

Business Results

Second Quarter of Fiscal Year Ending March 31, 2009

October 31, 2008

Minebea Co., Ltd.



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

October 31, 2008

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Financial Results

Hiroharu Katogi
Director, Senior Managing Executive Officer

October 31, 2008

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All explanations are given on consolidated bases.

Summary of Consolidated Business Results for 1H

Net Sales and Income decreased due to negative impacts from
currency, higher raw materials costs and global economic slowdown

(Millions of yen)	Year ended Mar. '08	Year ending Mar. '09	Change yoy	1H of year ending Mar. '09	
	1H	1H		Original forecast	Vs. Forecast
Net sales	168,247	150,613	-10.5%	162,000	93.0%
Operating income	15,121	11,698	-22.6%	15,400	76.0%
Ordinary income	13,236	10,891	-17.7%	14,100	77.2%
Income before income taxes	12,196	10,102	-17.2%	13,500	74.8%
Net income	7,474	6,205	-17.0%	8,100	76.6%
Net income per share (yen)	18.73	15.55	-17.0%	20.30	76.6%

Foreign exchange rates	1H of FY Mar. '08	1H of FY Mar. '09	Remarks
US\$	¥119.64	¥105.67	() is on-shore rate reported by the Bank of Thailand. Large difference on on-shore Thai Baht rate and off-shore one disappeared in March, 2008 when Thailand lifted its restrictions on short-term capital inflows.
Euro	¥161.83	¥163.65	
Thai Baht	¥3.77 (¥3.47)	¥3.22	
Chinese RMB	¥15.68	¥15.25	

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Looking at consolidated business results for the first half of the fiscal year ending March 31, 2009, net sales were 150,613 million yen, operating income was 11,698 million yen and net income was 6,205 million yen. Compared to the same period of the previous fiscal year, net sales decreased by 10.5% year on year, operating income decreased by 22.6%, and net income decreased by 17.0%. These results did not achieve the initial plan.

Compared to positive impacts from our efforts to improve production efficiency, to reduce costs and to raise prices of our products, there were larger and faster negative impacts from foreign exchange movements such as the weaker US dollar, much higher raw material costs, higher labor costs especially in Asian countries, financial market turmoil triggered by US subprime loan problems, and related slowdown of the global economy.

Summary of Consolidated Business Results for 2Q

From 1Q net sales and income increased due to improved
impacts from currency and company-wide cost reduction efforts

(Millions of yen)	FY ended Mar.'08 2Q	FY ended Mar.'09		Change	
		1Q	2Q	YoY	QoQ
Net sales	86,481	74,041	76,572	-11.5%	+3.4%
Operating income	8,006	5,083	6,615	-17.4%	+30.1%
Ordinary income	6,984	4,685	6,206	-11.1%	+32.5%
Income before income taxes	6,720	4,057	6,044	-10.1%	+49.0%
Net income	4,341	2,635	3,570	-17.7%	+35.5%
Net income per share (yen)	10.88	6.60	8.95	-17.7%	+35.5%

Foreign exchange rates	2Q of FY Mar. '08	1Q of FY Mar. '09	2Q of FY Mar. '09	Remarks
US\$	¥119.42	¥103.36	¥107.97	() is on-shore rate reported by the Bank of Thailand. Large difference on on-shore Thai Baht rate and off-shore one disappeared in March, 2008 when Thailand lifted its restrictions on short-term capital inflows.
Euro	¥162.43	¥161.48	¥165.81	
Thai Baht	¥3.84 (¥3.49)	¥3.24	¥3.20	
Chinese RMB	¥15.80	¥14.72	¥15.77	

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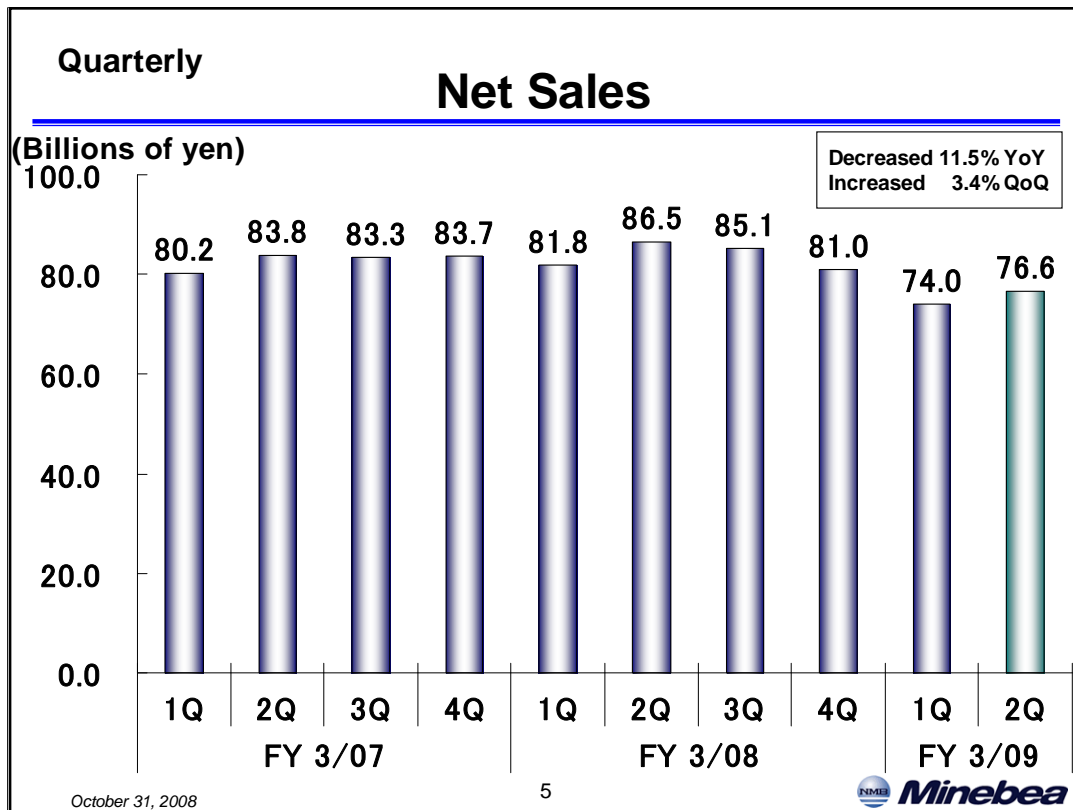
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Minebea had net sales of 76,572 million yen, operating income of 6,615 million yen, and net income of 3,570 million yen.

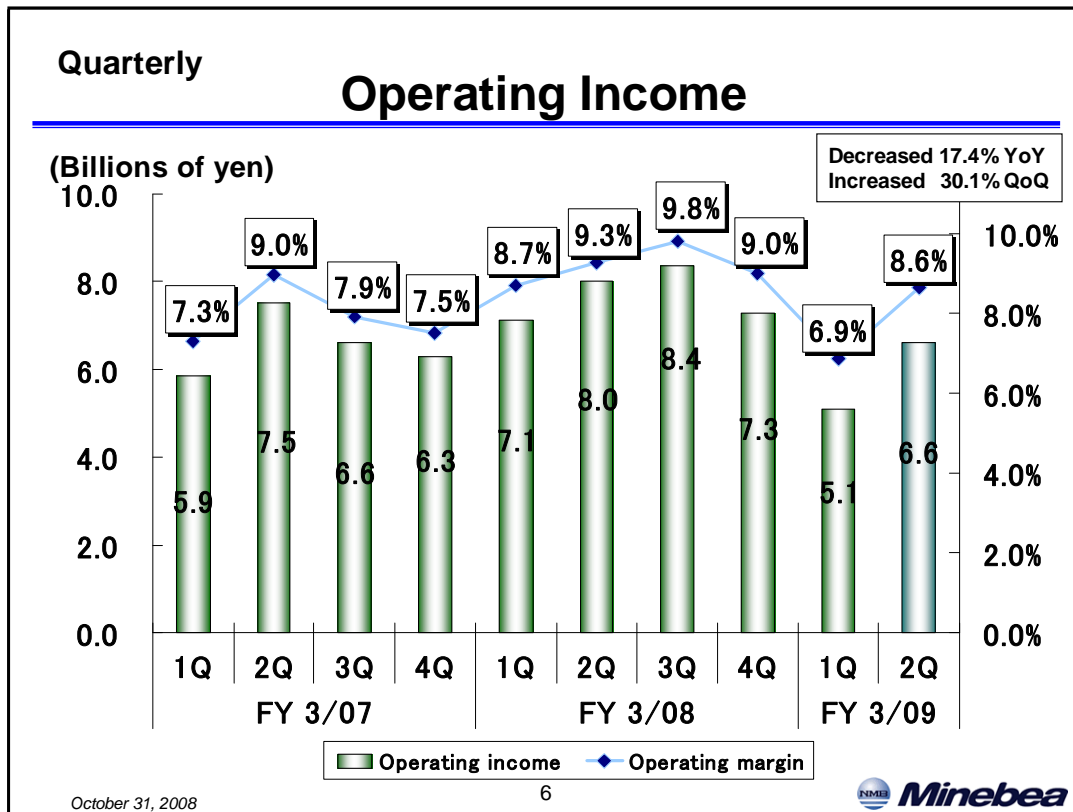
Compared to the same period of the previous fiscal year, net sales decreased by 11.5%; operating income decreased by 17.4%; and net income decreased by 17.7%.

On the other hand, compared to the first quarter, net sales increased by 3.4%; operating income increased by 30.1%; and net income increased by 35.5%. These improvements were caused by a halt in negative foreign exchange market effects (especially the weaker dollar), seasonal increases in demand for many of our products although the increase was smaller than originally expected, and effects of our cost reduction measures to counter deteriorating business conditions.



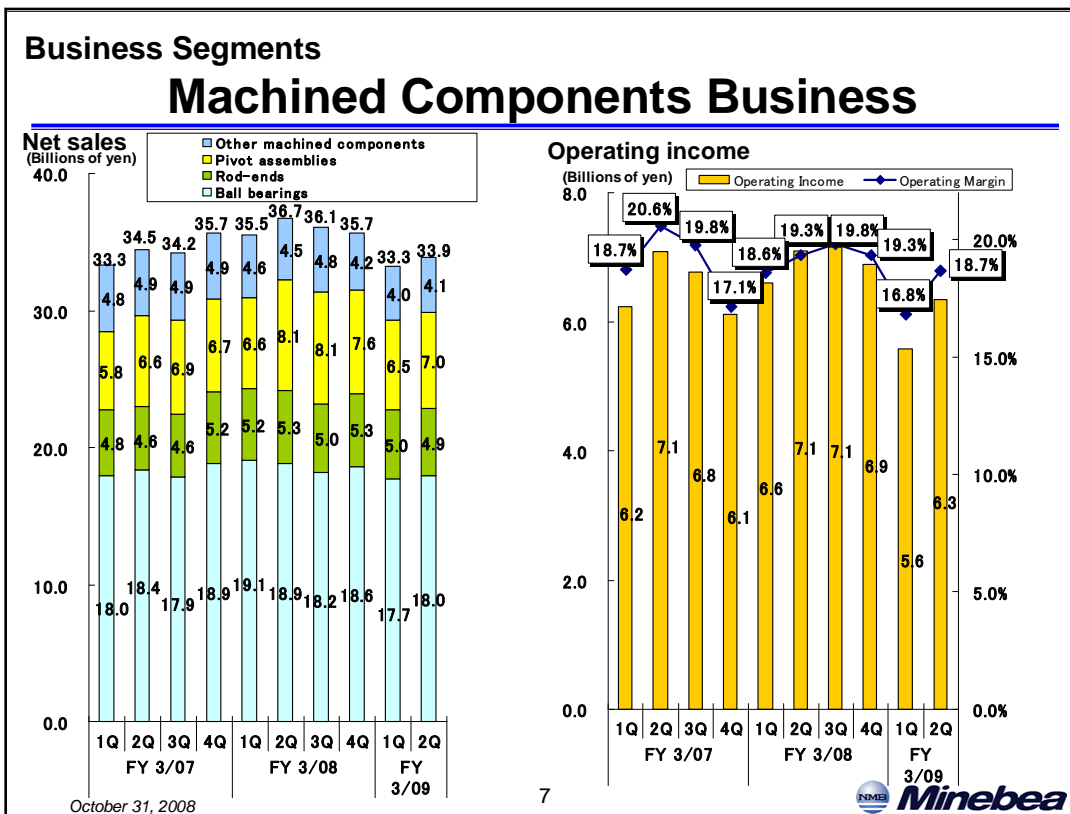
Second quarter net sales decreased by 11.5% over the same period of the previous fiscal year, but increased by 3.4% over the first quarter. Foreign exchange impacts brought about a decrease of 6.4 billion yen over the same period of the previous fiscal year, but an increase of 1.8 billion yen over the first quarter.

Compared to the first quarter, sales of vibration motors, fan motors, LED backlights, keyboards, pivot assemblies, measuring components and ball bearings increased; but there were lower sales of speakers, and of inverter circuits for large LCD TVs.



Operating income for the second quarter increased by 30.1% over the first quarter, to 6,615 million yen. This was caused by positive foreign exchange impacts, seasonal increases in demand for many of our products although the increase was smaller than originally expected, and progress in our cost reduction efforts to counter deteriorating business conditions such as slowdown of global economy.

Foreign exchange impacts improved by 0.7 billion yen compared to the first quarter, due to a halt in the US dollar's rapid fall.



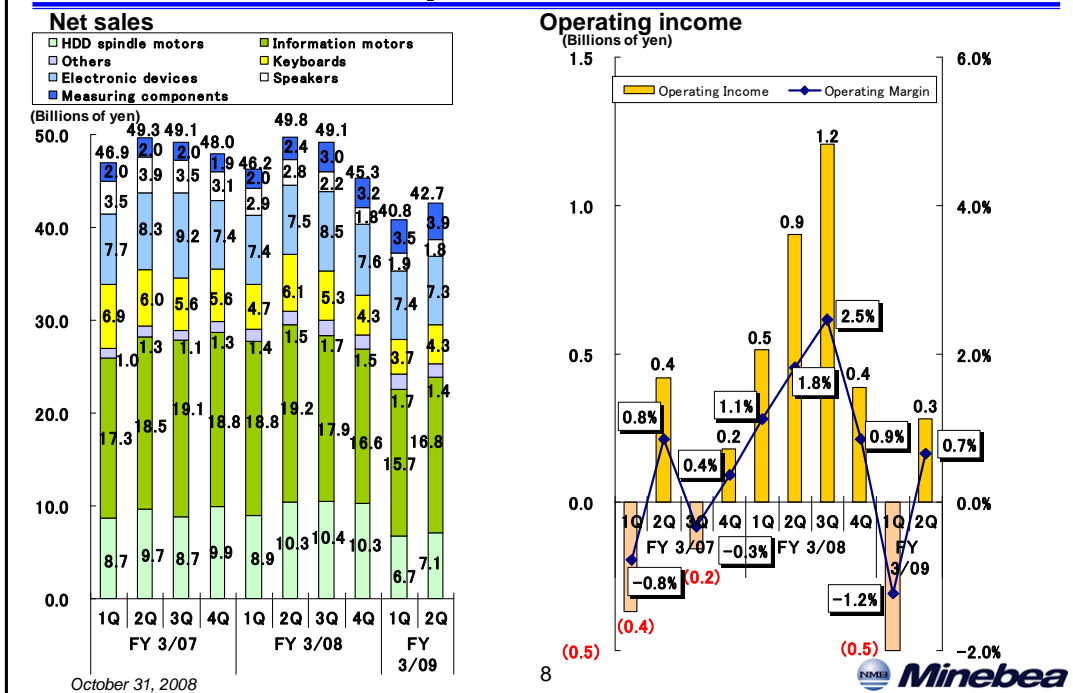
Operating income of the Machined Components Business segment for the second quarter was 6,333 million yen, an increase of 750 million yen over the first quarter, with an operating margin of 18.7%, an increase of 1.9% point over the first quarter.

Net sales of miniature and small-sized ball bearings for the second quarter were down by 4.7% year on year, but up by 1.2% over the first quarter. The average sales quantity, including for in-house use, was 191 million units per month, a 1 million units per month increase year on year, but a decrease of 3 million units per month over the first quarter. Profits increased over the first quarter due to productivity improvements and cost reductions. Price adjustment negotiations from July with our customers to reflect much higher raw material costs are progressing well.

Net sales of rod-end bearings continued to be firm, due to strong aircraft production. But they decreased by 7.2% year on year due to large negative foreign exchange impacts from the weaker US dollar, and were 1.7% below the first quarter due to summer holidays in Europe and the US. Profits steadily increased over the first quarter due to progress in cost reductions.

Net sales of pivot assemblies in the second quarter decreased by 14.0% year on year, but increased by 7.0% over the first quarter. The average sales quantity was 26 million units per month, only a slight increase over the first quarter due to HDD makers' prolonged inventory adjustments during an otherwise seasonally heavy demand period. Profits improved significantly over the first quarter due to cost reductions and sales price adjustments efforts since June to reflect much higher raw material costs.

Business Segments Electronic Devices and Components Business



Operating income of the Electronic Devices and Components Business segment for the second quarter was 281 million yen with an operating margin of 0.7%, an improvement from a loss in the first quarter.

Net sales of HDD spindle motors for the second quarter decreased by 31.0% year on year, but increased by 5.9% over the first quarter. The average sales quantity for the second quarter was 3.9 million units per month which was the same level as the first quarter, mainly owing to inventory adjustments by HDD manufacturers. However, product mix improved due to increased sales of 2.5 inch HDD spindle motors to 1.4 million units per month. Losses narrowed from the first quarter due to our efforts to improve the cost structure including reducing the number of workers in order to lower the break-even point of this business, and to improve yield rates.

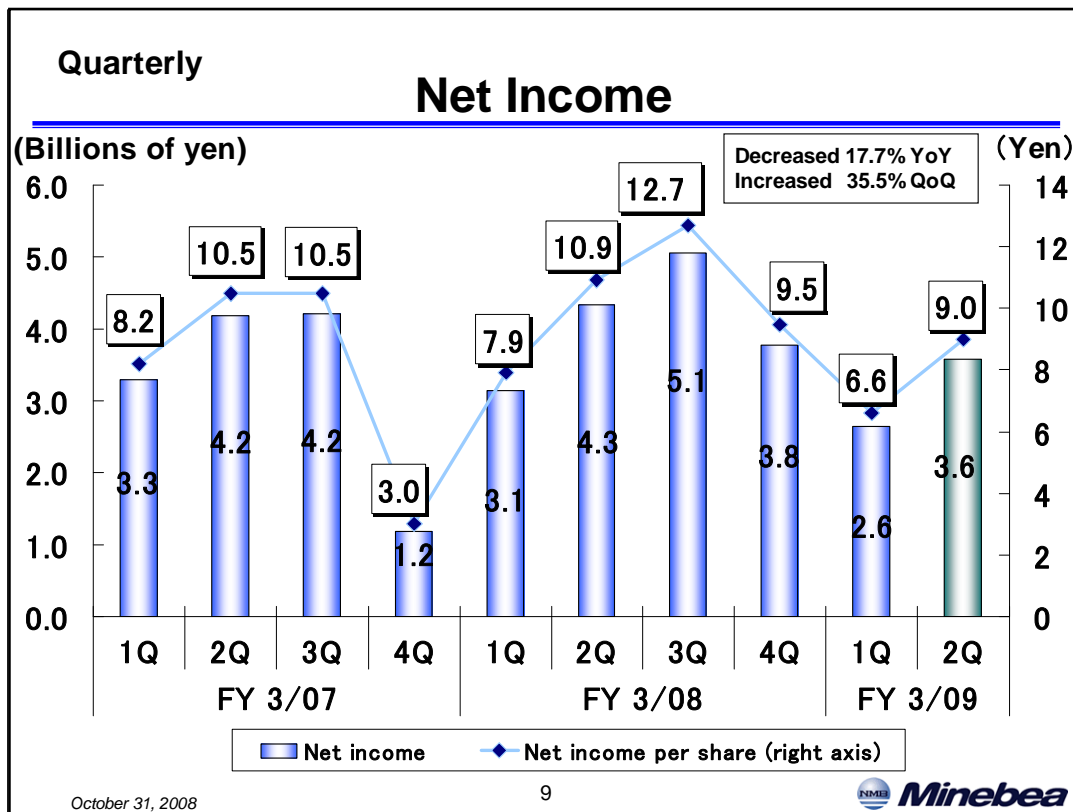
Sales of information motors for the second quarter decreased by 12.7% year on year, but increased by 6.4% over the first quarter. Profits increased over the first quarter due to the sales quantity increases in fan motors and vibration motors, and positive foreign exchange impacts.

Net sales of keyboards for the second quarter decreased by 29.4% year on year, but increased by 14.1% over the first quarter. Although there were negative impacts from the stronger Chinese Renminbi, higher labor costs in China and higher raw material costs, this business returned to profitability from a loss in the first quarter due to the sales quantity increases, especially for notebook PCs.

Net sales of electronic devices for the second quarter decreased by 2.4% year on year, 0.6% below the first quarter. The sales quantity of lighting devices increased over the first quarter, but sales of inverter circuits decreased due to the sluggish large LCD TV market. Profit increased slightly over the first quarter, due to an increase in lighting devices and cost reduction efforts.

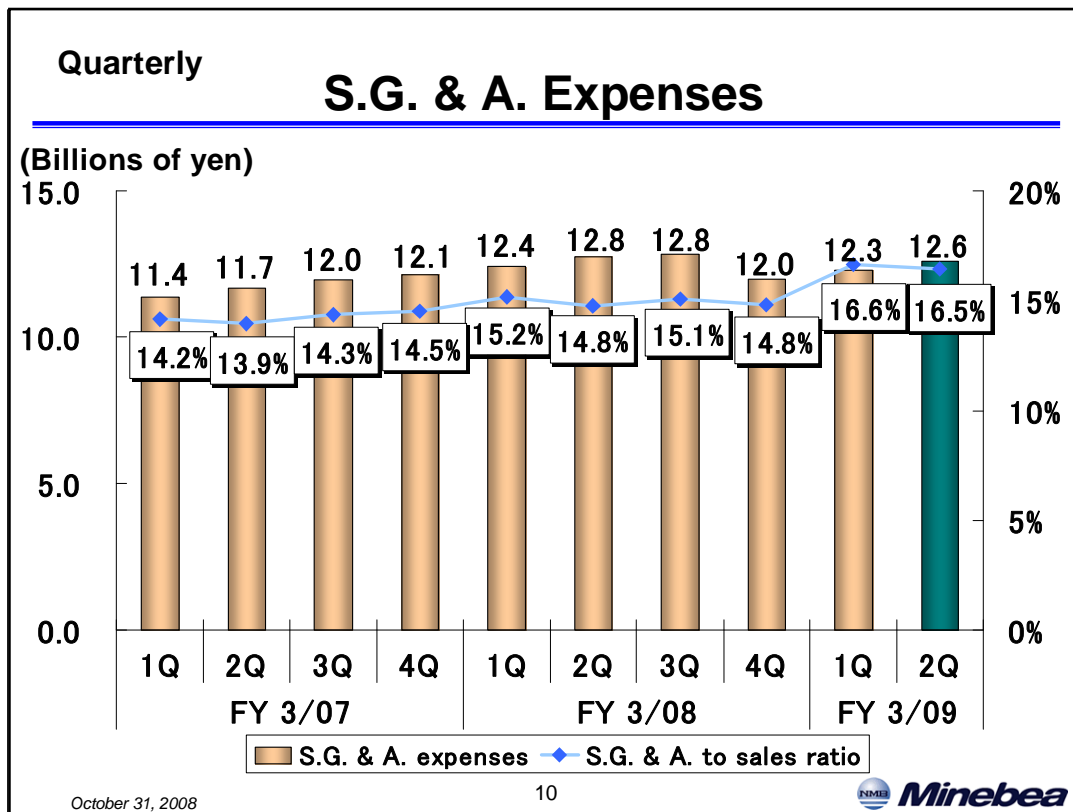
Net sales of speakers for the second quarter decreased by 34.0% year on year, 5.9% below the first quarter. Losses widened over the first quarter due to a sales decline and a delay in the closing of our Thailand manufacturing operations, which was finally done in September, to shift 100% of the speaker production to outsourcing in order to improve cost structure.

Net sales of measuring components for the second quarter continued to grow, mainly due to an increase in sales for game consoles. As a result, net sales increased by 61.7% year on year, and by 11.4% over the first quarter. Profit also increased over the first quarter.

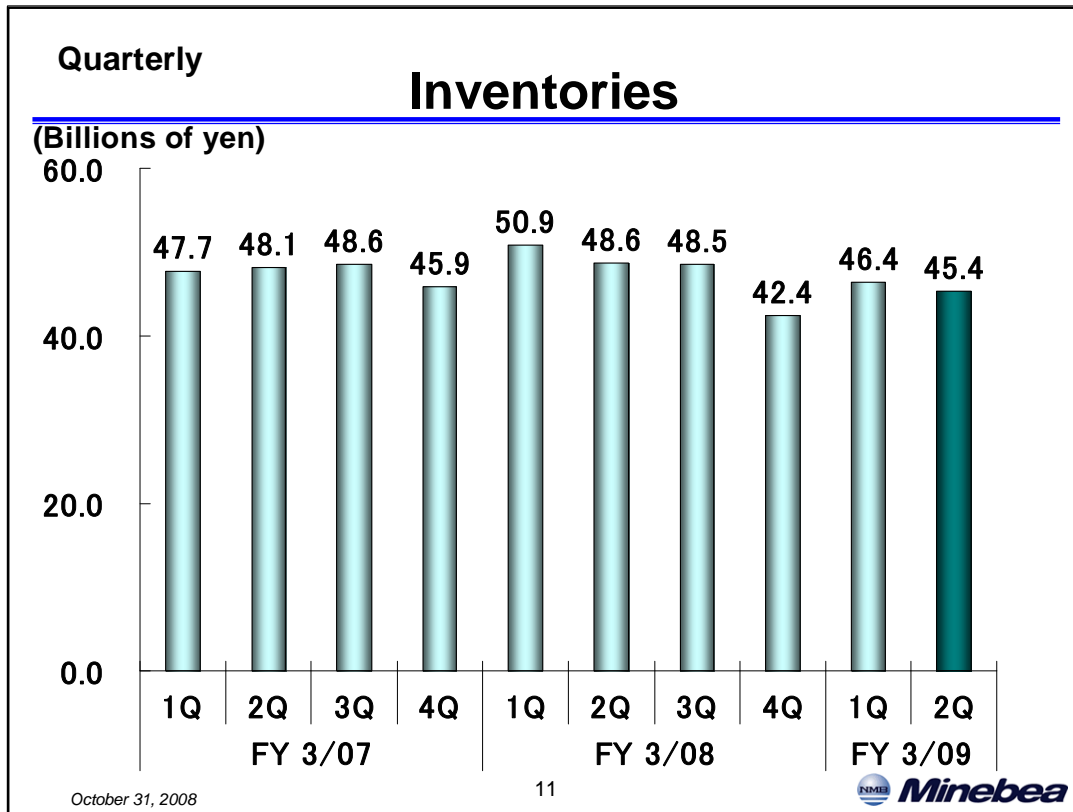


As a result, net income for the second quarter was 3,570 million yen, which was 9.0 yen per share.

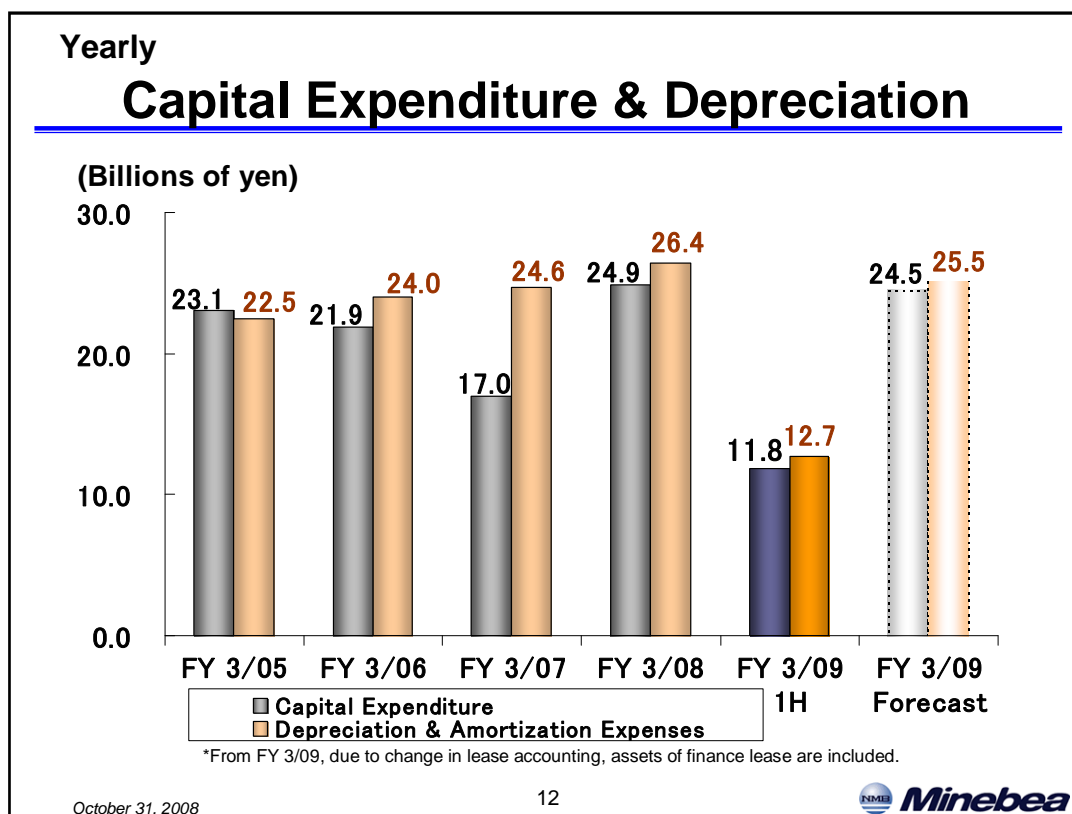
It fell 17.7% year on year, and grew 35.5% over the first quarter.



SG&A expenses for the second quarter increased by 0.3 billion yen over the first quarter to 12.6 billion yen. The SG&A to sales ratio was 16.5%, staying relatively high. Although an increase was caused by a 0.3 billion yen foreign currency impact and the increasing cost of internal controls and other factors, Minebea will continue working to cut SG&A and other expenses.



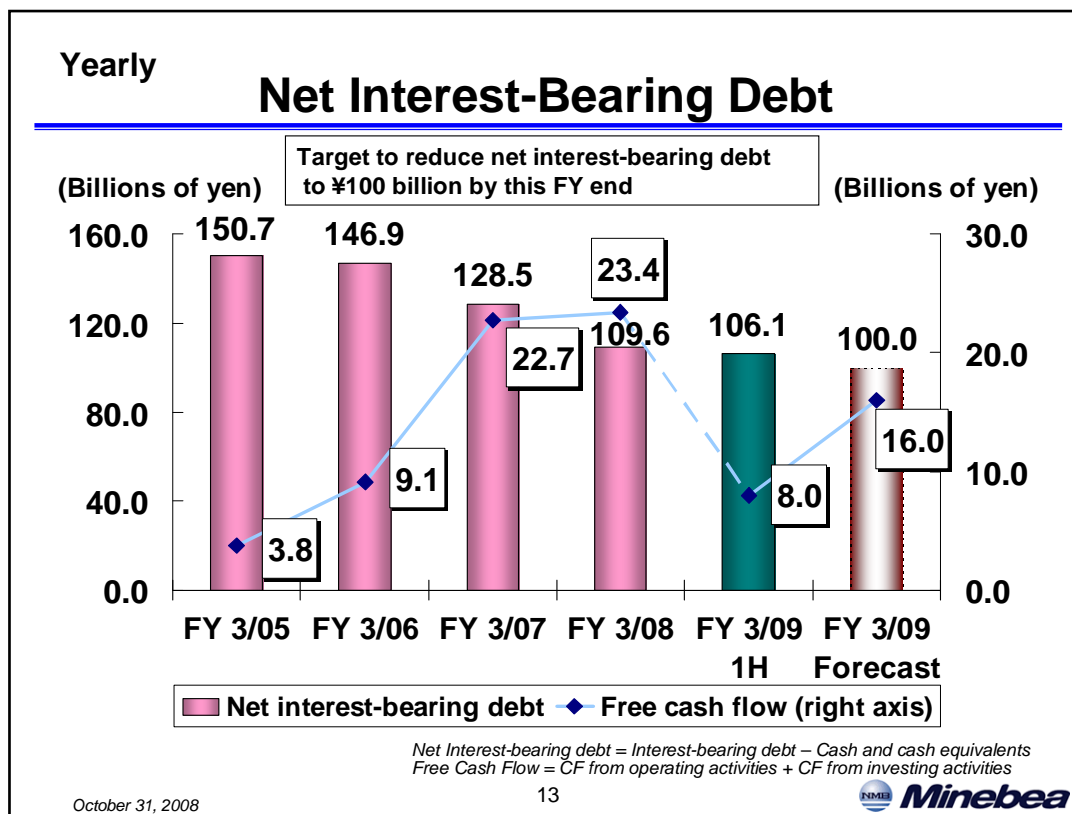
Inventories decreased by 1.0 billion yen over the first quarter. Minebea is determined to continue working to reduce inventories in light of the recent developments in global economy.



Capital expenditure for the first half of this fiscal year was 11.8 billion yen. Investments were made mainly to increase production of ball bearings and aircraft parts.

The full year capital expenditure forecast was lowered from 29 billion yen to 24.5 billion yen, in light of the recent developments in global economy. Although we will continue to invest in areas where immediate investments are necessary to further growth, we will cut back in other areas to improve investment efficiency and to maintain a level of free cash flow.

Depreciation and amortization expenses for the first half were 12.7 billion yen. The full year forecast of depreciation and amortization expenses was lowered from 26.8 billion yen to 25.5 billion yen, due to a cut back in capital expenditure and changes in foreign exchange assumptions.



Minebea has reduced net interest-bearing debts, which is interest bearing debts minus cash and cash equivalents, to 106.1 billion yen at the end of the second quarter. We are steadily reducing it toward a target of 100 billion yen by this fiscal year end. We are working to reduce it by reducing capital expenditure and other factors, despite a lowered net income forecast, a new start to stock repurchases, and acquisition of FDK's stepping motor business.

Forecast for Fiscal Year Ending March 31, 2009

**Full year forecast revised downward due to negative impacts
from currency and global economic slowdown**

(Millions of yen)	FY ended Mar.'08	Fiscal Year ending Mar.'09				Fiscal Year ending Mar.'09 Previous forecast		
	Full year	1H	2H revised forecast	Full year revised forecast (A)	yoy	2H	Full year (B)	Amount change (A)-(B)
Net sales	334,431	150,613	149,387	300,000	-10.3%	168,000	330,000	-30,000
Operating income	30,762	11,698	13,302	25,000	-18.7%	16,600	32,000	-7,000
Machined components business	27,750	11,916	12,084	24,000	-13.5%	14,300	28,000	-4,000
Electronic devices and components business	3,012	-218	1,218	1,000	-66.8%	2,300	4,000	-3,000
Ordinary income	27,691	10,891	12,109	23,000	-16.9%	15,400	29,500	-6,500
Income before income taxes	25,254	10,102	11,898	22,000	-12.9%	15,000	28,500	-6,500
Net income	16,303	6,205	6,295	12,500	-23.3%	8,900	17,000	-4,500
Net income per share (yen)	40.86	15.55	15.78	31.33	-23.3%	22.31	42.61	-11.28

Foreign exchange rates	FY ended Mar.'08	1H of FY Mar.'09	2H of FY Mar.'09 Assumption	FY ending Mar.'09 Assumption	Remarks
US\$	¥115.29	¥105.67	¥105.00	¥105.34	() is on-shore rate reported by the Bank of Thailand. Large difference on on-shore Thai Baht rate and off-shore one disappeared in March, 2008 when Thailand lifted its restrictions on short-term capital inflows.
Euro	¥162.18	¥163.65	¥140.00	¥151.83	
Thai Baht	¥3.70 (¥3.39)	¥3.22	¥3.00	¥3.11	
Chinese RMB	¥15.40	¥15.25	¥15.00	¥15.13	

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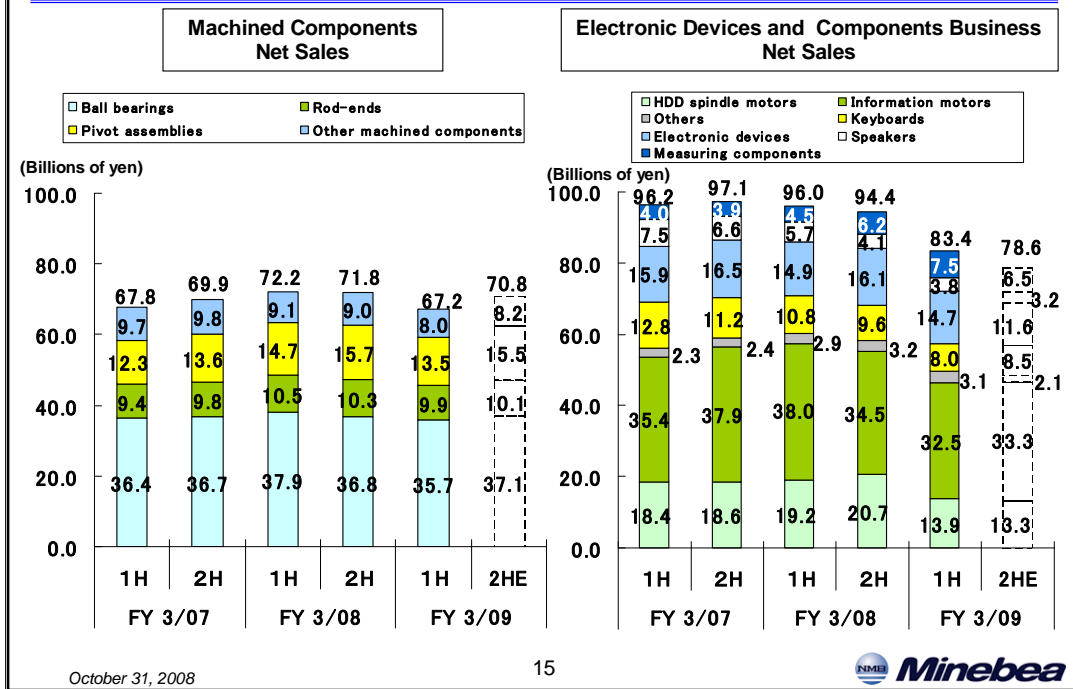


We lowered our sales and profits forecast for this fiscal year in light of the global economic slowdown, foreign exchange movements and other factors since we announced our initial plan in May.

First of all, for the latter half of this fiscal year, we lowered our initial forecast. Compared to the first half results, we expect to be able to improve operating profits, although sales decline slightly. This is due to expected effects of product price increases mainly in the Machined Components Business segment, expected effects of cost reduction efforts in various businesses to counter rapidly deteriorating business conditions, expected progress in improved profitability for the HDD spindle motor business, and other factors.

As a result, we now expect sales of 300 billion yen, operating income of 25 billion yen and net income of 12.5 billion yen for the full year. Our new earnings per share forecast of 31.33 yen does not include any effects of the lower number of shares outstanding which may result from the stock repurchasing announced today.

Business Segments 2H Forecast for Fiscal Year Ending March 31, 2009



This graph shows sales forecasts of business units in two business segments for the latter half of this fiscal year, together with past results.

Policy and Strategy

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

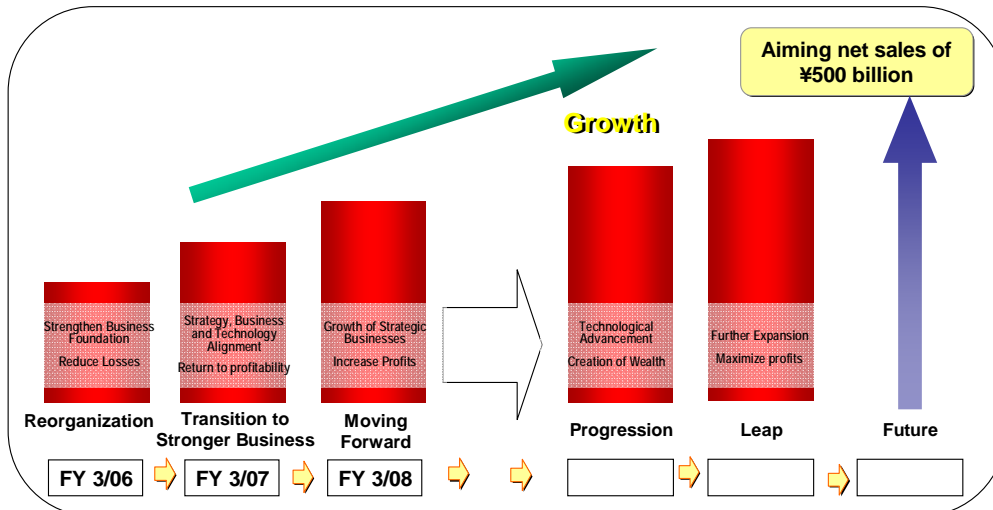
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Basic Policy for Growth

- Future sales target is maintained at 500 billion yen
- Considering current environment, target years are delayed



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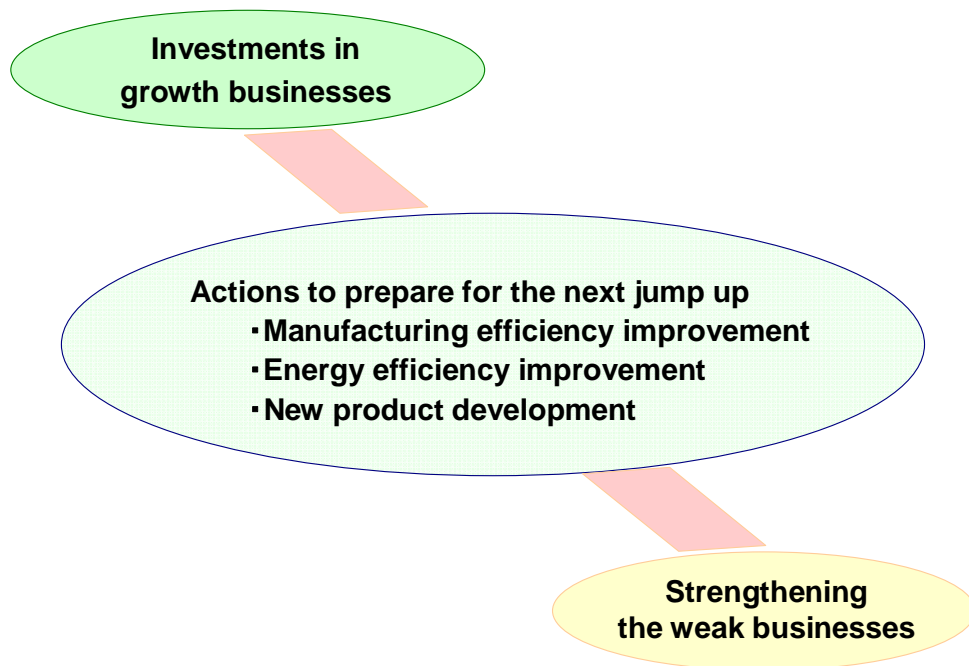
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It can be said that the current worsening environment from the international financial crisis to a simultaneous global slowdown is an unprecedented drastic change far beyond our assumptions.

Under these circumstances, our efforts for the future lie in the basic policy aiming at net sales of 500 billion yen, including the medium-term business plan as previously shown. Although time delay to achieve this target is unavoidable, we are determined to maintain the numerical goal as our basic policy without changes.

Actions under Deteriorating Business Conditions



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For an approach at a time of gradually deteriorating business conditions, we think it most important to build up strength internally and take measures to prepare for when the business environment recovers.

The big themes for these actions are manufacturing efficiency improvements, thorough efforts to boost energy efficiency, and advancing new product development.

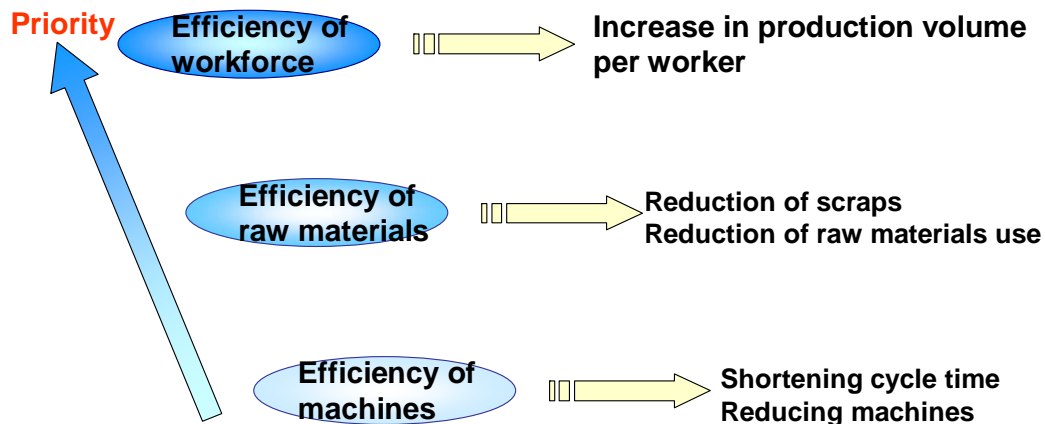
At the same time, we put importance on strengthening the weak businesses, aiming to destroy minus areas.

On the other hand, we are making active investments in growth businesses, such as the aircraft parts business.

Manufacturing Efficiency Improvement = Actions to prepare for the next jump up =

What priority on Which efficiency?

– actions to improve efficiency to prepare for the next jump up



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Regarding manufacturing efficiency improvement, there are several subjects to be tackled to aim for higher efficiency.

Above all, we focus on the three important points: efficiency of workforce, raw materials, and machines. Instead of making uniform efforts, we have clearly announced priorities in the company among these three key areas, and efforts have been made to ensure actions accordingly.

The top priority lies in efficiency of workforce. This includes how to increase production volume per worker.

Another priority is efficiency of raw materials. This means work on how much we can increase effective weight ratios of raw materials, and on how much we can reduce scraps.

In order to increase effective weight ratio of raw materials, thorough efforts have been made through taking advantage of manufacturing from the smallest unit parts. In particular, we place an emphasis on materials made of metal and plastics. This is also an important area to tackle from a resource saving (ecological) point of view, as described below.

Regarding efficiency of machines, we would like to prepare for the forthcoming opportunity by concentrating on increasing output volume per machine rather than utilization rates, considering the current deteriorating conditions.

Energy and Raw Materials Efficiency Improvement = Actions to prepare for the next jump up =

Aiming at energy efficient factory

Actions taken at new Thai factory = New initiative

- Improved energy efficiency
by integration of front-end processes
- Targeting 40% less electricity usage
- Improved recycling of cutting oil



**New ball bearing factory in Thailand
specialized for front-end processes**

Aiming at raw materials efficiency

- Improved efficiency in raw materials use
- Recycling of water

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We are making vigorous efforts in energy saving and resource saving, as they have large effects on lowering costs at the same time as making efforts towards a low carbon community, which is the global trend.

We are working to make the entire factories energy efficient. The factory shown in the photograph is the bearing plant completed in June in Thailand. The biggest feature of this new factory is that it aims at reducing electricity usage, by applying solar heat reflecting paint on the external walls and the roof, which restrains temperature rises and diminishes loads on air conditioning equipment.

In addition, due to the fact that the factory has minimized indoor effective spatial volume and has higher efficiency air conditioning, electricity usage in this factory has been reduced by 40% compared to conventional factories.

We are implementing a policy to expand the success in this new factory to all other factories.

Cutting processes which consume large amounts of energy are integrated in the new factory. By doing so, we are trying to raise energy efficiency.

As part of resource saving, we have started to use water resources effectively by collecting rain water and using it for the purpose of industrial water in the factory, which is in a rainy region.

New Product Development = Actions to prepare for the next jump up =

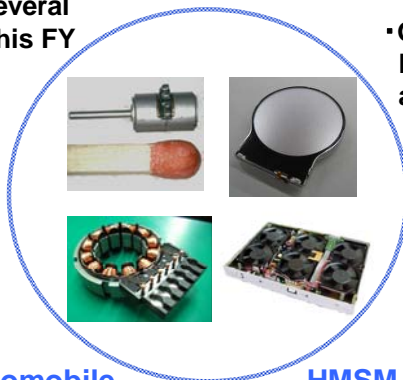
Market introduction of Φ 3 mm Stepping Motor

- planning to produce several 100,000 per month in this FY

LED backlights for automobile (for displays of fuel consumption, gear position and others)

- Growing market of LED backlights for automobile

→ Expansion of product range



VR Resolvers for automobile (Angle sensor for electric power steering)

- Application of aircraft part technology
- increasing production for growing demand of electric power steering

HMSM (Heat Management System Module)

- Entering market in 2H of this FY
- Marketing for telecommunication industry

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We are accelerating development of new products in preparation for when the business environment recovers.

Let us present some of the examples which have already taken shape.

We have described development of our 3mm stepping motor, for which commercialization will finally begin. We plan to start mass-production on a scale of several 100,000 units per month within this fiscal year.

LED backlights for automobiles have been placed in the market not only used in car navigation but also used in instrument panels with differently shaped backlights, with the aim of expanding product range.

As for resolvers for automobiles, we have introduced VR resolvers for electric power steering in the market. We plan to actively expand business in VR resolvers as promising products.

Regarding HMSM business, which we have previously described, we plan to actually start producing them in the second half of this fiscal year.

Strengthening the Weak Businesses = Further restructuring in motor business =

New strategy in HDD spindle motors

**“Aiming profitability at 4 million units per month sales volume “
= lowering breakeven volume target**

- Further cost reductions to lower breakeven point – low cost automation
- Doubling production volume per worker – reducing workers and better yields
- Increase ratio of 2.5 inch HDD spindle motors – to over 50%

Restructuring of stepping motor business

- Combining hybrid motors, PM motors and former FDK motor business
– Reorganization and fusion of market / technology

**Minebea products
(Medium to large size)**



**FDK products
(Small size)**



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As part of strengthening the weak businesses, we are focusing on strengthening the structure of the motor business.

We have been making efforts in the HDD spindle motor business since the beginning of this fiscal year in order to make it profitable. However, we have not yet been able to eliminate losses. Initially, we aimed to produce profits by increasing the ratio of 2.5 inch HDD spindle motors and manufacturing 5 million units per month. While we have made more-than-expected progress in raising the ratio of 2.5 inch, we have faltered in manufacturing 5 million units per month.

Being forced to change course again, we changed to working on a basis of 4 million units per month sales volume.

We plan to aim at profitability on a monthly basis within this fiscal year, through reducing fixed costs further, streamlining thoroughly and accelerating the shift to over 50% 2.5 inch HDD spindle motors.

As for the stepping motor business, we reached agreement with FDK on acquisition of its stepping motor business, as described earlier. Thus we are working to expand business, by adding the motors from FDK to our hybrid type and PM type stepping motors, restructuring the organization, fusing each other's technologies together, and increasing synergy.

Investments in Growth Businesses = Expansion in aircraft part business =

Ball Bearings

- Capacity expansion at Chatsworth factory (U.S.A.)
Introduced cutting and grinding machines
for medium-sized bearings
- Capacity expansion at Peterborough factory (U.S.A.)
Investment in roller bearings for aircraft



Rod-end Bearings

- New building at Karuizawa factory (expected to complete in March 2009)
Capacity expansion and increase in large mechanical parts
- Obtained NADCAP certification at Lop Buri factory (Thailand)
Integrated production capacity for stainless steel bearings for aircraft

Fasteners

- Established mass production of fasteners
for commercial aircraft



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The most promising among our current product groups is the aircraft parts business.

As we have previously reported, sales of aircraft parts exceed 10% of the total sales of our company. Aircraft parts include ball and roller bearings, rod-end and spherical bearings, and fasteners.

New Hampshire Ball Bearings, Inc. in the U.S. mainly manufactures applications around engines.

In response to requests from the market to increase production, our factory in California was expanded, and we expanded production capacity for medium-sized bearing parts. Also, in the factory in New Hampshire, investments have been made in capacity expansion of roller bearings used around engines.

For rod-end and spherical bearings, a new building at the Karuizawa factory is being constructed, with the aim of expanding complex products combining large mechanical parts and bearings.

Regarding fasteners, in the new factory completed last year, we have established a framework for mass production of fasteners used in commercial aircraft, and started to increase production in the second half of this fiscal year.

New Financial Strategy

Maintaining soundness of B/S

- Net interest-bearing debts are expected to reach medium-term target of 100 billion yen by this fiscal year end after putting priority to pay down debts in recent years with increased free cash flow.
- Keep maintaining soundness of B/S

M&A

- “For synergy effects and accelerating growth”
- Final agreement reached to acquire FDK’s stepping motor business

Stock buyback

- “Executing capital management policy to respond to changing environments”
- Stock buyback program declared
(up to ¥3.5 billion or 10 million shares maximum)
(from November 4, 2008 to December 16, 2008)

Dividend

- “Dividends based on business performance,
while considering the overall business environments”
- Interim dividend of 5 yen / share declared (year-end forecast of 5 yen / share,
total 10 yen / share forecast for this fiscal year)

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At Minebea with the aim of improving our financial strengths, we have put priority to pay down debts in recent years with increased free cash flow generated by our improved results. As a result, net interest-bearing debts, calculated by deducting cash from interest-bearing debts, are expected to reach our medium-term target of 100 billion yen by this fiscal year end. We will maintain a sound balance sheet.

Meanwhile, M&A, stock buybacks and dividends will become important for effective use of funds generated in the future.

Firstly, regarding M&A, we have reached the final agreement today to acquire FDK’s stepping motor business. For synergy effects and accelerating growth, we will work actively on this kind of M&A project if the opportunity arises.

As for stock buyback, at today’s board of directors meeting we established a stock buyback program up to 3.5 billion yen or 10 million shares maximum for the first time in our company. We will continue to execute agile capital management policy to respond to the changing business environment.

As regards dividends, we declared an interim dividend of 5 yen and forecast a fiscal year-end dividend of 5 yen, as projected at the beginning of this fiscal year. We will continue to pay dividends reflecting business performance more closely, while considering the overall business environment.

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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 conditions or demand trends around Minebea; (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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