopes that such modularized products will pioneer new markets.



For your ease of understanding, this slide shows a diagram of combining our existing products and technologies.

The vertical axis indicates classifications of technology areas, while the horizontal axis indicates diversity of functions.

Minebea's products and parts used in these products are shown in red and blue areas.

There is a limit to business expansion within these areas alone. We need to further expand the range of our technologies and the range of product functions.

Each of the parts and products has a certain range of application. We expect combined parts and products will create new resources beyond our existing resources, and expand the range of our business. To this end, we need to develop technology to modularize products and add basic technologies that we do not have now to the above-mentioned processes.

This will lead us to new markets and new areas.

Using the example of a river's flow, our products are located upstream and midstream.

To expand the range of business, we sometimes need to step into the downstream of the river and also expand the river basin midstream.

If we float a boat of the same size and type on the river, we will not be able to fight against the river current. We need to build a boat that can fight the current. This is achieved by technology and modularization.

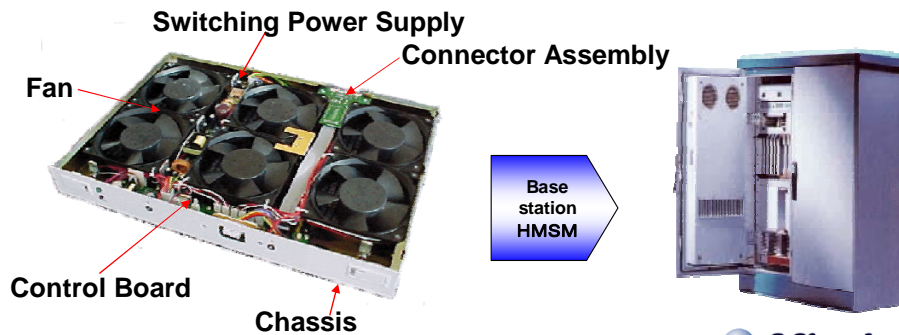
New business : Modularized products

HMSM : Heat Management System Module
(cooling systems for data communications/processing equipment)
= Fan motors + Mechanical parts + Electronic circuits + Software

Evolution by modularization



New business in the growing data communications/processing equipment market
Setting up a new HMSM business unit



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Next, I would like to briefly give examples to explain our efforts for the three innovations mentioned earlier.

The three innovations are closely related with each other. Since some of them cannot be distinguished from others, we distinguish the three innovations by their core contents.

First, new products development refers to combining products and technologies, as I mentioned earlier. I will now introduce a modularized product as an example.

This product is a rack-cooling system that is the base station for data communications and data processing equipment. This product utilizes Minebea's fan motors, mechanical parts, electronic circuit technology, and firmware technology that controls these devices.

The system is under technological development. We call the system "Heat Management System Module." Minebea plans to release the system as a new business product into the market in the next fiscal year.

New Market Entrance

Automotive markets

- **Measuring Instruments** ⇒ **Passenger seat sensor - second generation product**
New applications
- **DC brush motors** ⇒ **Automotive applications by new high torque motors**
- **Resolver** ⇒ **Application as a wide range angle sensor**
Steering wheel torque and angle sensor

Medical and healthcare markets

- **Measuring Instruments** ⇒ **Application as a sensor for medical fluid pump, etc.**
New applications of weight sensors for expanding healthcare product markets
- **Stepping motors** ⇒ **Applications for medical equipment analyzers**

Telecommunications equipment markets

- **Fan motors** ⇒ **Expansion in boxed fans and blowers**
Modularized products such as HMSM

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As for entering new markets, our goal is to expand into "automobile markets," "medical and healthcare markets," and "telecommunications equipment markets."

The major products are shown here. Some of them are already in the market, while other products are going to be released in the future.

In automobile markets, we foresee that resolvers will become essential for increasingly sophisticated control systems of automobiles, and will be helpful to expand our business in the future.

In medical and healthcare markets, we foresee that the daily healthcare device market will continue to grow because people are increasingly concerned about their health problems, such as metabolic syndrome. As an increasing number of people become health-conscious today as if playing a game, our strain gauges will be increasingly used as sensors at home.

In telecommunications markets, the HMSM business that I just introduced will play the core role in this market.

Production Technology

Aircraft parts

- Expand into new area ⇒ Large mechanical parts
- Advancing production technology ⇒ Rod-end bearings business and Fastener business will be combined

Ball Bearings

- Construction of next-generation factory ⇒ New production system of ball bearings
- Deployment of new equipment ⇒ New manufacturing machines for miniature ball bearings
- Development of super-small-sized bearings ⇒ New product for new market

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Concerning innovation in production technology, our approach focuses on products in the Machined Components segment. As I mentioned on the slide "Initiatives--Create New Minebea," our main goal is to build a business foundation against fluctuations in market environments.

We strongly believe that organizing an in-house system that maintains market leading production technology is essential for us to defeat the competition in the market of the Machined Components segment.

The production technologies we pursue cover a wide range of technologies that include not only parts and products but also jigs and tools for processing equipment and even production equipment itself.

Manufacturing methods and processing machines that we develop centering on ball bearings will become powerful tools for our ball bearing business in the future.

At the same time, as we have decided to combine the rod-end bearings and fastener businesses, Minebea will continue to reorganize and consolidate businesses based on the closeness of parts and technologies and the similarity of businesses for a more powerful business base.

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Business Results

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

Any statements in the presentation which are not historical fact are future projections made based on certain assumptions and executive 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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