

Business Results

**Second Quarter of Fiscal Year
Ending March 31, 2013**

November 2, 2012
Minebea Co., Ltd.

1. Financial Results

2. Policy and Strategy

November 2, 2012

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Financial Results

Hiroharu Katogi
Director, Senior Managing Executive Officer

November 2, 2012

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Summary of Consolidated Business Results for 1H



Despite of yen appreciation and increased labor costs, sales and profits rebounded from the Tohoku Earthquake and the Thai Floods. But, we missed the initial targets.

(Millions of yen)	FY ended Mar. '12	FY ending Mar. '13	Change YoY	1H of FY ending Mar. '13	
	1H	1H		Original forecast	Vs. Forecast
Net sales	132,448	139,101	+5.0%	148,100	93.9%
Operating income	6,052	7,700	+27.2%	9,400	81.9%
Ordinary income	5,032	6,942	+38.0%	8,200	84.7%
Net income	2,769	3,720	+34.3%	5,600	66.4%
Net income per share (yen)	7.30	9.94	+36.2%	14.97	66.4%

Foreign exchange rates	1H of FY Mar. '12	1H of FY Mar. '13
US\$	¥80.24	¥79.73
Euro	¥115.76	¥101.27
Thai Baht	¥2.66	¥2.55
Chinese RMB	¥12.38	¥12.56

1H of FY Mar. '13 Assumption
¥77.00
¥103.00
¥2.50
¥12.20

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Looking at consolidated business results for the first half of the fiscal year ending March 31, 2013, net sales were 139,101 million yen which were up 5.0% compared to the same period last year, operating income was 7,700 million yen which was up 27.2% compared to the same period last year, and net income was 3,720 million yen which was up 34.3% compared to the same period last year.

Despite of yen appreciation and increased labor costs in Asia, sales and profits continued to rebound from the Tohoku Earthquake and the Thai Floods. However, we missed our targets for the fiscal first half.

Summary of Consolidated Business Results for 2Q



Despite of a continued but slow rebound from the Thai Floods, sales and profits momentum weakened due to yen appreciation and global economic slowdown. Many product markets started to shrink gradually from early autumn.

(Millions of yen)	FY ended Mar. '12 2Q	FY ending Mar. '13		Change	
		1Q	2Q	YoY	QoQ
Net sales	67,646	68,621	70,480	+4.2%	+2.7%
Operating income	3,749	3,693	4,007	+6.9%	+8.5%
Ordinary income	3,162	3,368	3,573	+13.0%	+6.1%
Net income	2,100	1,718	2,002	-4.7%	+16.5%
Net income per share (yen)	5.56	4.57	5.37	-3.4%	+17.5%

Foreign exchange rates	2Q of FY Mar. '12	1Q of FY Mar. '13	2Q of FY Mar. '13
US\$	¥78.44	¥80.77	¥78.69
Euro	¥112.98	¥104.89	¥97.65
Thai Baht	¥2.59	¥2.60	¥2.49
Chinese RMB	¥12.18	¥12.76	¥12.36

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For the second quarter of the fiscal year ending March 31, 2013, net sales were 70,480 million yen, an increase by 4.2% from the same period last year and an increase by 2.7% from the previous quarter. Operating income was 4,007 million yen, an increase by 6.9% from the same period last year and an increase by 8.5% from the previous quarter. Net income was 2,002 million yen, a decrease by 4.7% from the same period last year and an increase by 16.5% from the previous quarter.

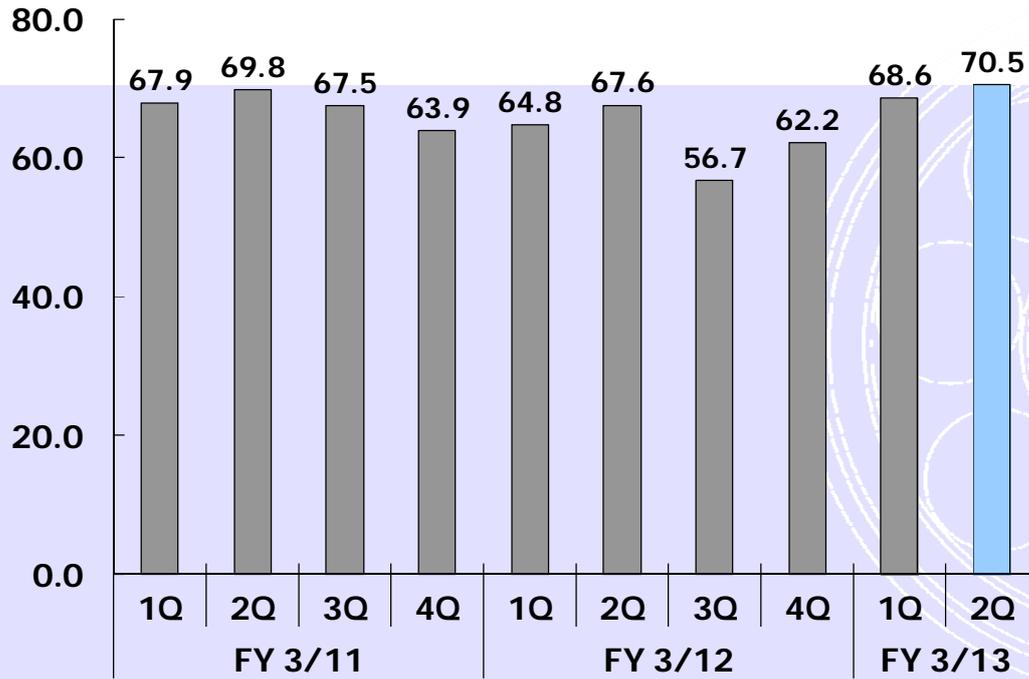
A gradual rebound from the Thai Floods continued, but sales and profits momentum weakened due to the stronger Japanese yen and the global economic slowdown. Demands in many product markets, including personal computers, hard disk drives, office automation products, factory automation products, automobiles and home appliances started to shrink gradually from early autumn.

During the quarter, the Japanese yen appreciated further, especially against the euro and the Thai baht. Based on certain assumptions, we estimate the currency impact on sales and operating income were approximately a negative 1.0 billion yen and a negative 0.2 billion yen, respectively, compared to the same period of the last fiscal year, and approximately a negative 1.8 billion yen and a positive 0.1 billion yen, respectively, compared to the previous quarter.

Net Sales

(Billions of yen)

Increased 4.2% YoY
Increased 2.7% QoQ



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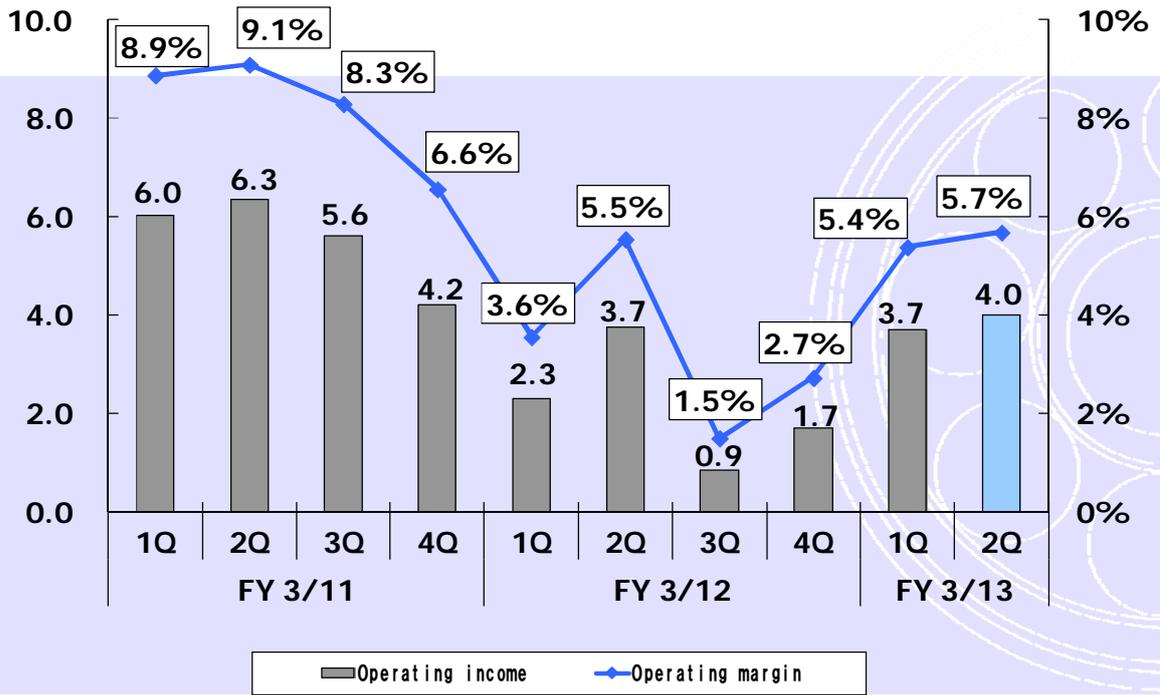
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In the second quarter of the fiscal year ending March 2013, net sales were 70.5 billion yen, up 2.7% from the previous quarter, due to recovery from the Thai Floods and the new consolidation of Moatech Co., with 2.7 billion yen additional sales. However, sales decreased month by month during the quarter, despite the typical increasing seasonal demands from autumn through the Christmas selling period.

Operating Income

Increased 6.9% YoY
Increased 8.5% QoQ

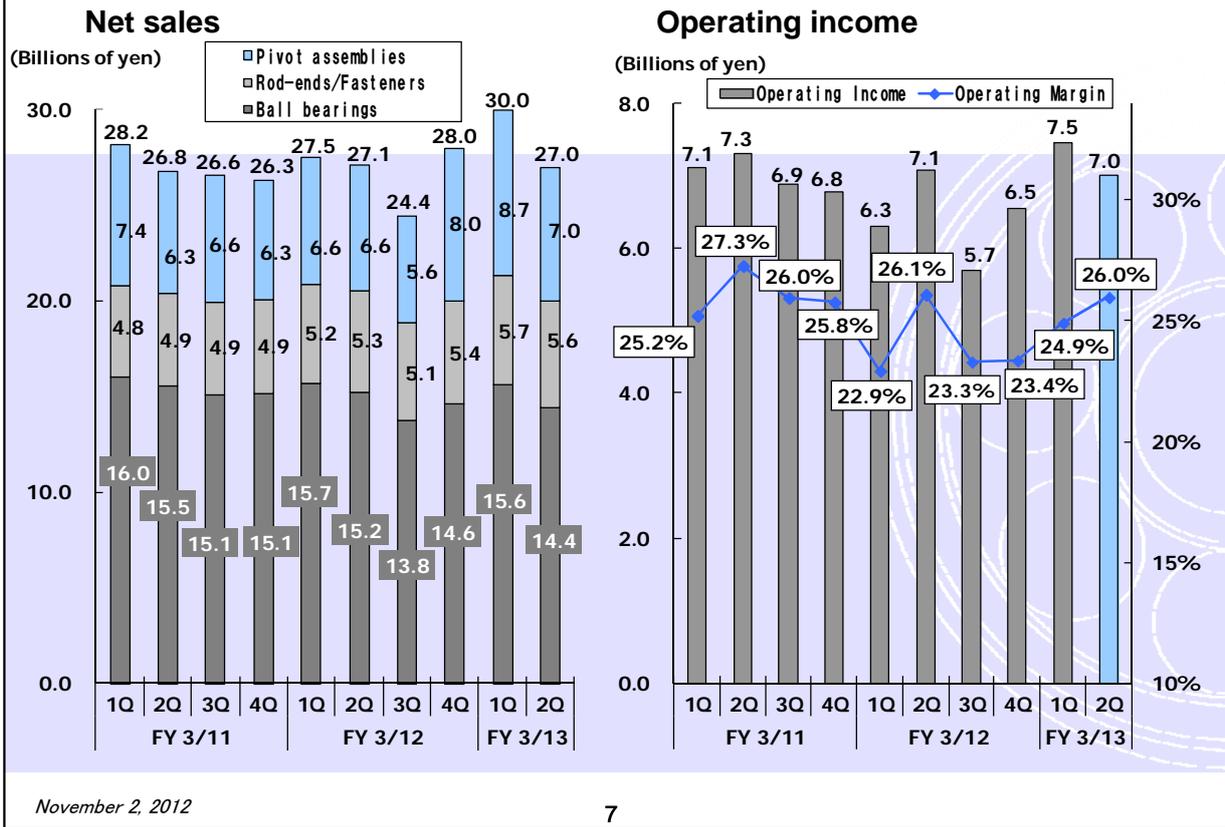
(Billions of yen)



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Operating income for the second quarter increased by 8.5% from the previous quarter to 4.0 billion yen. Operating margin improved by 0.3 percentage points from the previous quarter, to 5.7%. Sales were flat and operating income momentum weakened.

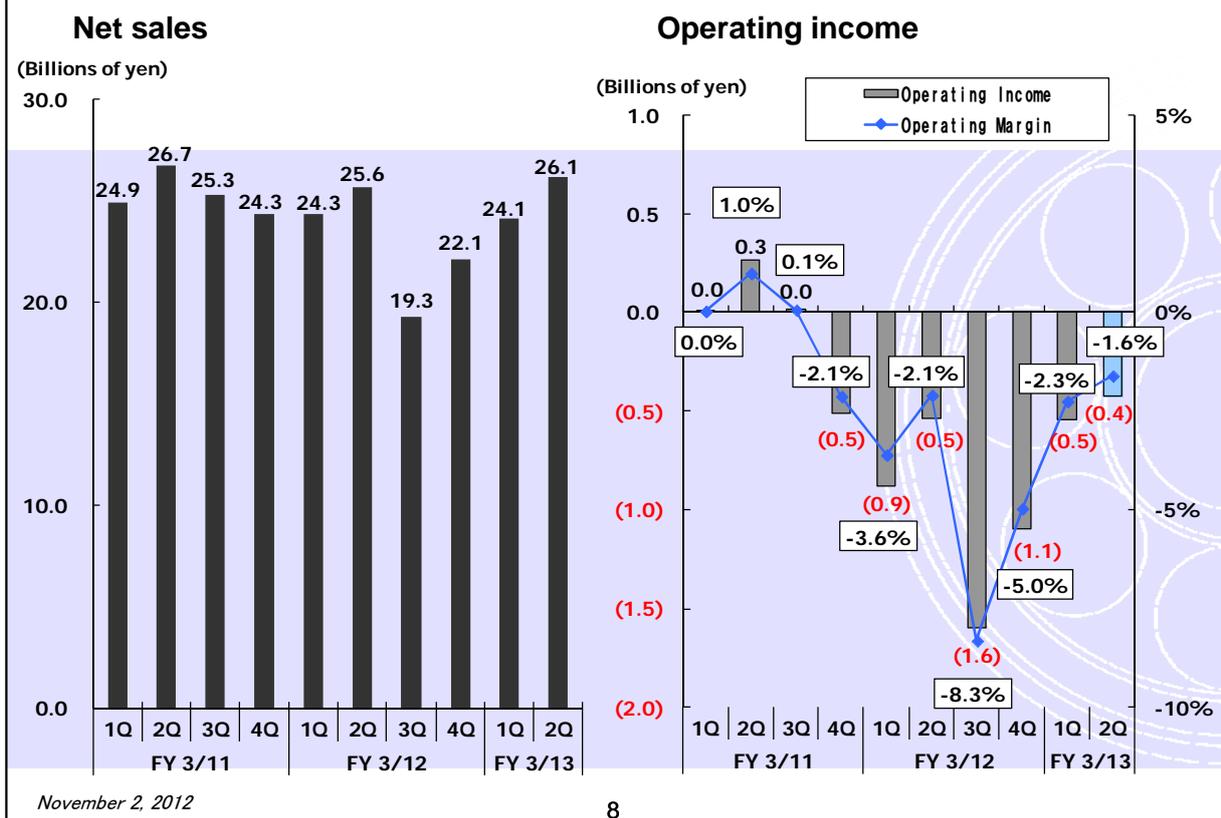


For the Machined Components business segment, second quarter net sales were 27.0 billion yen, down 10.0% from the previous quarter. Operating income was 7.0 billion yen, down 6.1% from the previous quarter. Operating margin was 26.0%, up 1.1 percentage points from the previous quarter.

Looking at specific products, second quarter sales of pivot assemblies for hard disk drives (HDDs) decreased by 19.5% from the previous quarter, and operating income decreased due to lower capacity utilization. This is because the HDD market shrank significantly beyond our expectation due to a PC sales slump, although our high market share was maintained after a competitor's Thai production capacity was hit hard by the floods.

Second quarter sales of ball bearings decreased by 7.7% from the previous quarter to 14.4 billion yen. A rebound from the Thai Floods continued through the first quarter. However, in the second quarter, external shipment volume decreased due to the global economic slowdown, especially the prolonged European debt crisis and economic slowdowns in emerging countries such as China which caused demand in many product markets to shrink gradually. Although we have scaled down our production and cut labor and other costs, profits decreased from the previous quarter.

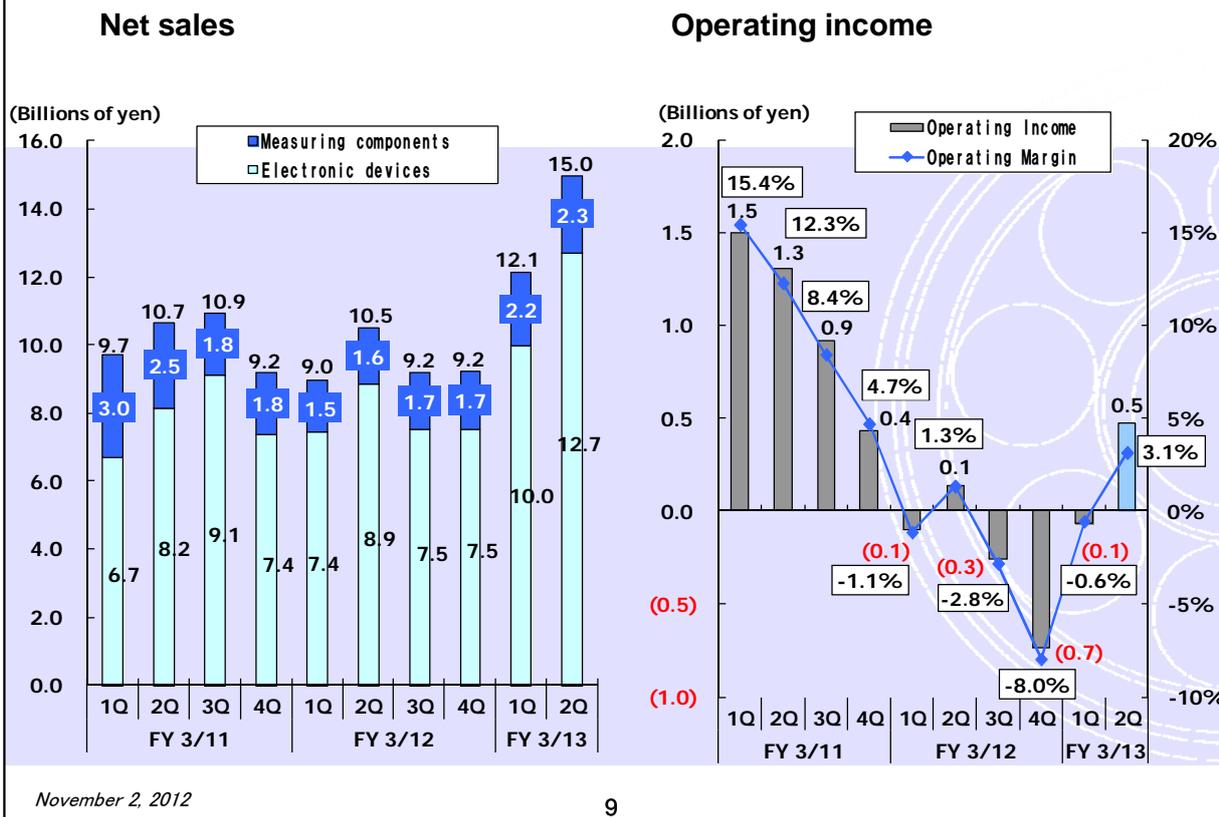
Second quarter sales of rod-ends and fasteners decreased by 1.8% from the previous quarter to 5.6 billion yen. This is because of the stronger Japanese yen and the summer vacation season in Europe and the U.S., although order intake increased due to steadily rising demand for aircraft. Profits increased from the previous quarter due to better capacity utilization.



In the Rotary Components business segment, second quarter net sales were 26.1 billion yen, up 8.6% from the previous quarter due to a new consolidation of Moatech Co. with 2.7 billion yen additional sales. Operating loss narrowed by 0.1 billion yen from the previous quarter to 0.4 billion yen. Operating margin was negative 1.6%, an improvement of 0.7 percentage points on the previous quarter.

Regarding HDD spindle motors, production volume increased as in-house capacity recovery from the Thai Floods continued. Our market share increased in the high-end product areas in which we are competitive, such as servers and 7mm-height 2.5 inch HDDs. The second quarter also recorded an extraordinary loss, a “Loss on Disaster” of 0.6 billion yen due to interrupted operations at two HDD spindle motor parts factories hit by the Thai Floods. Combining this loss and the nominal operating income to come up with the actual profitability, the result is slightly negative. This is due to lower unit prices caused by the shrinking HDD market.

Regarding the information motor business, sales decreased because demands in many product markets, including office automation products, factory automation products, automobiles and home appliances started to shrink gradually. Operating loss narrowed due to further cost and expense cuts in response to the tougher business environment.

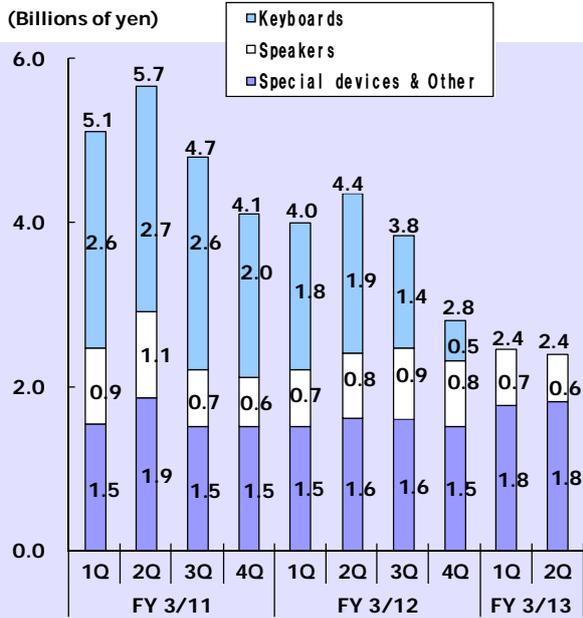


In the Electronic Devices and Components business segment, second quarter net sales were 15.0 billion yen, up 23.5% from the previous quarter due to significant sales growth in LED backlights, which form the majority of the electronic device sales. Operating income turned positive for the first time in a year to 0.5 billion yen due to a sales increase. Operating margin was 3.1%, up 3.7 percentage points from the previous quarter.

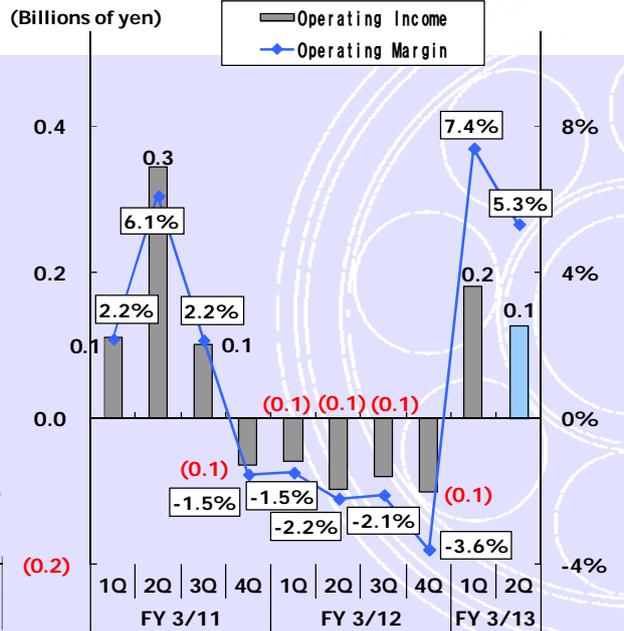
Net sales of electronic devices increased 27.0% from the previous quarter, to 12.7 billion yen. Production of LED backlights for new smart phone models started in late June, and increased month by month. LED backlights for tablet PCs reached full capacity production level in July. In August and September, however, their shipment and profits failed to meet our expectations due to a temporary inventory adjustment.

Net sales of measuring components increased by 4.5% from the previous quarter due to demand recovery of products for the North American automobile market. Profits were steady.

Net sales



Operating income

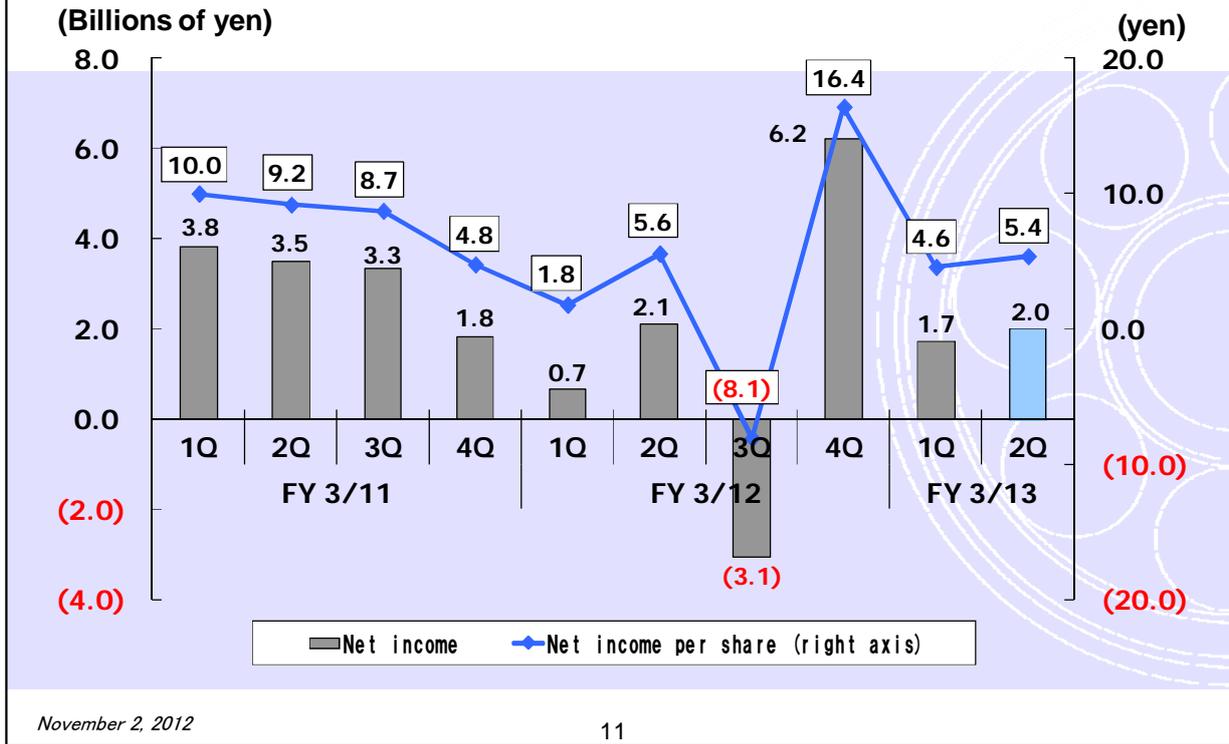


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In the Other business segment, second quarter net sales were 2.4 billion yen, down 2.5% from the previous quarter. Operating income was 0.1 billion yen.

Decreased 4.7% YoY
Increased 16.5% QoQ

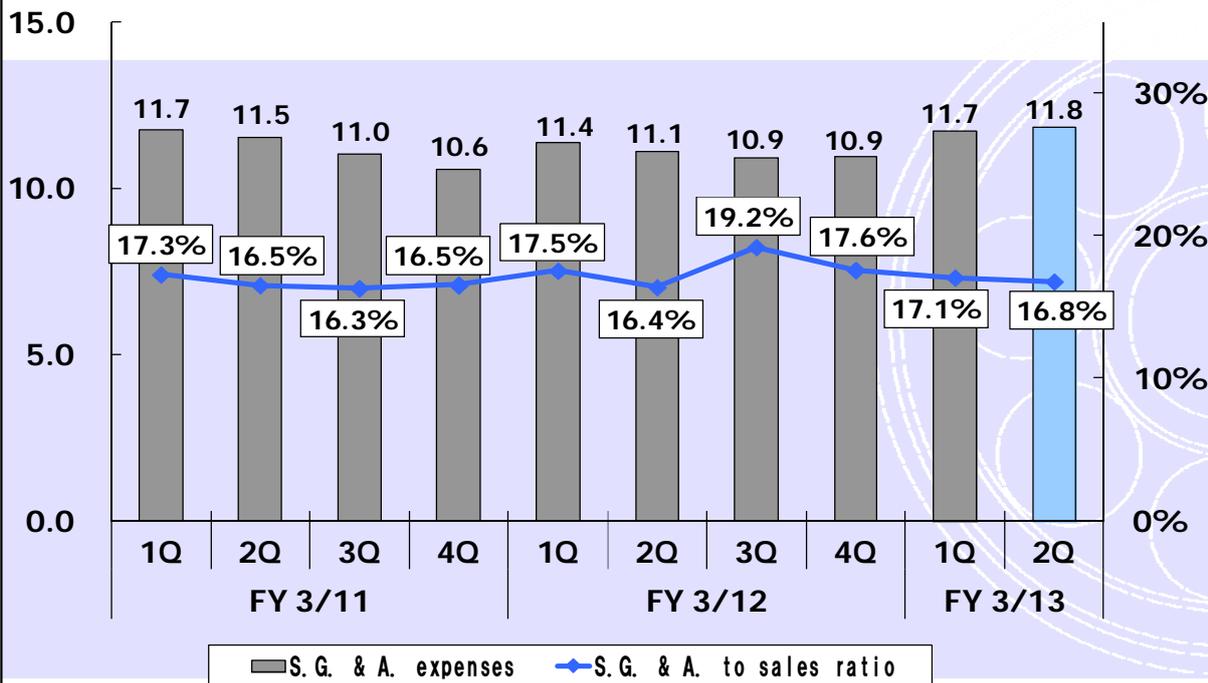


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Net income for the second quarter increased by 16.5% from the previous quarter to 2.0 billion yen, and net income per share was 5.4 yen. Although there was an extraordinary loss due to an 0.7 billion yen provision of allowance for doubtful accounts relating to the failure of a subcontractor in the speaker business, net income increased due to a lower effective tax rate during the quarter.

(Billions of yen)

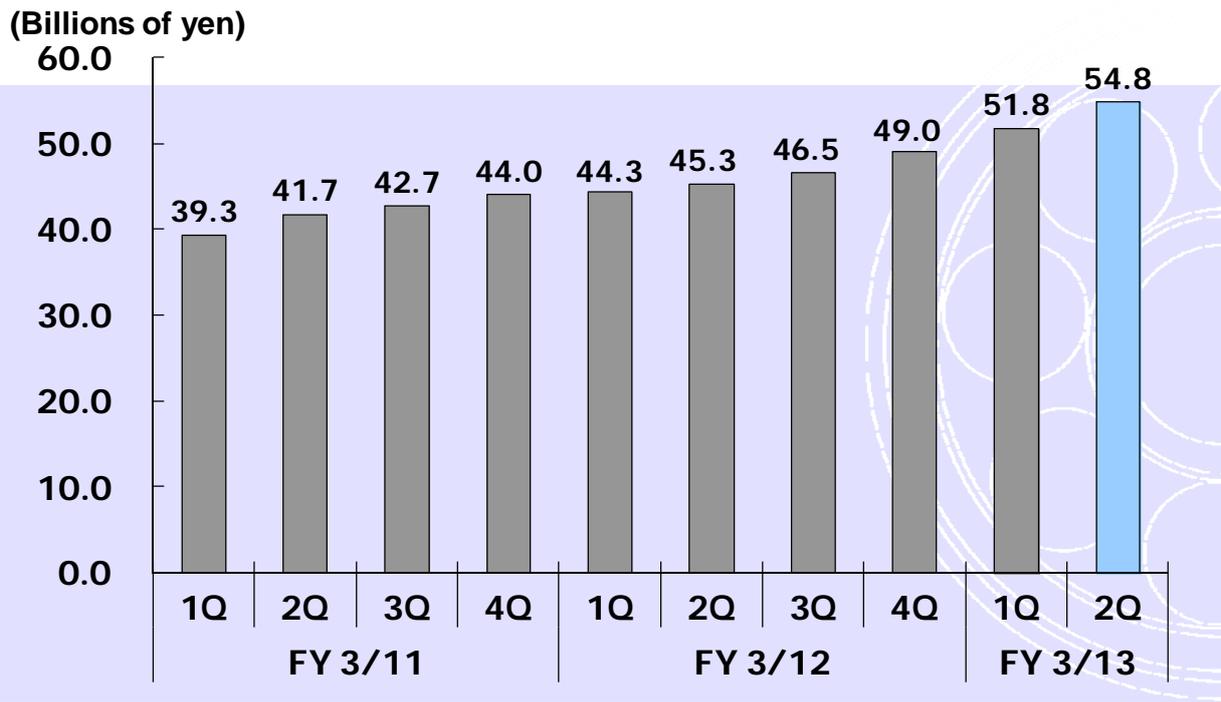


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SG&A expenses in the second quarter increased slightly by 0.1 billion yen compared to the previous quarter, to 11.8 billion yen. However, SG&A expenses-to-sales ratio decreased by 0.3 percentage point to 16.8%, due to expense cutting.

This ratio increased due to significant sales decreases after the Tohoku Earthquake and the Thai Floods last year, but has gradually returned to a largely normal level. For the upcoming fiscal second half, however, we expect a tougher business environment, and will therefore continue our efforts to hold expenses further down.

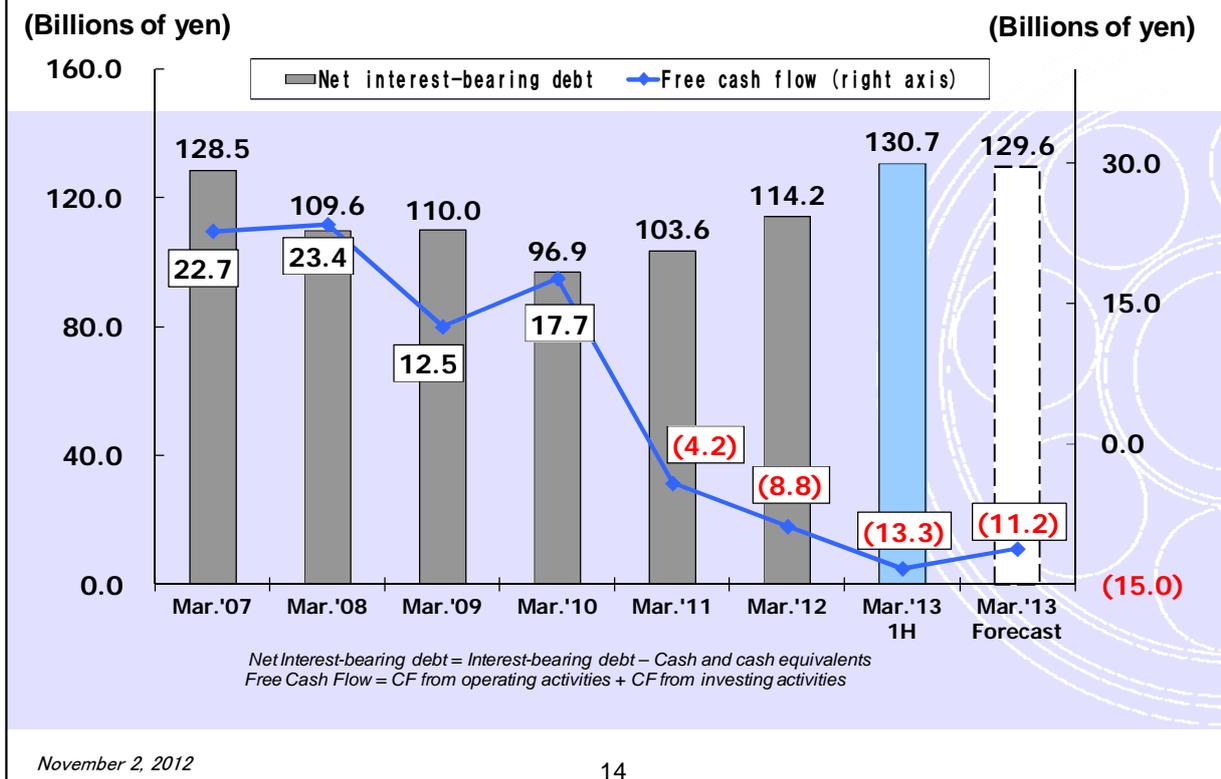


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Inventories increased by 3.0 billion yen compared to the previous quarter. Since we are responding to sluggish sales by cutting production rates of ball bearings, pivot assemblies and others, we expect inventory growth to be reined in.

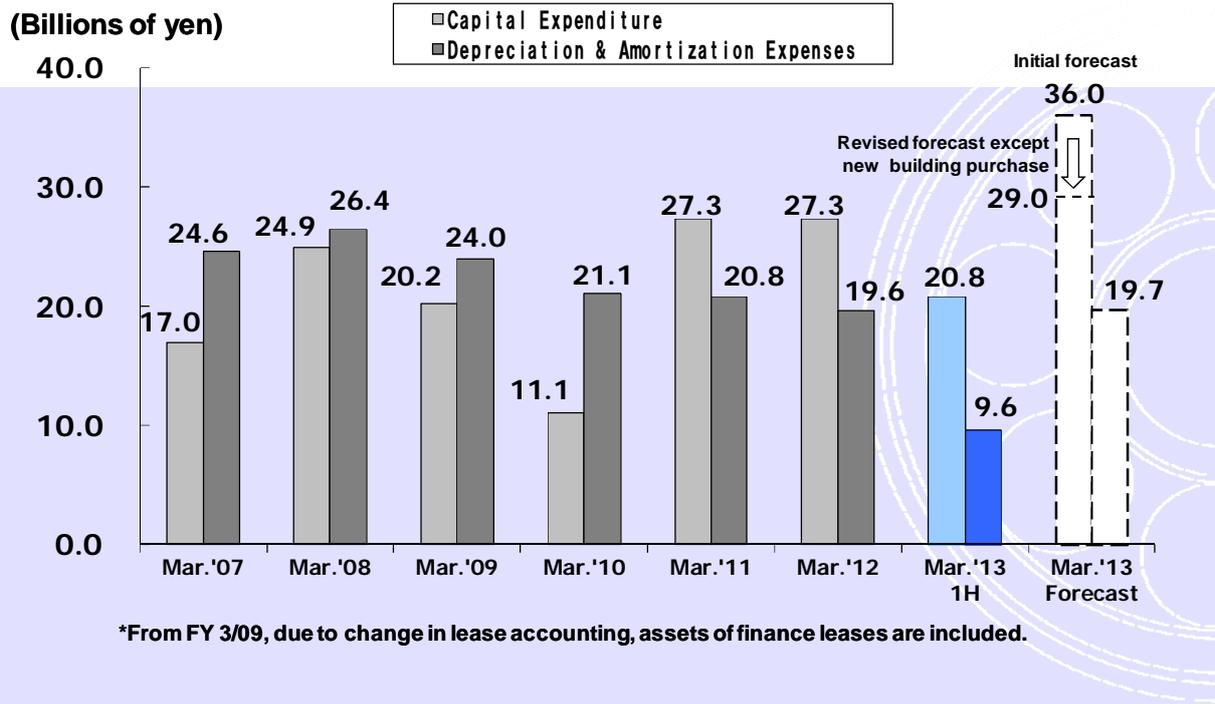
Net Interest-Bearing Debt



Net interest-bearing debts, which are interest-bearing debts minus cash and cash equivalents, were 130.7 billion yen at the end of the second quarter, an increase of 16.5 billion yen from the end of the previous fiscal year.

The increase is due to aggressive capacity expansion in growth areas, the 50.8% acquisition of Moatech Co. in May, and a purchase of a new Tokyo Headquarters building in August, in addition to increased cash needs going along with increased inventories.

Free cash flow for the first quarter was a negative 13.3 billion yen. In the second half, as we will curb capital expenditure and reduce inventories to generate more cash flow, free cash flow for this fiscal year is expected to improve and an increase in net interest-bearing debts at the end of this fiscal year will be hold down.



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Capital expenditure for the first half was 20.8 billion yen. Depreciation and amortization expenses for the first half were 9.6 billion yen.

Given the current tougher business environment, we decided to curb capital expenditure to the greatest extent possible this fiscal year. We plan to delay execution of the budget as much as possible. Excluding the new Tokyo Headquarters building which was not in the 36.0 billion yen initial plan, our new target for this fiscal year is reduced to 29.0 billion yen.

Full year forecast is revised downward due to global economic slowdown

(Millions of yen)	FY ended Mar. '12	Fiscal Year ending Mar. '13				Fiscal Year ending Mar.'13 Initial forecast	
	Full Year	1H	2H revised Forecast	Full Year revised Forecast	YoY	2H	Full Year
Net sales	251,358	139,101	152,899	292,000	+16.2%	163,900	312,000
Operating income	8,599	7,700	7,800	15,500	+80.3%	13,900	23,300
Ordinary income	6,499	6,942	6,058	13,000	x 2.0	12,600	20,800
Net income	5,922	3,720	3,680	7,400	+24.9%	6,900	12,500
Net income per share (yen)	15.63	9.94	9.87	19.81	+26.7%	18.53	33.50

Foreign exchange rates	Mar. '12 Full year	1H of FY Mar. '13	2H of FY Mar. '13 Assumption	FY ending Mar. '13 Assumption	2H of FY Mar. '13 Assumption	FY ending Mar. '13 Assumption
US\$	¥79.07	¥79.73	¥77.00	¥78.37	¥77.00	¥77.00
Euro	¥110.20	¥101.27	¥103.00	¥102.14	¥103.00	¥103.00
Thai Baht	¥2.59	¥2.55	¥2.50	¥2.53	¥2.50	¥2.50
Chinese RMB	¥12.33	¥12.56	¥12.20	¥12.38	¥12.20	¥12.20

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We have revised downward our forecast for this fiscal year.

We expect the current tougher business environment will continue to prevail for the second half; visibility is low due to the global economic slowdown, especially the prolonged European debt crisis and economic slowdowns in emerging countries such as China which have caused many product markets, including personal computers, hard disk drives, office automation products, factory automation products, automobiles and home appliances, to shrink gradually.

Regarding specific businesses, we expect a second-half sales decline in businesses with a high global market share, such as ball bearings and pivot assemblies. In the Rotary Components business segment, we expect sales to be markedly lower than the initial plan. Expected higher-than-plan sales in LED backlights, rod-ends/fasteners and measuring components are not sufficient to compensate for the overall decline.

Regarding operating income, downward revisions in rotary components and ball bearings are so large that upward revisions in rod-ends/fasteners and measuring components are not enough to compensate for the difference.

Later, President Kainuma will explain management approaches to this situation in more detail.

Forecast for Business Segment

(Millions of yen)	FY ended Mar. '12	FY ending Mar. '13			Change
	Full year	1H	2H revised Forecast	Full Year revised Forecast	YoY
Net sales	251,358	139,101	152,899	292,000	+16.2%
Machined components	107,037	56,944	54,256	111,200	+3.9%
Rotary components	91,363	50,219	51,281	101,500	+11.1%
Electronic devices and components	37,887	27,110	42,390	69,500	+83.4%
Other	15,068	4,827	4,973	9,800	-35.0%
Operating income	8,599	7,700	7,800	15,500	+80.3%
Machined components	25,611	14,471	12,729	27,200	+6.2%
Rotary components	-4,118	-962	-1,438	-2,400	-
Electronic devices and components	-959	404	2,696	3,100	-
Other	-338	308	-8	300	-
Adjustment	-11,595	-6,520	-6,180	-12,700	-

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This slide shows the revised forecasts for business segments.

Policy and Strategy

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Yoshihisa Kainuma

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

**Rebound from the earthquake and the floods
OP margin improved in all business segments**



Changing business environment

Global economy slowdown gathers force
(European debt crisis lengthen, China slows down)
→ HDD market cools down (PC sales sluggish)
→ Factory automation, office automation sales sluggish
→ Auto sales sluggish, particularly in Chinese market

Upsides

- Continued uptick in smartphone- and PC-related orders
- Continued uptick in aircraft part orders
- Steady sales increase in hybrid components

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Last year, we had an uphill struggle as the Tohoku Earthquake and the Thai Floods occurred. This year, yen appreciation has become stable and recovery from the last year's disasters has been going well.

In the First Half, the earnings forecast was not achieved due to LED backlights' various technical issues and a delay in startup, as well as, in the latter half of the period, the sluggish sales of HDD and other products compared to what was expected before and during the Floods; therefore, the business environment has changed drastically. However, the operating income for the last fiscal year was 8.6 billion yen while that for this fiscal year's First Half was 7.7 billion yen. I feel that there is no doubt these results definitely show a recovery.

Various business environments, though, are undergoing changes. In addition to the cooling down of the HDD market, sales of factory automation and office automation products have been sluggish. Recently, given the situation of sudden sharp drops in sales of customers' products such as automobiles in the Chinese market, we have no choice but to handle such business environmental changes.

HDD market cooling and the pivot business

PC sales fail to thrive, leading to HDD market's sudden chill

Downward revision of pivot sales projections for this FY

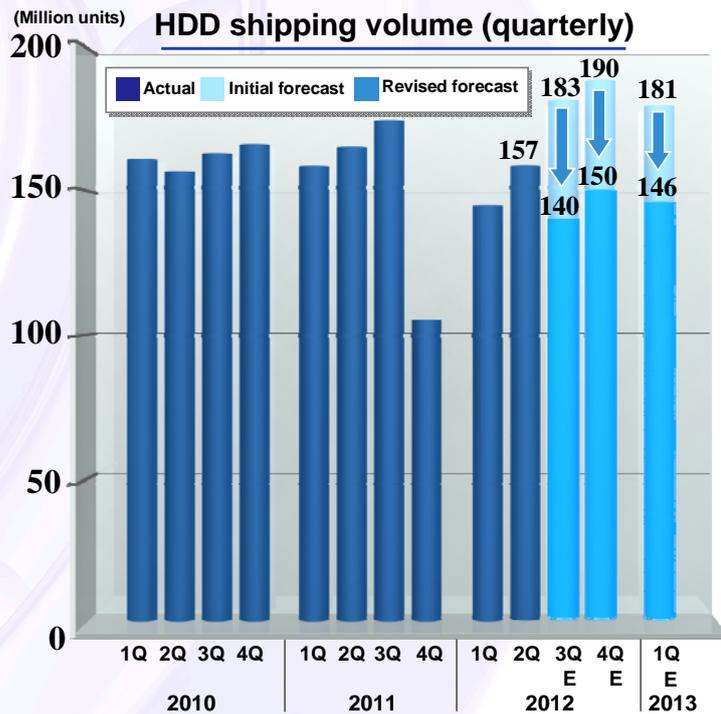
HDD market medium-term growth potential unchanged

HDD is the only meaningful storage choice for exploding digital data worldwide

Maintaining high market share

Maintaining post-Thai Floods 80% share
In particular, newest high-value-added products (7mm-height, 5mm-height) lead competitors

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Regarding pivot assemblies, PC sales became sluggish due to the popularity of tablet PCs and the HDD market cooled down. At least, in this period, the shipping volume was revised downward as shown in the slide in order to cope with this situation.

Although PC sales at present are in a slump, we believe HDD demand for home servers and so forth will rise from this point on. It will take time, but the HDD market will still grow in the medium term. Also, we still have a share of eighty percent of the pivot assembly market. In particular, we have an overwhelming share of pivot assemblies for 7mm-height 2.5-inch HDDs and have already shipped samples for 5mm-height HDDs as well. We should be able to accommodate the HDD market whenever it returns to activity.

With regard to pivot assemblies, one of our competitors was inundated during the Thai Floods, causing uncertainty about the production capability of the entire industry. As a result, we received strong orders. In response, we had been aggressively investing in facilities in order to raise our monthly production capacity to about fifty million units. Currently, we have frozen all these investments and stopped all the depreciated machinery. Our production now uses new and efficient machinery only. Our production system used to be three shifts of four groups including holiday labor, but due to the cooling HDD market, we returned it to three shifts of three groups with machinery stopped on holidays, both for pivot assemblies and ball bearings for which pivot-intended production was increased. On the other hand, as we are being pressured to increase production of LED backlights, the surplus workforce has been absorbed by the LED backlights production process.

**Rebound from the earthquake and the floods
OP margin improved in all business segments**



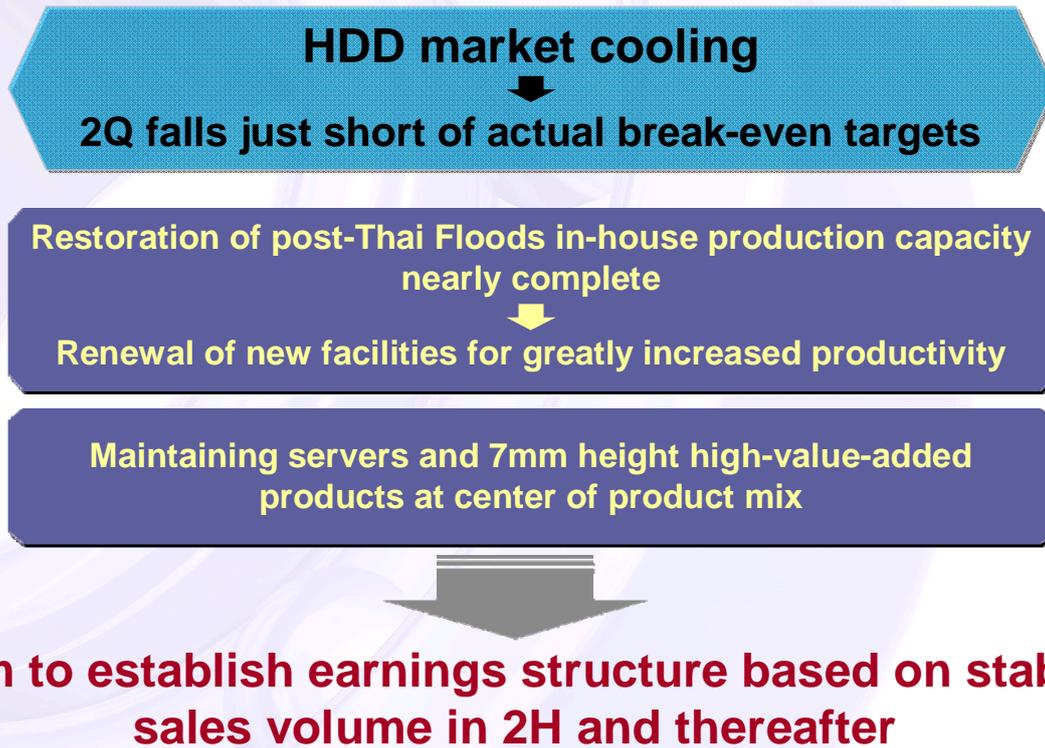
Changing business environment

Global economy slowdown gathers force
(European debt crisis lengthen, China slows down)
→ HDD market cools down (PC sales sluggish)
→ Factory automation, office automation sales sluggish
→ Auto sales sluggish, particularly in Chinese market

Upsides

- Continued uptick in smartphone- and PC-related orders
- Continued uptick in aircraft part orders
- Steady sales increase in hybrid components

HDD spindle motor business



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For HDD spindle motors, the results of the second quarter fell slightly short of actual break-even targets to which had been added extraordinary loss on disaster. The production capacity level was set based on assumptions of the HDD market's restoration after the Floods; however, in the Second Half, we have no choice but to change our structure to earn a profit with stable, certain quantities.

In HDD spindle motors production as well, old, depreciated, inefficient machinery has been completely stopped. We are promoting fixed cost reduction in order to break even with pre-Floods production and sales volumes without following up on quantity. We are expanding the market share for high-end products so that the sales prices are set suitably high as well. The production structure that accommodates the current situation will help us establish an earnings structure based on securing stable sales volume in the Second Half and thereafter.

**Rebound from the earthquake and the floods
OP margin improved in all business segments**



Changing business environment

Global economy slowdown gathers force
(European debt crisis lengthen, China slows down)
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Upsides

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Meanwhile, there were three upsides.

The number of orders for smartphone- and tablet PC-related products has continued to increase. There was a problem in launching LED backlights due to various technical issues; however, we managed to secure LED backlights sales of approximately 5 billion yen in October, and the current sales forecast for November is 6 billion yen.

Aircraft parts are doing quite well. Since aircraft manufacturers are dealing with a huge backlog of orders, we cannot handle all orders without reinforcing our production capacity including the Karuizawa Plant. I believe the future forecast will progress steadily.

I would also like to report on hybrid components. There are four business segments which Minebea has consistently worked to maintain since I became president: the machined components business, the rotary components business, the electronic devices and components business and other business. Our plan is to expand these four segments through comprehensive strength uniting vertical and horizontal. In order to do that, we feel that it is important to approach hybrid components seriously: thus we have prepared the structure. This area currently displays stability.

Minebea's strengths in the current business environment

Business Mix

Retaining diversified businesses

Product Mix

Supplying a wide range of products from general-purpose to high-value-added products

Market Mix

Supplying parts to a variety of product markets

Sales Region Mix

Supplying products globally

Production Region Mix

Production in 13 countries, in Japan, US, Europe and Asia

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Fortunately, we did not file a full-year net loss even at the time of the Lehman crisis. Two plants were inundated due to the Thai Floods, so that operating capacity fell sharply. Also, the fact that Thai domestic supply chain was disrupted had a considerable negative impact on us, but we did not file a full-year loss.

We revised our forecast downwards in this period, but since there has been no natural disaster such as in the previous period, the results are projected to improve dramatically from the previous period.

The reason for this is the fact that we have various strengths: "Business Mix," "Product Mix," "Market Mix," "Sales Region Mix," and "Production Region Mix." I think our strength is that when changing from three shifts of four groups to three shifts of three groups, the surplus workforce can be absorbed by other divisions. This strength is the reason why, as the past results show, we have managed to move through ups and downs to survive every economic downturn I believe that this is no more than the truth.

Changing business environment and actions in response

Unfavorable business environment foreseen for 2H as well



Responding to the changing environment with a shift from active investment to selective investment

Focus on cash flow

- Curbing unnecessary/non-urgent capital expenditure
- Compressing inventories
- Curbing expenses
- Curbing overtime works
- Aiming to maintain machine efficiency, to prepare for production recovery

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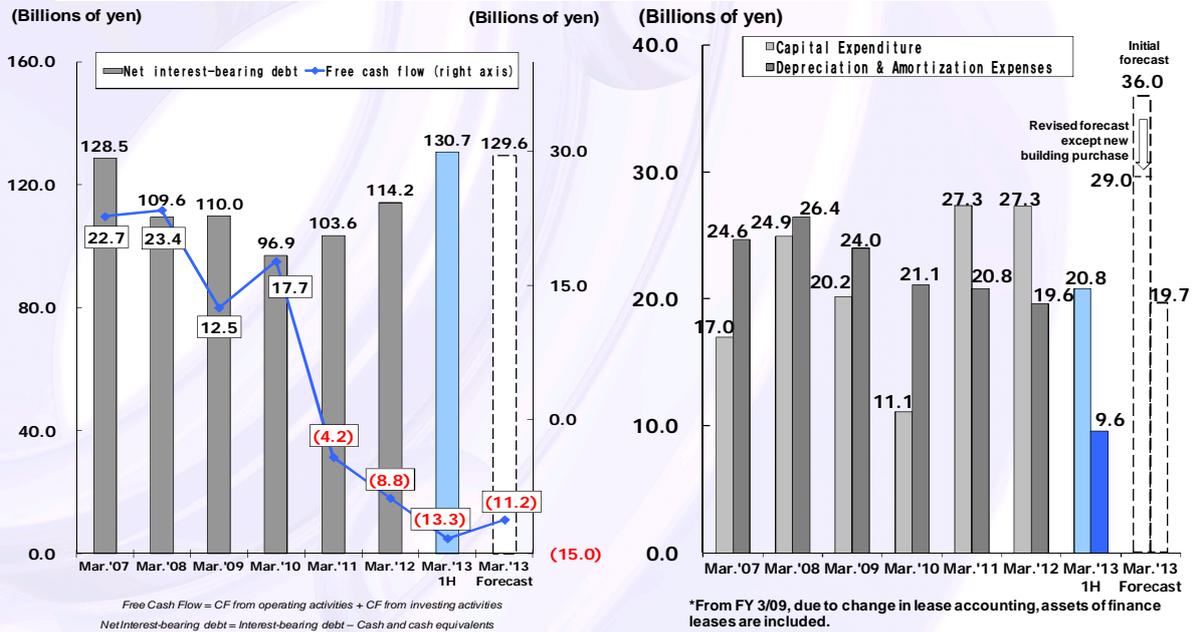
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Regarding the business environment, changes have taken place such as emerging nations' economic slowdown including the Chinese economy as well as that of the European economy, and a sales slowdown of Japanese products in the Chinese market due to the anti-Japanese movement. Although I always take an optimistic view of the business environment, I think a severer approach is called for at this time.

Therefore, by thorough curbing of capital expenditure, compressing inventories, curbing expenses, and curbing overtime works, we will improve cash flows.

Focus on cash flow and curbing of capital expenditure

Focus on cash flow and curbing non-urgent capital expenditure, given the increase in net interest-bearing debts



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Changing business environment and actions in response

Unfavorable business environment foreseen for 2H as well



Responding to the changing environment with a shift from active investment to selective investment

Focus on cash flow

- Curbing unnecessary/non-urgent capital expenditure
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- Curbing expenses
- Curbing overtime works
- Aiming to maintain machine efficiency, to prepare for production recovery

Turn Japanese customers' China Plus One into a business chance

- Draw out merits of Cambodia and Philippines plants
- Accelerate expansion of hybrid components

Complete rotary components structural reform by March 2013

Further enhance machined components business

Strengthen business with M&A and alliances

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These four are the focused measures we should take under this business environment in the Second Half.

Here you see "Turn Japanese customers' China Plus One into a business chance." We have started receiving many different inquiries from various customers, mainly Japanese ones. This is due to our having started operation in Cambodia last December and added operation in the Philippines through the acquisition of Moatech, which changed China Plus One to China Plus Two. As the next after China, or a substitute for China, or complement to China, we will pursue business opportunities while we aggressively promote Cambodia and the Philippines to customers.

Draw out merits of Cambodia and Philippines plants

Minebea is China Plus Two

In Cambodia, micro actuators and brush DC motors production shift now taking place. Since time is required to organize reception structure and customers' approval, completion within this FY is the target.

Brushless motors, LED backlights also in process of partial production shift

Expecting 3,000 employees in Cambodia by March 2013

Grasp Japanese customers' move to China Plus One and expand hybrid component business; construction in progress of 2nd building

**Moatech Philippine plant use
Voice coil motors: ten million units per month production system to be completed within this year.
Other motor production also under consideration**

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Regarding micro actuators, production had been consigned to FDK in Xiamen but is scheduled to complete the shift to Cambodia by the end of this fiscal year. Production for brush DC motors as well is finished in China and is in the process of a shift to Cambodia.

Since the Cambodian plant's opening on December 17, 2011, various divisions have moved there and the first building will become full by the end of the year or the end of this fiscal year. Currently, the second building is under construction. While it is a time-consuming process to receive customers' approvals for the line shift, it is scheduled to be completed within this fiscal year.

We have started manufacturing brushless motors in Cambodia as well, in response to customers' requests.

With regard to LED backlights, too, the process involving the highest labor costs has been moved to Cambodia. This shift went very smoothly. The cleanroom was built in about a month and a half and production is now ongoing without a problem. The main workforce in this case is composed of the employees of the closed keyboards business. As I mentioned earlier, sales of LED backlights for this month are expected to be 6 billion yen. We successfully managed this volume of sales in such a short period because we did not adopt employee cutbacks upon the closure of the keyboards business. The number of employees in Cambodia is expected to be 3,000 by the end of the fiscal year.

There are two plants in the Philippines: Moatech's plant and a new plant being built by Hysonic, Moatech's affiliated company. A production system for ten million units monthly of voice coil motors will be ready by the end of the year.

Utilizing China Plus Two, we directed that rather than bringing all products to Cambodia, some should be brought to the Philippines. This is currently undergoing review.

Turn Japanese customers' China Plus One into a business chance

- Draw out merits of Cambodia and Philippines plants
- Accelerate expansion of hybrid components

Complete rotary components structural reform by March 2013

Further enhance machined components business

Strengthen business with M&A and alliances

November 2, 2012

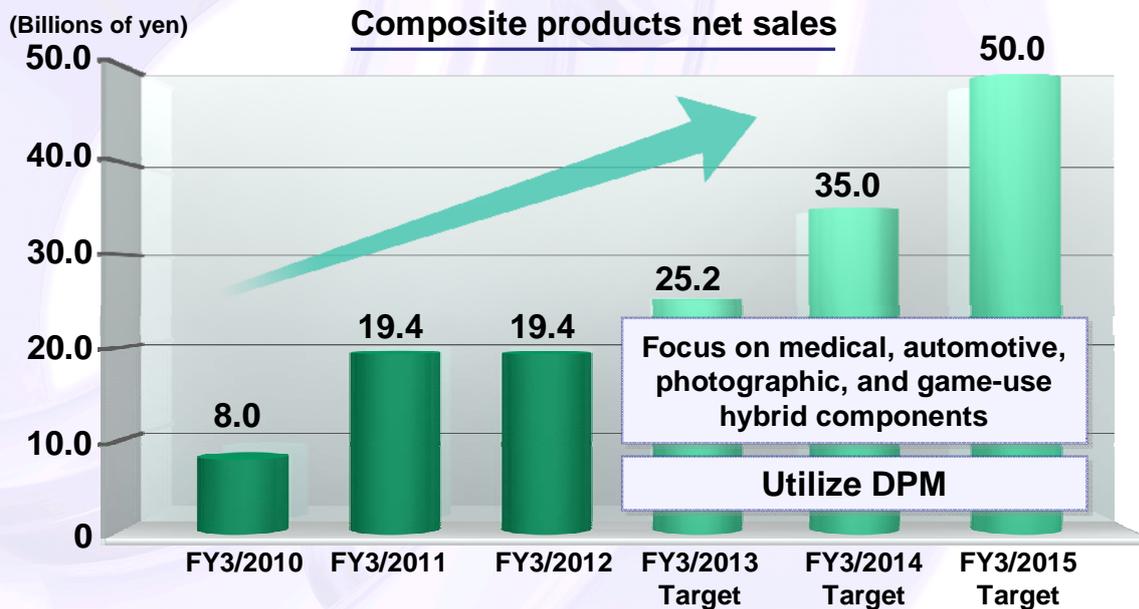
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It will soon be one year since the Cambodian plant was launched, and operators there have raised their level of proficiency. Initially it was difficult even to hire operators, but as Minebea becomes well-known in Cambodia, the employee retention rate is being improved and we no longer have any problems regarding the workforce.

Re-expansion of hybrid components sales

**Sales Target : ¥25.2 billion for this FY
¥50.0 billion for FY3/15**

Enhance R&D



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Next, let's move on to the hybrid components I mentioned earlier. When I became president, I set a goal of thirty billion yen of hybrid components sales in three years; the actual results are shown in this graph.

The sales target of hybrid components for this fiscal year is 25.2 billion yen. The focus is on medical, automotive, photographic, and game-use areas. For those products which are assembled with gears, synergistic effects have been created through DPM, acquired two years ago, which has a specialty in small dies for plastic injection molds. For hybrid components, various orders have started being placed and the future seems to be quite hopeful. Here you see "Enhance R&D," and I will talk about the Tokyo R&D Center later.

Turn Japanese customers' China Plus One into a business chance

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- Accelerate expansion of hybrid components

Complete rotary components structural reform by March 2013

Further enhance machined components business

Strengthen business with M&A and alliances

The structural reform of the rotary components business segment will be completed by the end of this fiscal year.

Complete rotary components structural reform by March 2013

Reduce deficits in unprofitable businesses

**Complete production shift to Cambodia
by March 2013**

**Establish sound profit structure
regardless of economic cycle**

**European Motion Technologies business unit turned
profitable in September**

**Moatech sale and profit declined.
Voice coil motors are growing.**

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In this business environment, I have kept a close eye on motors since April and confirmed that the unprofitable businesses are reducing their deficits.

For brush DC motors, our main products used to be low-priced motors for audio visual equipment. We have withdrawn from these products one by one and are now receiving orders for automobile- and amusement-related hybrid components. One example is a hybrid component which is a brush DC motor coming with various gears manufactured as a mechanical component to open the trunk of a van. Both the structural reform of the brush DC motors business and the shift from China to Cambodia are going well and will be completed by the end of March. The profit margin of the brush DC motors business is expected to be greatly improved then.

With regard to micro actuators, the shift will be completed by the end of this fiscal year, and a dramatic improvement is expected here as well.

Regarding vibration motors, we quickly changed our policy to reduce production scale, which will be completed by the end of this fiscal year. Again, this is expected to improve as well.

Regarding fan motors, thanks to our low dependency on PC products, the sharp drop in PC sales has not affected our results much. The structural reform for these products is also planned to be completed by the end of the fiscal year.

Through these measures, we are trying to establish by the end of this fiscal year a rotary components business system which will be unaffected by economic trends.

One thing I am quite happy to mention here is the EMT business. This concerns Germany's PMDM, which was originally a development base for HDD spindle motors accommodating approximately two hundred fifty motor engineers. Since I took up the post of president, I have always suggested that they develop their own motors that can be manufactured and sold in Europe, not only HDD spindle motors. Many profitable, impressive motor manufacturers are located in Europe. Based on that, I thought we might be able to do it as well and thus started this European Motion Technologies business. Last month, it showed a single-month profit. This is because they won a contract with a certain automobile manufacturer and started mass-production of motors. We are extremely pleased that this EMT business will constantly show profits from now on. One new strategy is to maximize motors, pursuing not quantity but added value through Minebea's comprehensive strength uniting vertical and horizontal. After three years, this strategy has finally started to show results. I believe the entire company is coming to understand my policy. We will keep following this policy to proceed with the structural reform of the rotary components business.

Moatech's sales and profits declined due to a temporary problem of defective products, but this problem has already been solved. What we are most happy about is that Hysonic, its affiliated company manufacturing voice coil motors, launched a plant with the monthly production system of 10 million units and began earning wonderful profits.

Turn Japanese customers' China Plus One into a business chance

- Draw out merits of Cambodia and Philippines plants
- Accelerate expansion of hybrid components

Complete rotary components structural reform by March 2013

Further enhance machined components business

Strengthen business with M&A and alliances

"Further enhance the machined components business" and "Strengthen business with M&A and alliances" are the focused measures in the Second Half.

Toward the next fiscal year

Boost ball bearing sales

Focus on applications other than for HDD pivot assemblies

Expand sales in rod-ends and fasteners

Jump up in LED backlight sales

Promote new orders

Expand hybrid component sales

Enhance development functions by the new Tokyo R&D center

Additional increase from M&A and alliances

New Medium-term Business Plan Targets (Billions of yen)



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Let me explain five key points for the next fiscal year.

Global economic slowdown and ball bearings business

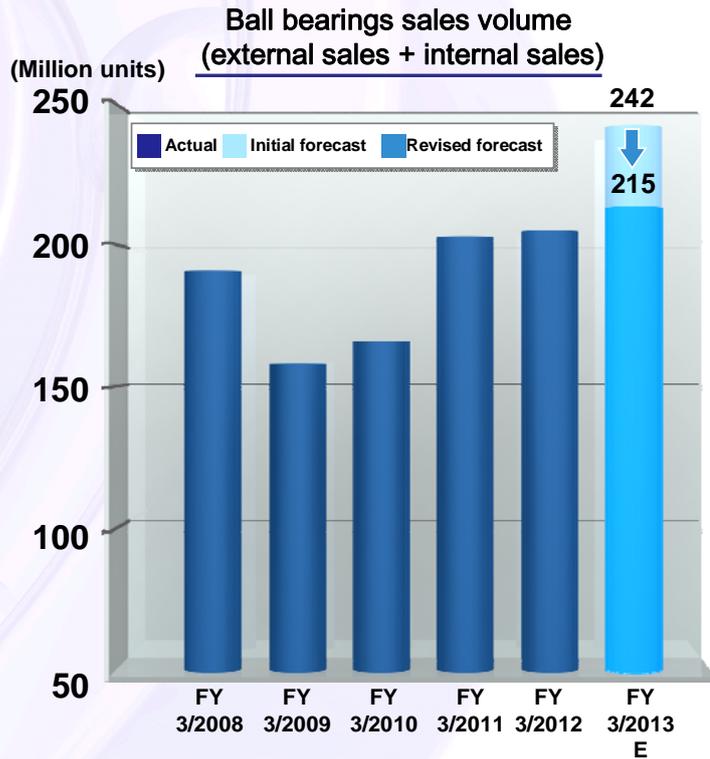
Global economic slowdown & HDD market's sudden chill

Downward revision of sales projections for this FY

Change in mass production structure

Shift from focus on HDD pivots production to other applications including new areas (medium-size and low-cost mass-produced products)

Reinforcing approaches to labor cost reduction along with production cut, work to solidify profit



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Regarding the enhancement of the ball bearings business, the internal sales for pivot assemblies were less than expected and the production and sales forecasts of ball bearings were revised downwards as well. As we acknowledged earlier, projects have been commenced in new areas, which are to manufacture medium-size and low-cost mass-produced products specifically. Furthermore, per-machine production efficiency may be improved by proper maintenance with three shifts of three groups, rather than by full operation with three shifts of four groups. We need to adopt a reduced production system suited to the current conditions.

We also would like to increase market share by taking advantage of these opportunities and applying an aggressive sales approach.

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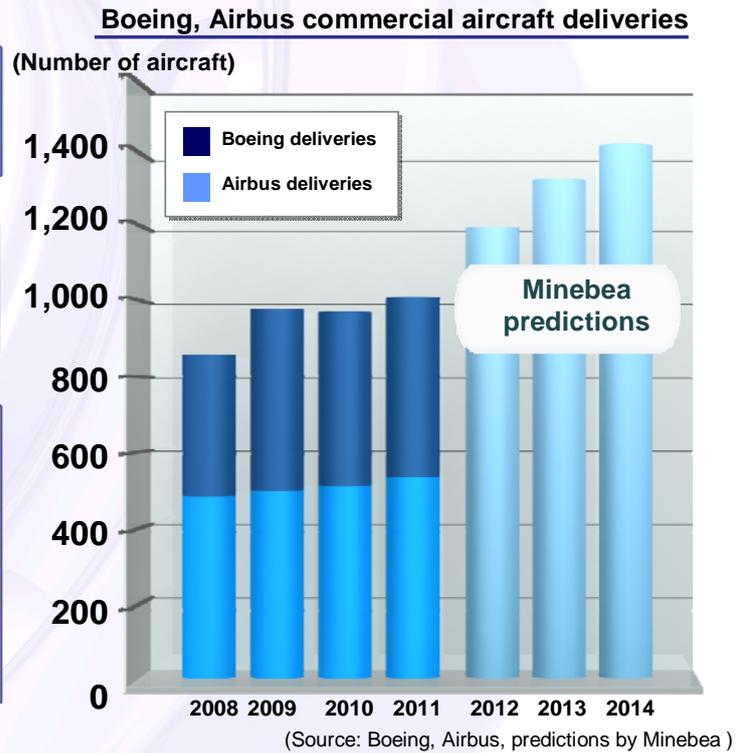
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Steady orders in rod-end fastener business

Aircraft orders increase, aircraft parts market continues to expand medium-term.

Sales and profitability continue to increase steadily

- Expansion of standard product manufacturing capacity at Lop Buri Plant in Thailand, in order to lower production costs
- Focus on order activities of new energy-saving aircraft (A350XWB, A320Neo, Boeing737MAX etc.)



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The rod-end fastener business is doing very well. I hope the euro will become a little stronger in order to raise more profits than predicted. In addition to the expansion of standard rod-end production at the Lop Buri Plant in Thailand, the Karuizawa Plant must be enhanced even more to prepare for new orders. Otherwise, we will be unable to completely accommodate customers' requests.

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New Medium-term Business Plan Targets (Billions of yen)



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Sales & profits jump up in LED backlight business

Solid profit contribution in 2H

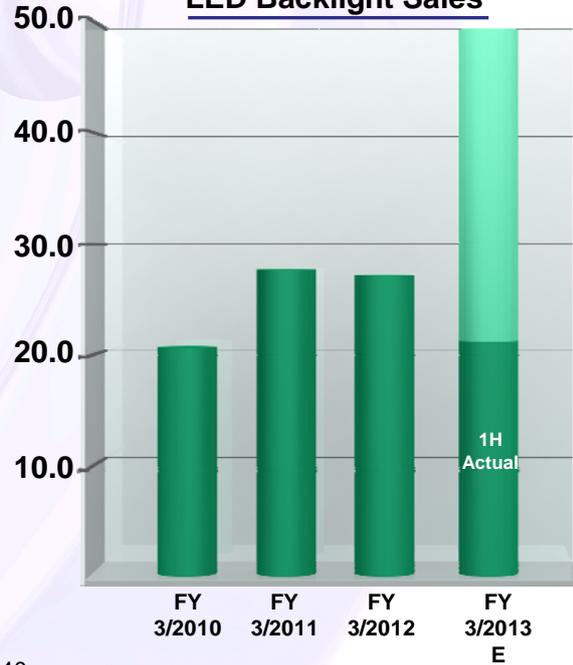
Solutions at hand for technical problems in various fields

Sales for tablet PCs and smartphones show sharp rise

Toward further increased sales, tablet PC-sized products see enhancement of new order activity

Toward better cost competitiveness, introduction of automated machines and promotion of sub-assembly in Cambodia

(Billions of yen)



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The sales of LED backlights jump up as shown on this slide.

Toward the next fiscal year

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New Medium-term Business Plan Targets (Billions of yen)



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I believe hybrid components are the best products to bring Minebea's comprehensive strength, uniting vertical and horizontal, together.

At Minebea, the number of overseas engineers is very large while the number of domestic engineers has been quite small. Our Japanese plants are Hamamatsu, Omori, Fujisawa, Karuizawa and Yonago. We originally started from a business unit-based organization, and then adopted a plant-based one, which has emphasized independence at each one. Although I talk about the comprehensive strength of vertical and horizontal, I have always been concerned about communication difficulties among employees of different organizations. Since my first day as president, I have been determined to take measures to resolve this problem.

Opening of Tokyo Research Development Center under president's direct control

Positioning as a profit-center rather than cost center

- In new Tokyo Headquarters building purchased in August 2012, opening planned at the beginning of 2013 (about 60 employees to begin with)
- In Tokyo, where researchers and data gather, plan for speedy development function of hybrid component products
- Timely acquisition of skilled researchers and technical developers with increased mobility

Large tax break merit in sale of land post-transfer of Omori Plant

Moving to our own building allows large-scale actual cost cutting



(Mita, Minato-ku, Tokyo)

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In the light of this point, I have taken the step at this time of building the Tokyo Research & Development Center, under my direct control. I believe that, given the difficult economic situation, chances are larger that talented engineers will choose Minebea for a place to work. It has always been said that "people, goods and capital" are the keys. We have some debts but not in trouble financially. Concerning goods, we have expanded worldwide and own excellent machinery and plants all over the world. What we are short of is communication among our people. Once we have it, I have no doubt that our comprehensive strength uniting vertical and horizontal will be dramatically improved.

Since I became president, I have sown various seeds in order to change the company. As of the coming March, it will have been two terms, four years. Although I was forced to respond ad hoc from time to time, I feel I have already taken almost all the strategic measures that I had in mind. The form is ready, and all we need is the spirit. The key is in how we add the spirit.

My plan is to connect domestic bases such as Karuizawa and Hamamatsu with Tokyo as the basis, in order to create a hub for technological experts in circuit devices and machined components.

The building may seem beyond our means, but twice the current area is available at a lower cost. It will remain as an asset of some kind in twenty years and can be sold at any time, making a leaseback option possible for times of trouble as well as asset disposition.

Hoping that this will become an Asian base through alliances with the world's leading companies or M&A, as I will explain in the following slides, I decided to launch this center at this time.

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New Medium-term Business Plan Targets (Billions of yen)



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Given current economic trends, large-scale M&As to be handled cautiously for the moment

Precedence given to enhancing machined components business

- Enhance various alliances in machined components business field
- In other business fields as well, use M&A and alliances as necessary, as a method of business enhancement

As announced this February, we plan to make joint investments with the Development Bank of Japan Inc. and have already examined quite a few large-scale cases. We are still working on various cases currently, but since the future is becoming uncertain, we must be cautious while moving forward. Regarding machined components, as a way of sowing seeds, I hope to demonstrate formally by the end of this fiscal year how Minebea's machined components business should be next. Unfortunately, I have no announcements to make at this moment. But I will, by the end of this fiscal year, whatever it takes.

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Dividend Policy

Dividend

FY03/2013 interim dividend: **3** yen/share

Dividend forecast for FY03/2013: Year-end: **4** yen/share

Total year: **7** yen/share

Dividend Policy

Our basic dividend policy gives priority to enhancing equity efficiency and improving returns to our shareholders, with dividends reflecting performance in light of the overall business environment while maintaining stable and continuous distribution of profits.

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Dividends have not changed from the forecast at the beginning of this fiscal year.

Minebea Co., Ltd.

Business Results

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

Any statements in this presentation which are not historical are future projections based on certain assumptions and executive judgments 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 but are not limited to: (i) changes in economic conditions or demand trends related to Minebea's business operations; (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.

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