Minebea
Passion to Exceed Precision

Business Results

Second Quarter of Fiscal Year Ending March 31, 2017

November 2, 2016
Minebea Co., Ltd.

Minebea
Passion to Exceed Precision

1. Financial Results

2. Policy and Strategy

November 2, 2016

Financial Results

Hiromi Yoda

Director, Senior Managing Executive Officer

November 2, 2016

Summary of Consolidated Business Results for 1H

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Sales & OP lower YoY due to currency and other factors, but better than plan

(Millions of yen)	FY ended Mar. '16 1H	FY ending Mar. '17 1H	Change YoY	1H of FY ending Mar. '17 May Forecast	1H of FY ending Mar. '17 Vs. Forecast
Net sales	295,554	275,133	-7%	260,000	106%
Operating income	27,417	18,594	-32%	18,300	102%
Ordinary income	23,326	18,915	-19%	17,800	106%
Net income attributable to owners of the parent	17,758	12,745	-28%	12,100	105%
Net income per share (yen)	47.49	34.01	-28%	32.32	105%

Foreign exchange rates	1H of FY Mar. '16	1H of FY Mar. '17	1H May Assumption
US$	¥121.77	¥107.31	¥105.00
Euro	¥134.55	¥120.08	¥122.00
Thai Baht	¥3.59	¥3.06	¥3.00
Chinese RMB	¥19.52	¥16.28	¥16.20

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For the first half of the fiscal year ending March 2017, net sales decreased mainly due to negative yen-translation impacts. Operating income also decreased mainly due to prolonged LED backlight inventory adjustments in 1Q in addition to temporary expense increases related to MITSUMI business integration.

Compared to our initial plan, however, net sales and operating income was achieved. This is mainly due to the fact that a slowing in the HDD market shrinkage positively impacted pivot assemblies and HDD spindle motors, shipments of motors, especially for automobiles, remained firm and foreign exchange rates were largely in line with our initial assumptions.

We estimate that foreign currency translations have pushed net sales down by 32.8 billion yen, while simultaneously pushing operating income down by 0.2 billion yen.

Summary of Consolidated Business Results for 2Q

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Despite currency, sales & OP jumped up QoQ
Mainly due to LED backlight shipment increase

(Millions of yen)	FY ended Mar. '16	FY ending Mar. '17		Change	
	2Q	1Q	2Q	YoY	QoQ
Net sales	168,162	120,288	154,844	-8%	+29%
Operating income	14,905	6,971	11,623	-22%	+67%
Ordinary income	10,453	7,255	11,659	+12%	+61%
Net income attributable to owners of the parent	7,700	3,176	9,568	+24%	X 3.0
Net income per share (yen)	20.59	8.48	25.53	+24%	X 3.0

Foreign exchange rates	2Q of FY Mar. '16	1Q of FY Mar. '17	2Q of FY Mar. '17
US$	¥122.56	¥111.12	¥103.50
Euro	¥136.35	¥125.16	¥115.00
Thai Baht	¥3.51	¥3.14	¥2.97
Chinese RMB	¥19.55	¥17.03	¥15.52

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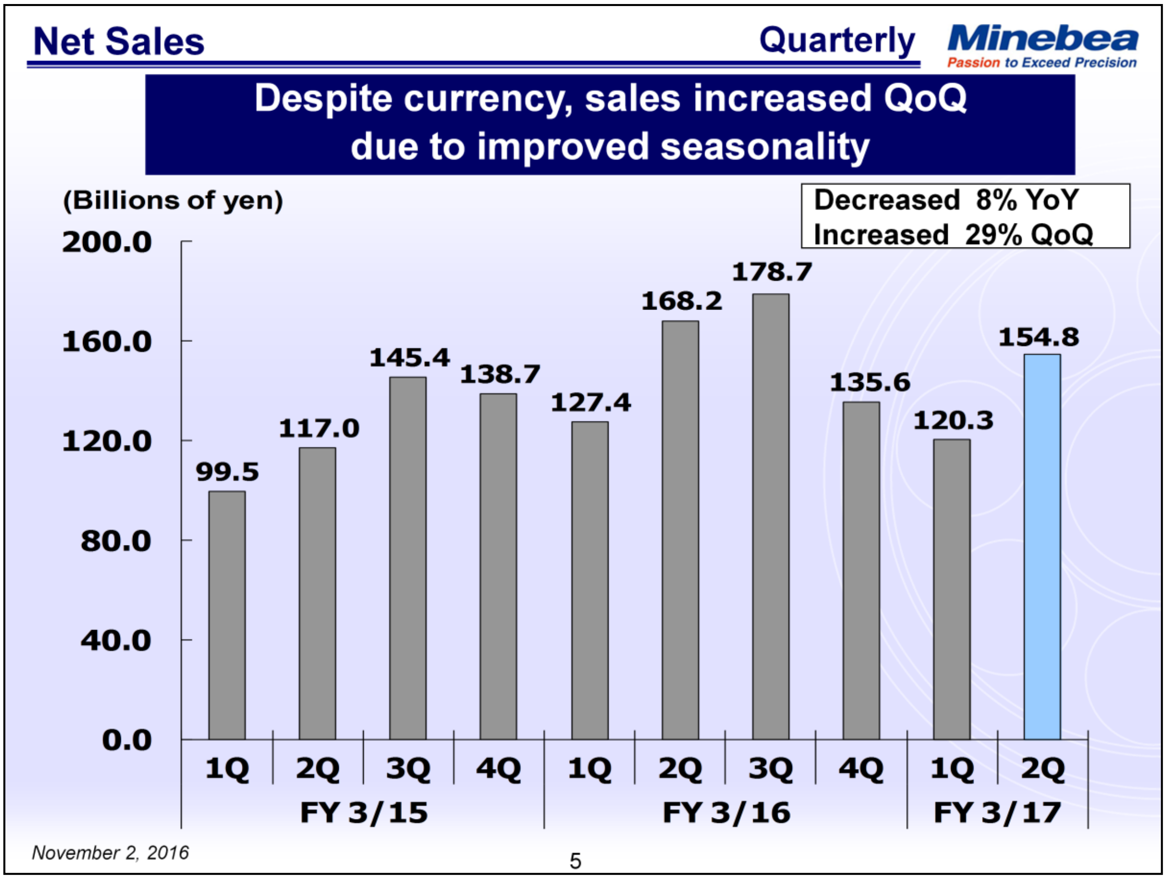
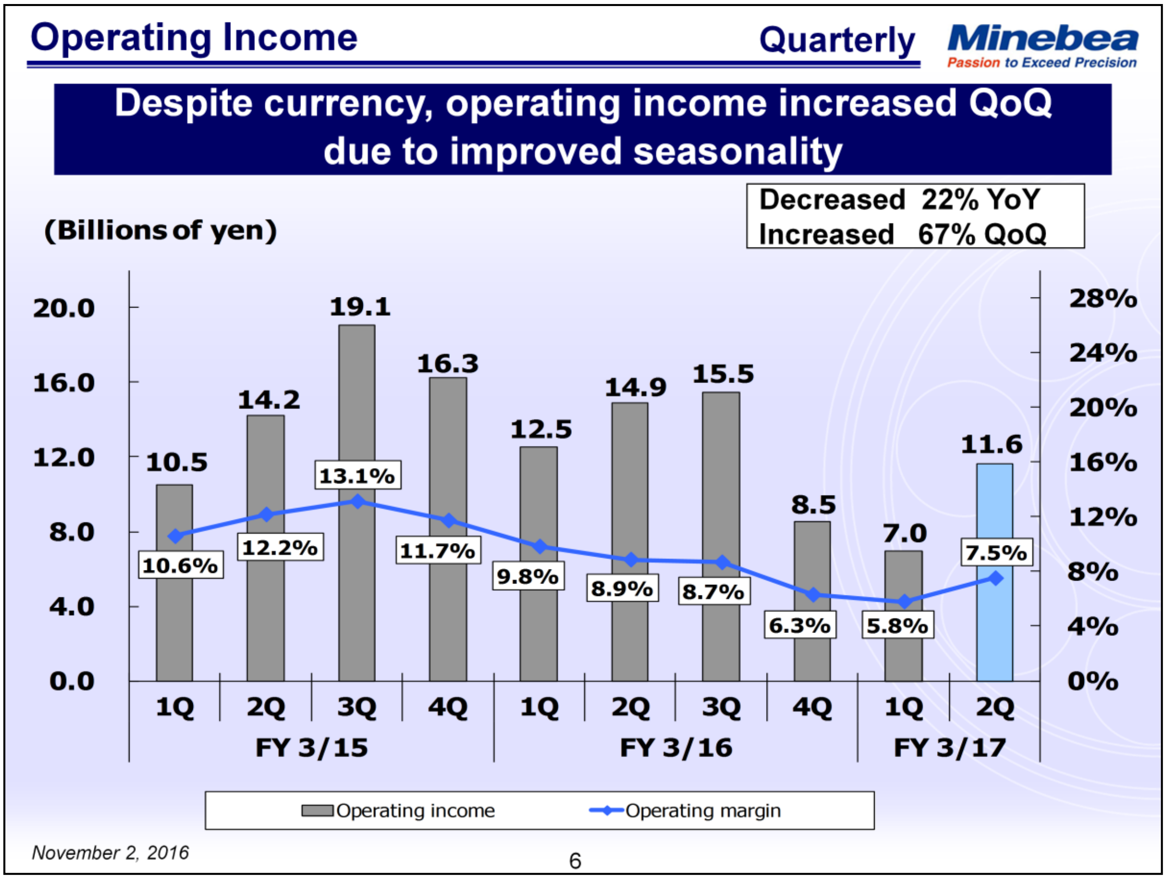
For the second quarter of the fiscal year ending March 2017, net sales, operating income, ordinary income and net income all increased significantly compared to the previous quarter, despite the stronger Japanese yen. This is due to the fact that shipments of LED backlights have started and increased for this year's models with a slight delay and a hiccup, but without significant problems, and demand for automotive motors increased steadily.

We estimate that foreign currency translations have pushed net sales down by 24.4 billion yen year on year and down by 9.9 billion yen quarter on quarter while simultaneously pushing operating income down by 1.9 billion yen year on year and down by 1.4 billion yen quarter on quarter.

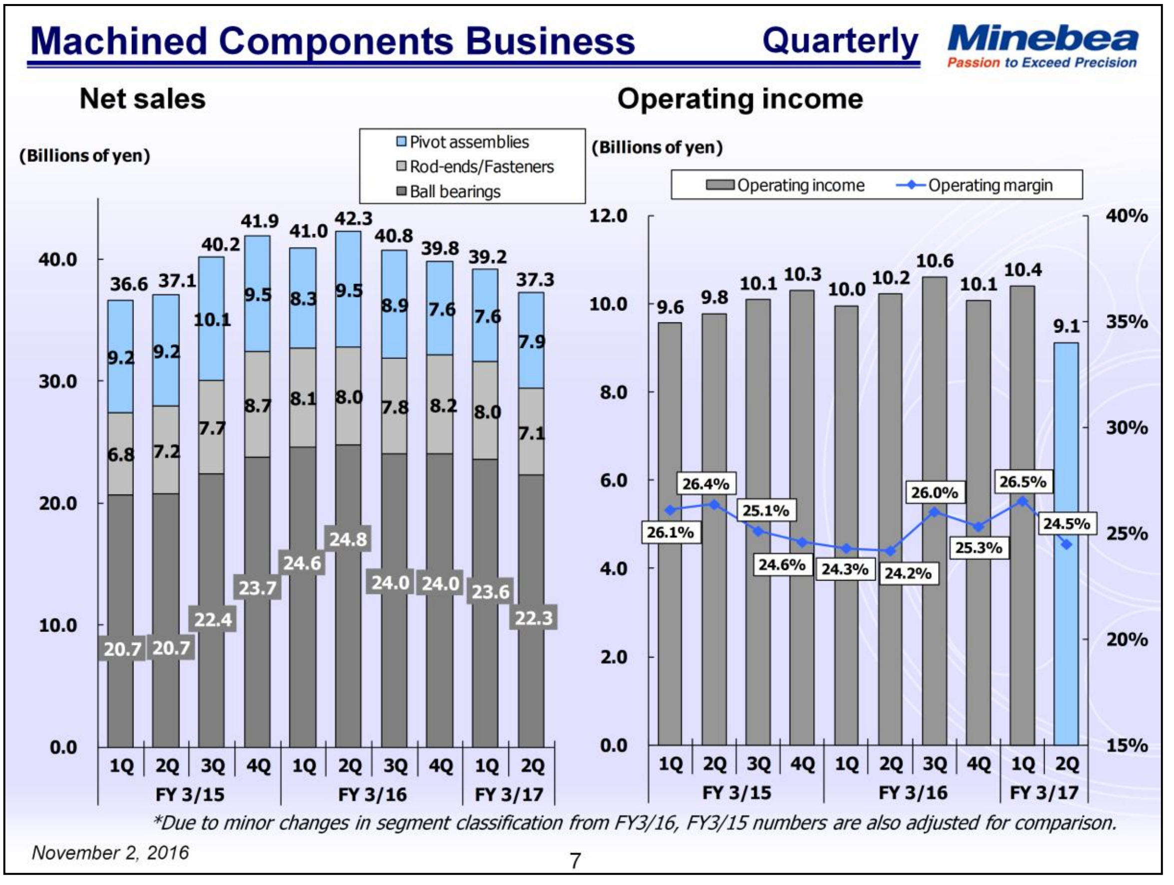


In the second quarter of the fiscal year ending March 2017, net sales increased 29% over the previous quarter, to 154.8 billion yen mainly due to LED backlight growth. We expect even higher net sales in the December quarter as demand increases, especially for LED backlights.



Operating income for the second quarter increased significantly over the previous quarter to 11.6 billion yen. The operating margin increased by 1.7 percentage points quarter-on-quarter, to 7.5%.

We expect even higher profits, mainly driven by LED backlights, due to their seasonality in the December quarter.

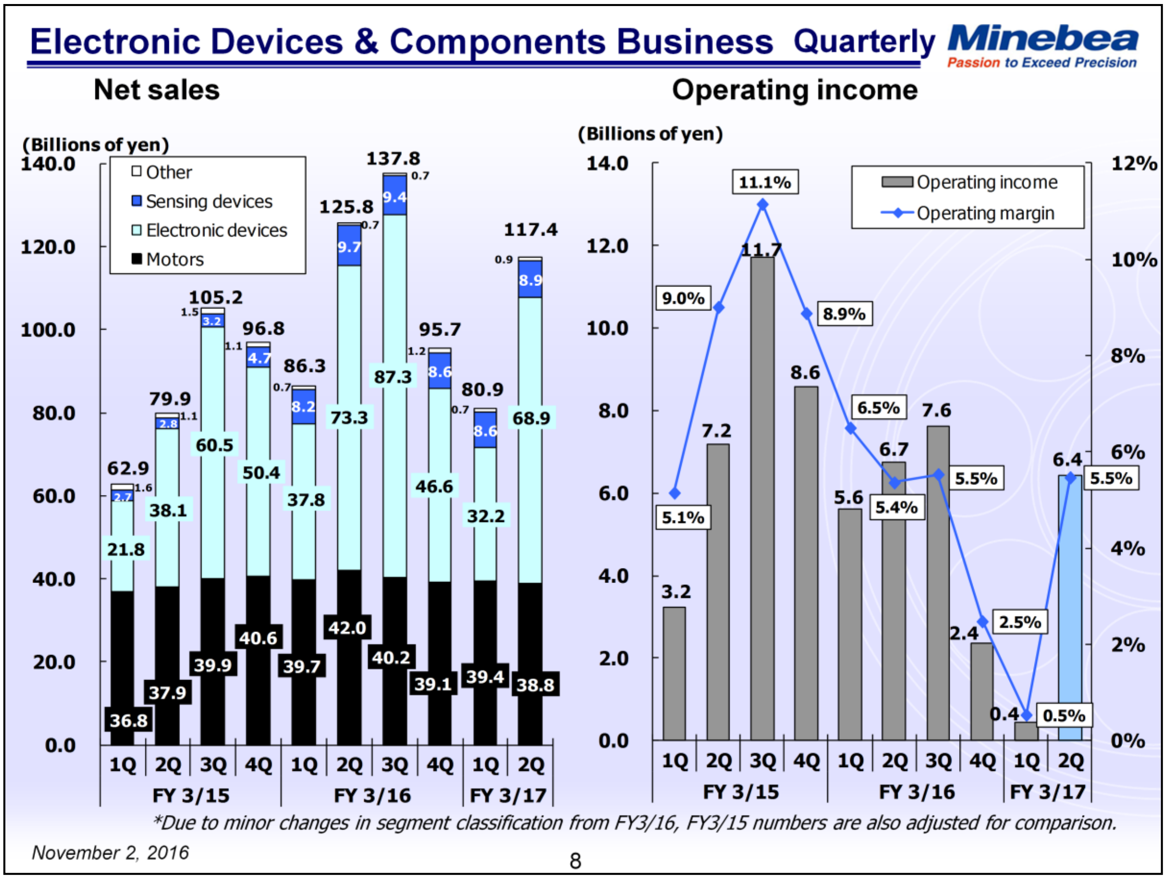


Second quarter net sales for the Machined Components business segment decreased by 12% from the same period last year and by 5% from the previous quarter, to 37.3 billion yen. Operating income declined by 11% from the same period last year and by 12% from the previous quarter, to 9.1 billion yen. The operating margin was 24.5%. This is mainly due to the impact of negative currency translation followed by negative factors in ball bearings and rod-ends / fasteners.

Sales of ball bearings decreased 6% quarter on quarter, to 22.3 billion yen. The external shipment volume hit another monthly record high of 181 million units in September, surpassing the previous record set in June, and reached an average of 171 million units per month for the quarter, making it 16 quarters of consecutive year-on-year growth. However, profits decreased compared to the previous quarter, mainly due to negative currency translation impacts in addition to product mix deterioration.

Sales of rod-ends and fasteners decreased 11% compared to the previous quarter, to 7.1 billion yen, and there was a decline in profits. In addition to the negative currency translation impacts, shipments decreased on decreased demand from the Japanese government. However, given the steady demand expected from the commercial aircraft industry as a whole, we would like to expand and strengthen this business unit by actively investing in mechanical parts with bearings.

Although sales of pivot assemblies increased 4% quarter on quarter, for a total of 7.9 billion yen, profits decreased slightly, mainly due to negative currency impacts. However, the HDD market picked up some steam started in the June quarter onward and our market share has grown further.

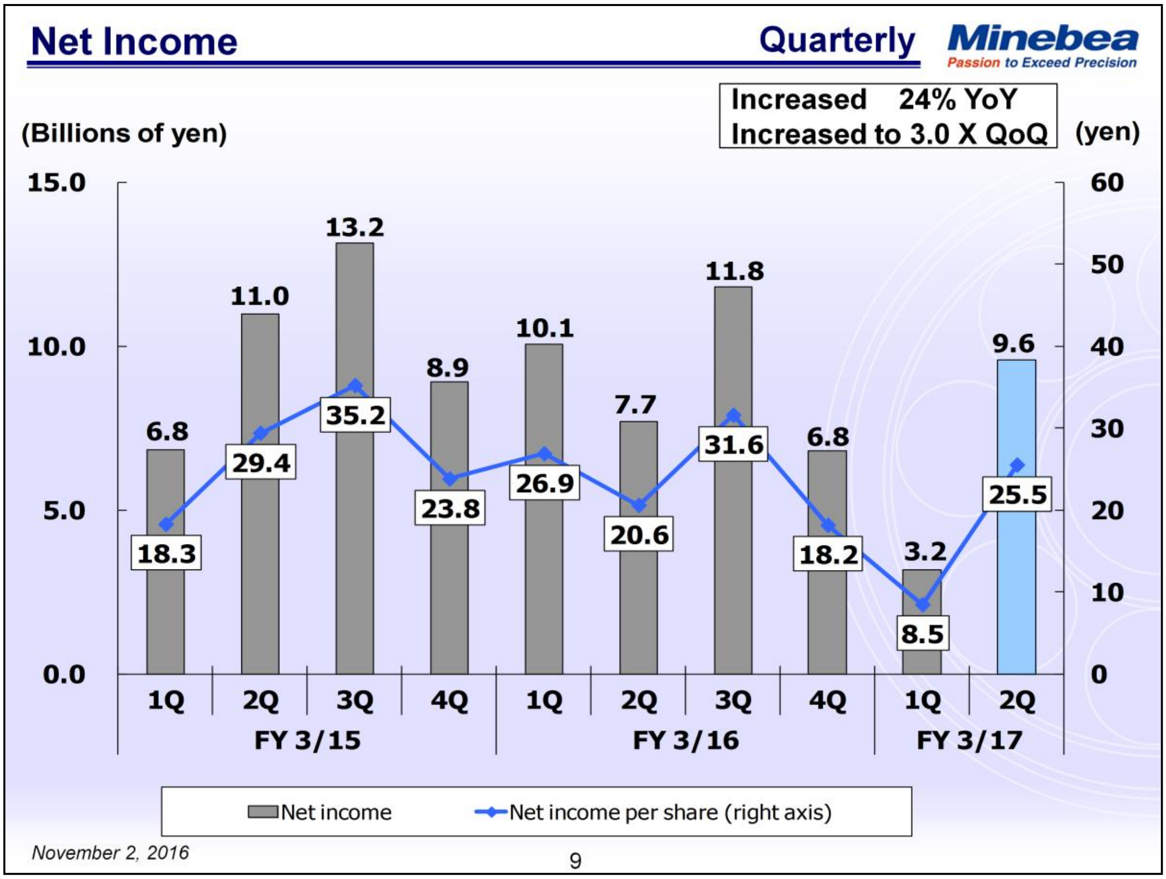


Second quarter net sales for the Electronic Devices and Components business segment totaled 117.4 billion yen, a decrease of 7% from the same period last year, but an increase of 45% from the previous quarter. Operating income was 6.4 billion yen, a decrease of 5% from the same period last year, and 15 times that of the previous quarter, while the operating margin jumped up 5.0 percentage points from the previous quarter to 5.5%.

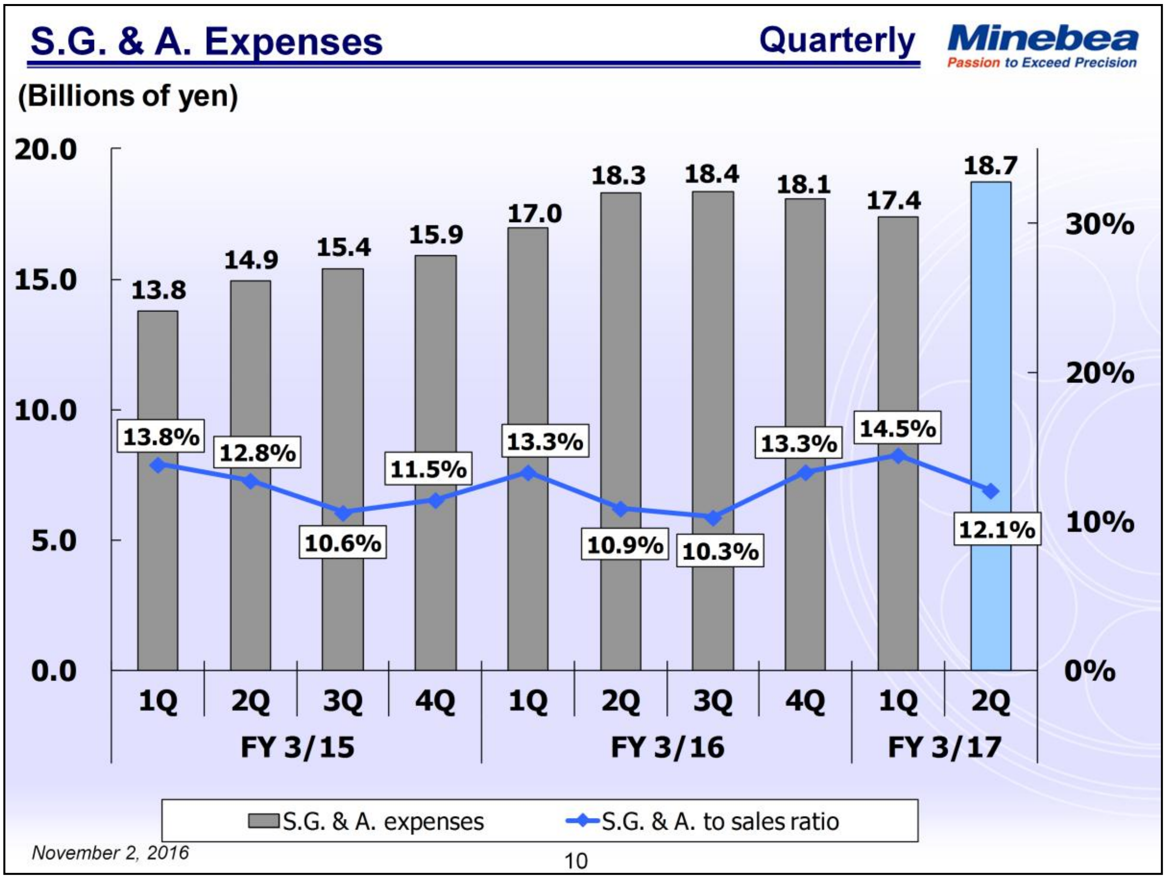
Sales of motors decreased 2% quarter on quarter to 38.8 billion yen. Profits were firm compared to the June quarter given the adverse currency environment, helped by steady demand for most of our motor products, although Moatech under restructuring returned to negative territory.

Net sales of electronic devices more than doubled compared to the previous quarter, to 68.9 billion yen, mainly due to the fact that shipments of LED backlights have started and increased for this year’s smartphone models during the quarter with a slight delay and a hiccup, but without significant problems, as seasonality improved. Profits also improved significantly quarter on quarter.

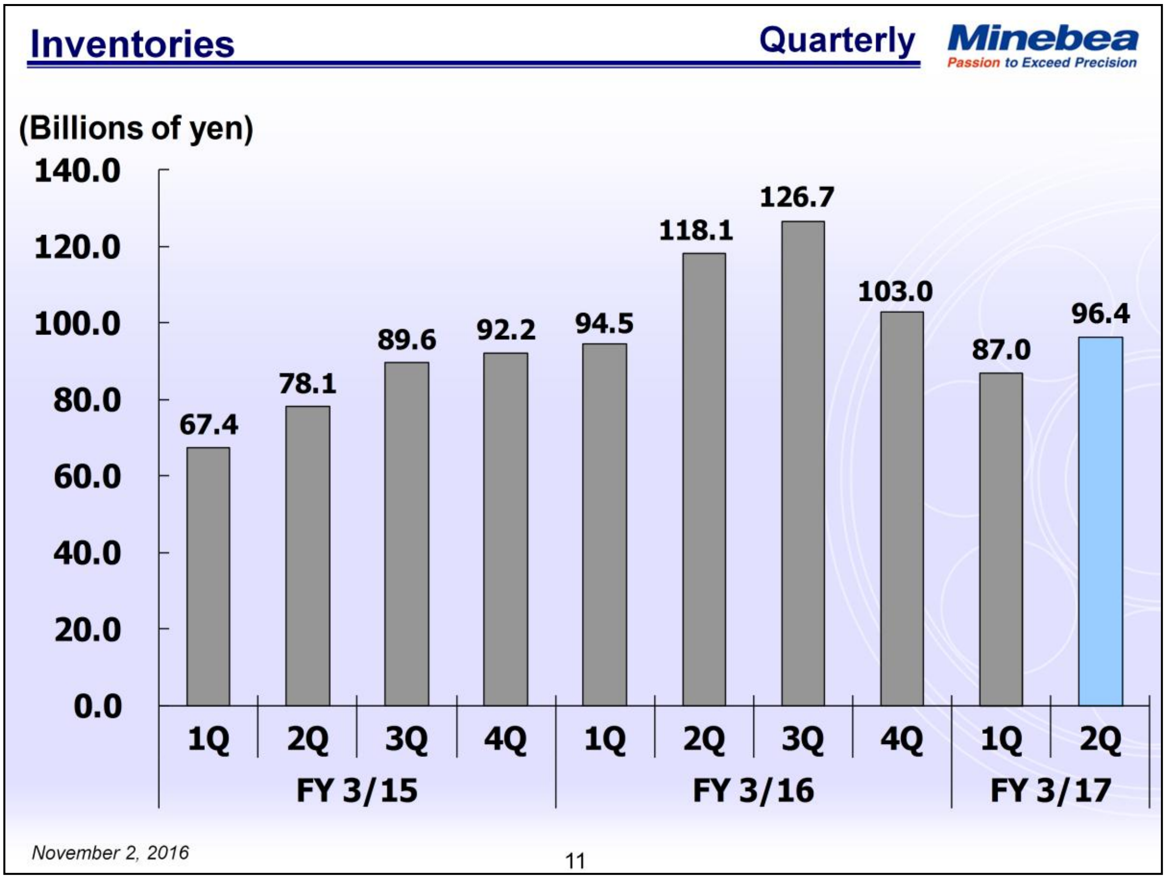
Sales of sensing devices totaled 8.9 billion yen, an increase of 3%, compared to the previous quarter. Profits decreased, however, mainly due to adverse exchange rates in addition to the fact that weaker European capital expenditure attributable to political uncertainty negatively impacted Sartorius MT&H.



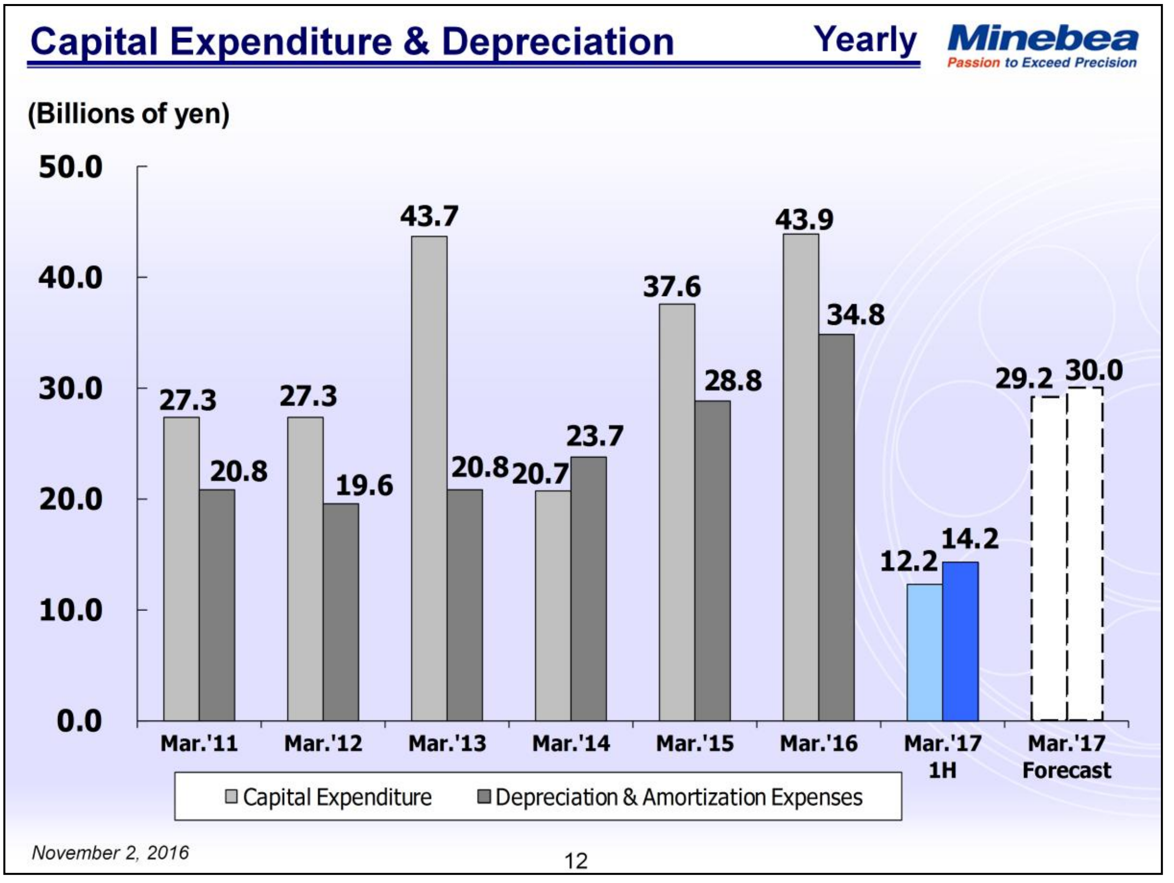
Net income for the second quarter tripled from the previous quarter to 9.6 billion yen. During the June quarter, we had an additional 2.0 billion yen corporate tax payment in response to a Thai Supreme Court decision. On the other hand, in the September quarter, we had a 740 million yen tax refund related to the same incident. Net income per share was 25.5 yen.



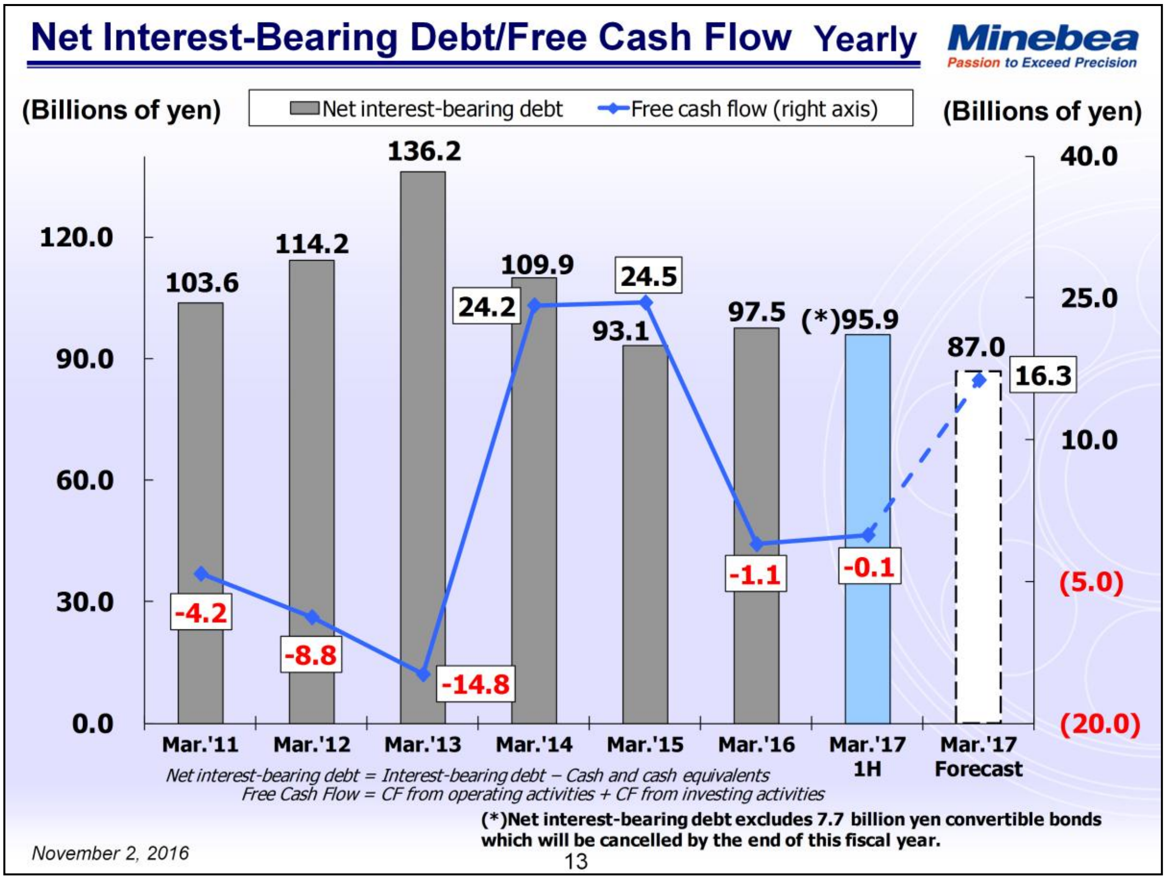
Second quarter SG&A expenses rose 1.3 billion yen from the previous quarter to 18.7 billion yen mainly due to a huge jump in sales, especially in LED backlights, and temporary expenses related to the business integration with MITSUMI. However, the SG&A expenses-to-sales ratio fell 2.4 percentage points from the previous quarter, to 12.1%.



Inventories at the end of the second quarter increased 9.4 billion yen from the end of the previous quarter, to 96.4 billion yen. This rise was mainly due to a temporary buildup in the LED backlight inventory as we ramped up production of this year's new models. We think that this inventory level is reasonable compared to the sales level.



Capital expenditures for the first half of this fiscal year came to 12.2 billion yen, while depreciation and amortization expenses for the period totaled 14.2 billion yen. Forecasts for this fiscal year’s capital expenditures as well as depreciation and amortization expenses remain unchanged. From now on, we will invest in the next growth areas such as the number three factory building in Cambodia and rod-end bearings as we have completed our major production capacity expansion investments for LED backlights during the last fiscal year.



Net interest-bearing debt, which is total interest-bearing debt minus cash and cash equivalents, totaled 95.9 billion yen at the end of the September quarter.

Free cash flow for the fiscal first half came to a negative 0.1 billion yen. However, considering that a 13.9 billion yen cash spent on a repurchasing of convertible bonds, which is in reality equivalent of a stock buyback, was counted in “Cash flows from investing activities” rather than in “Cash flows from financing activities” and reducing free cash flow by that amount, we think our cash generating power has made quite a recovery this fiscal year.

Forecast for Fiscal Year Ending March 31, 2017

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Full year guidance remains basically unchanged.

Net income reflects 6.2 billion yen loss from CB buyback.

(Millions of yen)	FY ended Mar. '16 Full Year	Fiscal Year ending Mar. '17 1H	2H Revised Forecast	Full Year Revised Forecast	YoY	2H Initial Forecast	Full Year Initial Forecast
Net sales	609,814	275,133	284,867	560,000	-8%	300,000	560,000
Operating income	51,438	18,594	26,406	45,000	-13%	26,700	45,000
Ordinary income	46,661	18,915	25,085	44,000	-6%	26,200	44,000
Net income attributable to owners of the parent	36,386	12,745	13,755	26,500	-27%	18,900	31,000
Net income per share (yen)	97.26	34.01	36.68	70.69	-27%	50.48	82.80

Foreign exchange rates	Mar. '16 Full Year	1H	Full Year Assumption	Full Year Initial Assumption
US$	¥120.78	¥107.31	¥105.00	¥105.00
Euro	¥132.75	¥120.08	¥122.00	¥122.00
Thai Baht	¥3.46	¥3.06	¥3.00	¥3.00
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(As for MITUMI ELECTRIC which we plan to integrate on January, 2017, we plan to consolidate its B/S, but not its P/L this fiscal year)

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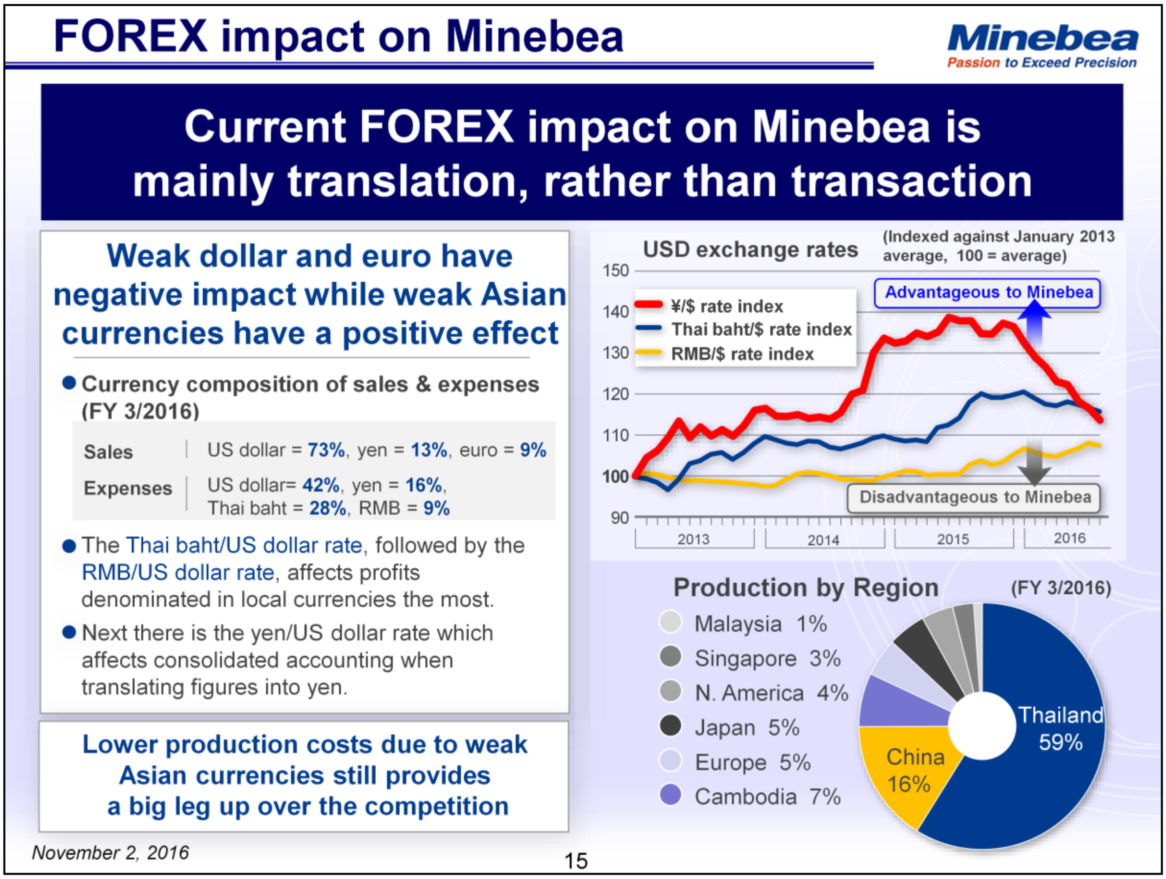
This is a summary of our forecast for the fiscal year ending March 2017.

Although we successfully achieved our sales and operating income targets for the fiscal first half, we would like to leave the full year forecast of sales, operating income and ordinary income unchanged, given the uncertainties in the currency market and unforeseeable customer demand, especially from smartphones and HDDs, from December quarter onward. However, net income forecast was lowered to adjust for expected 6.2 billion yen in extraordinary losses stemming from a convertible bonds buyback completed in June.

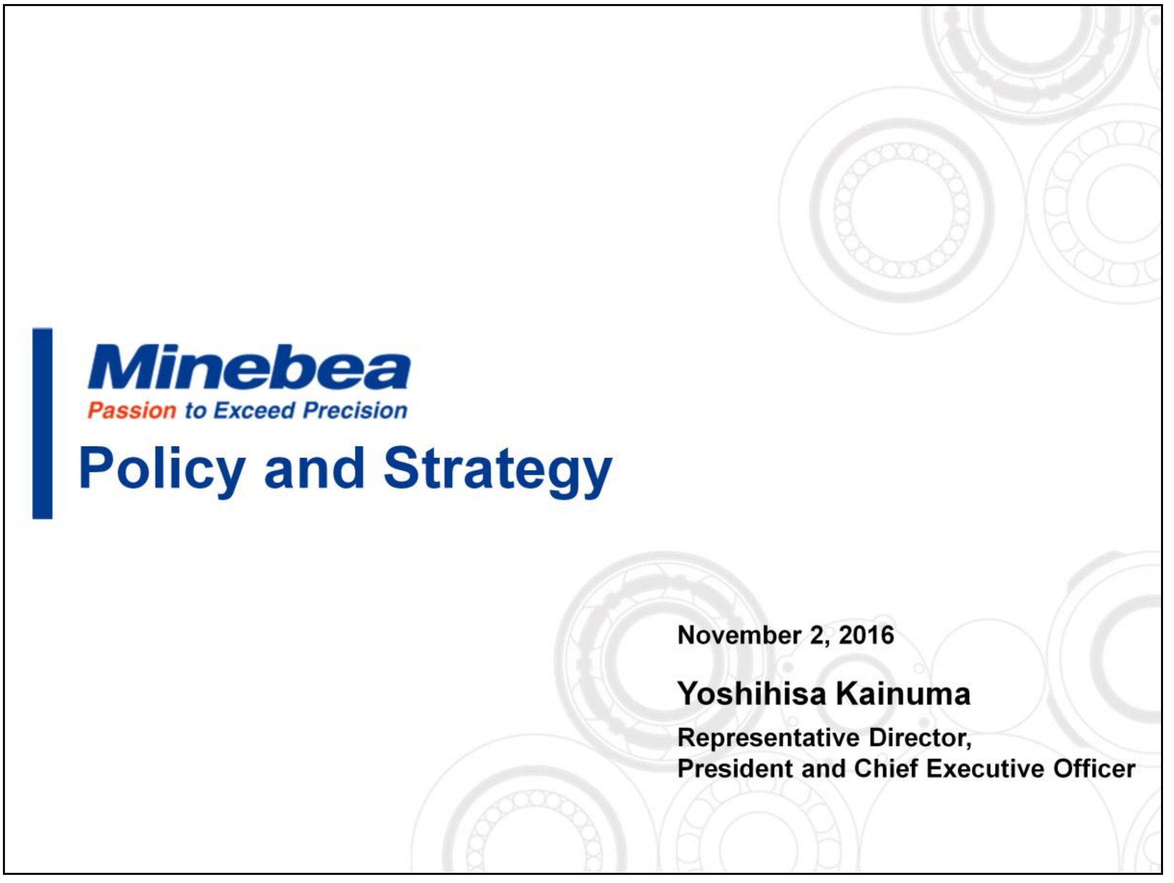


I would like to explain our currency exposure situation with this slide.

We think our currency exposure can be explained in two different stages since, as you can see in the pie chart in the lower right hand, more than 95% of Minebea's production takes place outside of Japan.

In the first stage, we will consider our overseas subsidiaries on the basis of foreign currency. In terms of net currency exposure, which is the sum of sales and expenses, we were net long position for the US dollar and net short for the Thai baht and the Chinese renminbi. Therefore, if Asian currencies become weaker against the US dollar, there is a tail wind for our foreign currency denominated profits. In the second stage, if the Japanese yen becomes weaker against the US dollar, when we consolidate these foreign currency denominated profits to Japanese yen-based accounting, there is a tail wind.

As you can see in the upper right hand line graph, the Thai baht and the Chinese renminbi remain weak against the US dollar in recent years. On the other hand, the Japanese yen is becoming stronger against the US dollar. During this fiscal year, since the Thai baht and the Chinese renminbi stayed in ranges against the US dollar, the second stage currency impact, that is, translation impact on the Japanese yen is the main factor. Although there was a negative impact from the stronger Japanese yen, we think it is still a better currency environment for Minebea, as the weaker Asian currencies make our production cost structure stronger.



Now I would like to go over our business policies and strategies.

1. Evaluation of 1H (FY 3/2017) Results

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Achieved fiscal first half targets!

FOREX were close to our assumptions

Positive factors
1. Motors performed better than plan mainly due to automotive applications.
2. Pivot assemblies and HDD spindle motors benefitted from slower-than-expected decline of HDD market.

Negative factor
1. Higher-than-expected expenses for preparations to MITSUMI business integration

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As noted earlier, we saw a substantial year-on-year decrease in earnings. The factors behind this drop include the adverse effects of currency fluctuations as well as the fact that the LED backlight shipment volume in this first quarter fell below where it was for the same period last year when the shipment volume surged. On the upside, we achieved most of our targets since we had projected that the yen would appreciate this fiscal year, to reach 105 yen.

2. Full-year forecast (FY 3/2017)

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Full-year targets well within reach!

Keys to achieving full-year targets

1. Core businesses remain upbeat.
2. LED backlights likely to reach targets despite the cloudy outlook.
3. FOREX to remain unpredictable.
4. Revised only the forecast figure for net income since a loss from convertible bond retirements (6.2 billion yen) has been factored into extraordinary losses.

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	Full Year	1H	2H Revised Forecast	Full Year Revised Forecast	YoY	2H Initial Forecast	Full Year Initial Forecast
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We basically made no revisions to the full-year forecast. I will give you more details about each business segment later on.

Looking at ball bearings first, we set the external monthly average sales target at 180 million units under the first arrow of our new "Five Arrows" strategy. While we had originally set the target at 150 million units under the previous Five Arrows strategy, we raised the figure to 180 million after quickly achieving that initial target. As things turned out, the shipment volume hit 181 million units in September, which is an extremely impressive figure for us. It was quite a jump over the previous record-high shipment volume of 168 million units set in June. I have been told that this rise was due to a temporary surge in demand in China, our primary market, in anticipation of its National Day holiday coming the following month. Then on top of that, October sales shot up to hit 177 million units, giving us a big push forward. This means that in response to a growing demand for high-end products, Chinese home appliance manufacturers are now pursuing high quality, high performance products. You're probably all familiar with the vacuum cleaner fitted with a high-speed motor that runs at a speed of 100,000 rpm. The ball bearings used in those vacuums are entirely Minebea's. The same manufacturer who makes these vacuum cleaners also uses Minebea ball bearings in its new high-end line of hair dryers. Chinese manufacturers as well as a host of others have taken these products apart and discovered that they all use Minebea ball bearings. Now they are placing orders with us.

Secondly we see that the average price has dipped slightly on a local currency basis and that's perhaps my fault since I'm always urging our people to go for a monthly sales volume of 180 million units ASAP.

Then came some small-lot orders and without any surplus we were suddenly faced with an inventory shortage that we needed to make up for. That meant our factories had to frequently change the setup of their machines, which caused a decline in production efficiency.

While all these factors dragged profits for the Machined Components business down during this past quarter, we are definitely leading the pack and will dramatically boost production volume as well as our inventory. We should also be somewhat selective about the orders we take. We have enough extra space to produce 20 million units a month more at our new factory in Thailand. If we fill that space with manufacturing equipment, we'll have to make a big investment in building another facility. I'm telling our people to take a deep breath and think carefully about what strategy we should use before moving ahead. Since this profit drop is not accompanied by a decline in our market share, I think it's just temporary.

4. Motor business to bring in steady income mainly from in-vehicle applications

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As a result of thoroughgoing structural reforms, the motor business turned around in FY 3/2014 and has become a steady source of revenue mainly for in-vehicle applications.

Structural reforms and outcomes

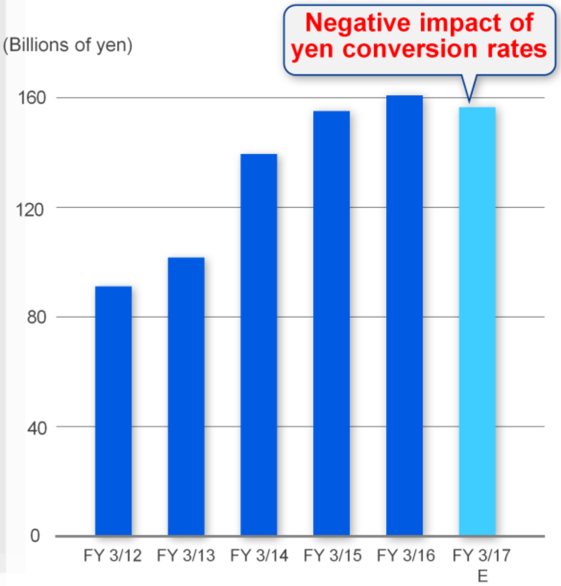
Structural reforms

- Cutting fixed costs: revamping and automating processes
- Better product mix: focusing on profitable products
- Enhancing product development capability
- Improving productivity: better yields
- Launch of Cambodian plant and transfer of some manufacturing operations in 2011
- Stopped making vibration motors in 2013

Improving profitability

- Better profitability, due largely to a lower break-even point and increased earnings fueled by growing motor sales, turned the business around in FY 3/2014.
- Profitability will continue to gradually improve, making the business a stable source of income.

Motor Sales



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When March rolls around I will have been president for eight years. Before becoming the president of Minebea, I served as the president of Minebea-Matsushita Motor Corporation (now the motor business) for three years. Although the business was not profitable back then, I worked to implement sweeping reforms with a focus on in-vehicle applications and we have finally seen it turn around. Now that the business is generating a profit in all product categories, including brush DC motors, I will stick with the current strategy that is focused on in-vehicle applications with an eye to achieving even more growth.

5. Beefing up growth for sensing devices

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Enhance strategies for medium- to long-term growth despite adverse effects of the FOREX and European market downturn

Current status and outlook

- The yen's appreciation has a negative impact on sales in yen terms.
- Adverse effect of dwindling capital expenditures in Europe as Brexit and other factors cast a shadow of uncertainty
- Sales of seat sensors steadily growing in the North American automobile market.

Create synergy with Sartorius MT&H

- Started implementing promotional activities under the Minebea Intec brand in September 2016.
- Expand sales channels via cross-selling (few overlapping customers)
- Acquisition of 2 French industrial weighing equipment companies steadily boosting earnings

Participating in FachPack, German packaging solutions exhibition

Suitable for food, medical, and other applications that require highly clean environments

New high-end weighing equipment, CS5000

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As far as sensing devices go, Sartorius MT&H, a German company we recently acquired, failed to reach the target set for the fiscal first half. One reason for that, besides sluggish capital expenditures in Europe due to the impact of Brexit and others, is that we incurred temporary expenses for the ongoing integration of operating sites for two French companies we acquired this spring. Minebea's Sensing Device business unit (formerly the Measuring Components business unit) also failed to achieve its target due to a later-than-expected decision on the part of one customer to use our components in its new product. These drawbacks are just temporary and not a major concern.

6. Aircraft parts to focus on investments to grow

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Plan to make aggressive investments in growing market

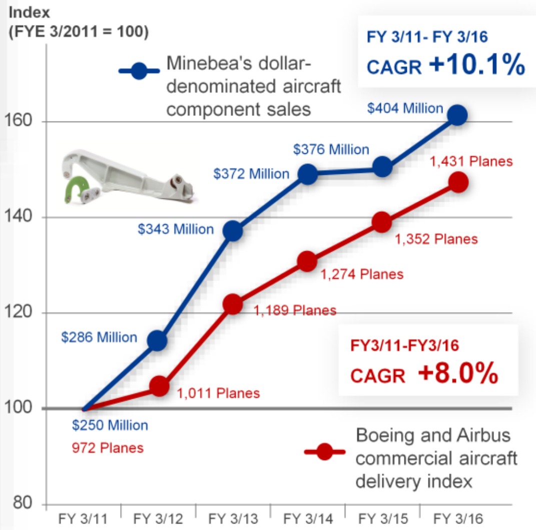
Growing commercial aircraft production

- The market will remain robust as both Boeing and Airbus work on an order backlog for the next 8-9 years.
- Minebea's dollar-denominated aircraft component sales over the last 5 years increased at a slightly higher rate than the growth rate of the total aircraft production volume of Boeing and Airbus combined. Steadily growing sales are expected to continue.
- In the short run however, the yen's appreciation will have a negative impact especially on Karuizawa products.

Aim for 70 billion yen sales in the medium term and invest 10 billion yen over the next 5 years

- While riding on the wings of soaring aircraft production, boost sales of electromechanical parts (expand product lines) to increase earnings per aircraft with an eye to accelerating growth.
- Invest 10 billion yen in Japanese and Thai manufacturing sites over the next 5 years to achieve the 70 billion yen in aircraft component sales targeted in the New "Five Arrows" strategy.
- Step up marketing efforts for products that incorporate the ceramic bearing technology of Minebea's overseas subsidiary, CEROBEAR.

Minebea's Dollar-denominated Aircraft Component Sales vs. Boeing and Airbus Commercial Aircraft Production Volumes



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The status of our aircraft parts business is just as it is described here and as I have repeatedly explained. We will invest 10 billion yen to make it a core business. According to newspaper reports, it's hard to get orders for ultra-large aircraft models such as the A380, but aircraft makers have a huge order backlog for all types of aircraft, from small to large. Given the strong demand, we don't see any need to alter our strategy.

7. Status and Future of HDD-related Business

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Continue to work on improving profitability despite the shrinking HDD market

Nearline model sales remain strong despite of overall market decline

- While NAND flash will continue to chip away at demand for notebook PCs, tablets, smartphones, and other mobile products as well as enterprise devices, nearline devices for data center applications will keep growing.
- Continue to work on improving profitability by leveraging the less competitive environment of the shrinking HDD market to keep our market share and sales up.

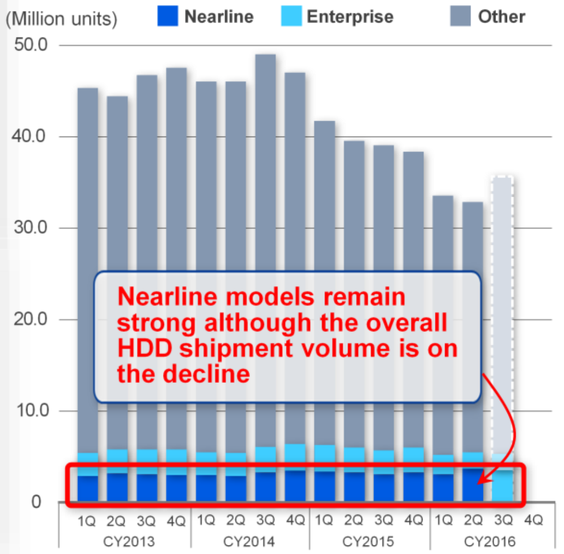
Pivot assemblies

- Market share to increase from 70% to 80%
- While internal ball bearing sales are dwindling in a shrinking HDD market, external sales are increasing at a much faster pace.

HDD Spindle motors

- Growing nearline device sales are softening the impact of the shrinking HDD market.

Quarterly HDD Market Shipment Volume (monthly average)



Source : TSR

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While demand in the hard disk drive market did not fall as much as we had anticipated, it did continue to lag. On the other hand, our market share for pivot assemblies, which is up to 80%, has steadily buoyed performance. While NAND flash devices (SSDs) are HDDs' big competition, these devices alone cannot meet the demand that's surging in step with rapid digitalization.

8. Current status of LED Backlight business

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Fiscal second half may exceed plan targets !

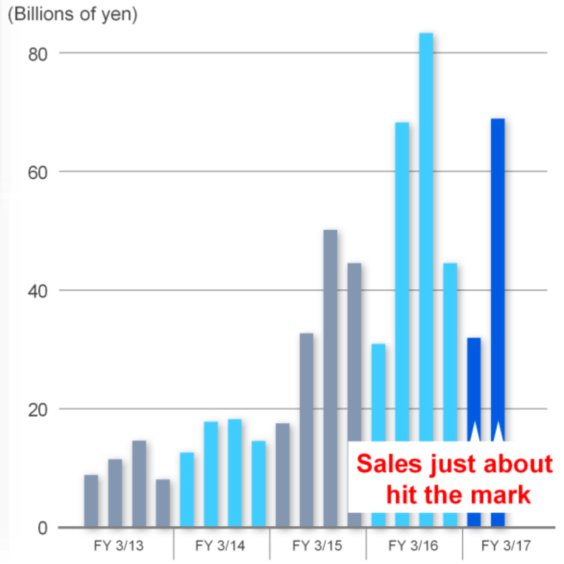
Fiscal first half results

- First half sales were slightly above target while operating income just missed the mark due to a delay in launching this year's models.
- Production has been fully launched with shipment of new models beginning in 2Q.

Fiscal second half

- Current yields, volume, and market share are all higher than what they were last year.
- Operating income for this FY is expected to be on par with last year.
- The outlook for the future is still uncertain since sales will be largely affected by the smartphone market and customer trends.

LED Backlight Sales



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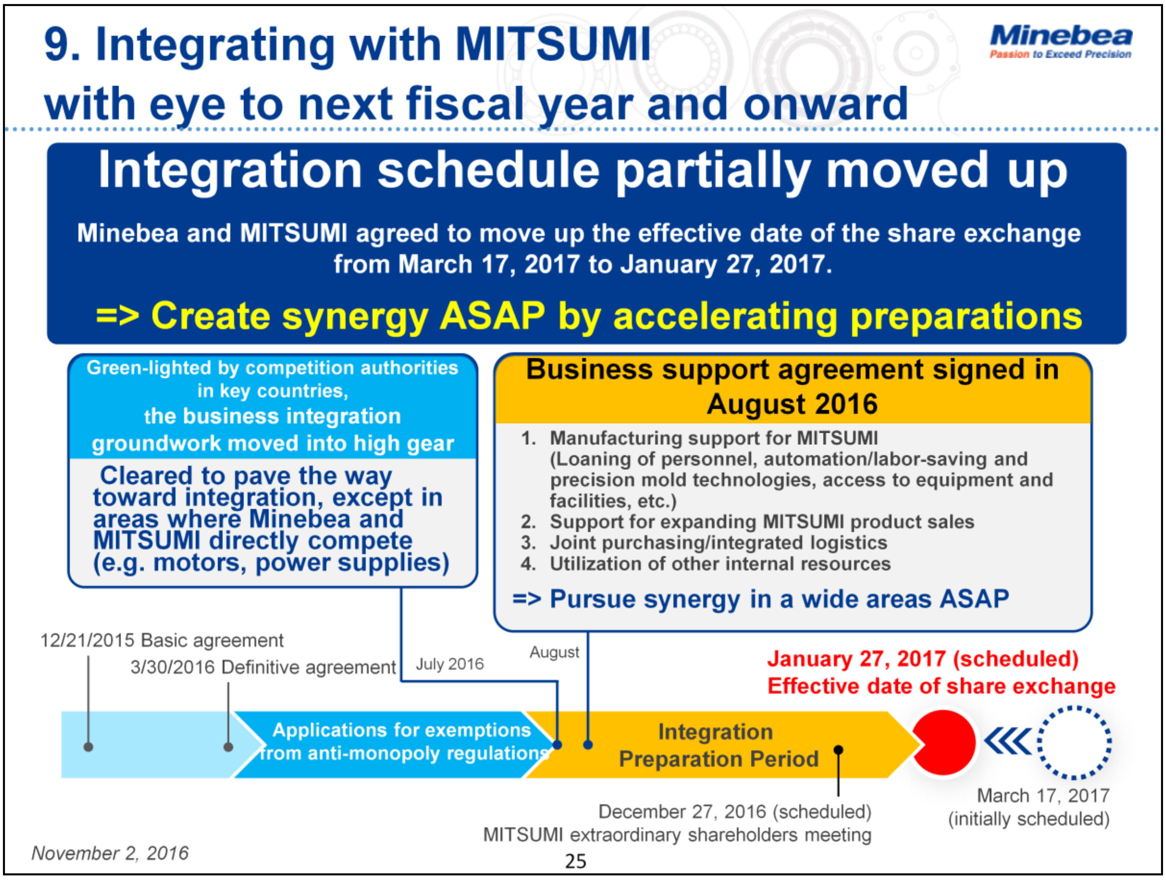
Although we initially had some problem with LED backlight production yield and efficiency again this year when starting and ramping up production of parts for new smartphone models, production is currently moving full steam ahead. We expect to see performance in the second half improve over the first. Looking at demand over the last few years, you can see that we have been shipping more in the third quarter than we have in the second quarter, so our current forecast is based on that trend.



I know that you may have concerns about the business integration with MITSUMI ELECTRIC. We've already gotten the green light from the competition authorities, but there is still a lot of work that needs to be done at MITSUMI. That's why we signed a business support agreement and started providing assistance with its operations. We then decided to move up the effective date of the share exchange from the initially scheduled date of March 17 of next year to January 27 so we can integrate our businesses ASAP. MITSUMI plans to hold an extraordinary general shareholders meeting on December 27 this year. It is still a separate and independent entity. Until we get approval at its shareholders meeting, I'm not MITSUMI's president and cannot ask it for various documents and materials. I want Minebea and MITSUMI to become one company soon so I can take further steps in providing managerial guidance. I plan to make changes to many different aspects of MITSUMI's corporate culture right away, including its management practices, and rebuild its business portfolio so we'll see positive outcomes of the integration in the next fiscal year. That's the reason why we moved the schedule up by approximately two months. MITSUMI announced its financial results for the second quarter today and I'm aware that the company is in a tight spot. Once we start providing MITSUMI deeper assistance with its operations, we should be able to see the positive effects of the integration in no time.

10. LED backlights to remain in operation next year

Minebea Passion to Exceed Precision

No news to cut models using Minebea products next year

Sharpen competitive edge

- In April 2014 we changed the depreciation method used for LED backlight manufacturing equipment to a 2-year accelerated depreciation method (instead of the conventional 10-year straight-line depreciation) in light of the obsolescence risk .
- Investments aimed at boosting production capacity were completed in the first half of the last fiscal year.

Depreciation and amortization costs have already peaked out and will continue to decline.

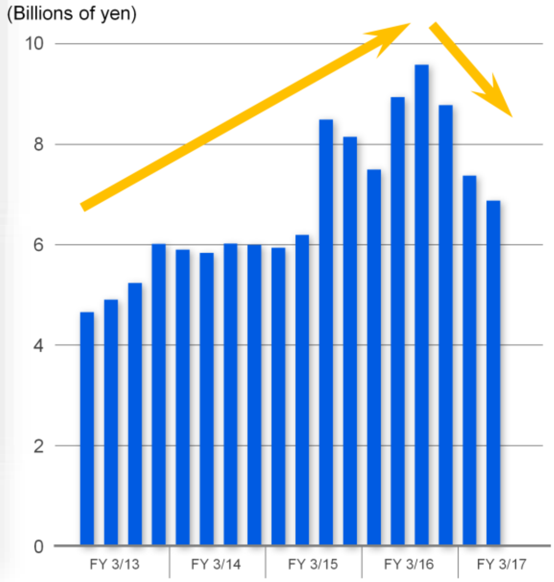
Enhance marketing

- Start all-out efforts to expand in-vehicle LED backlight sales.
- Entering the mid-range smartphone market remains a future option.
- Explore new developments in LED backlight technology by enhancing LED lighting products.

LCD is still evolving!

- Joint development of display with suppliers to counter OLED is well underway.

Company-wide Quarterly Depreciation and Amortization Expenses



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LED backlights are another area you may be concerned about. Our customers have not said that there would be fewer models of their smartphones for next year using Minebea LED backlights but I'm afraid I cannot say any more due to our confidentiality agreements with them. We have already been working with customers to develop LED backlights for their next year's models. As noted at the bottom of the slide, LCD is still evolving. I've been telling you over the last year that our supply chain companies would jointly develop an outstanding new product that could compete with OLED displays. The LCD dubbed XO, which JDI unveiled this year, is just such a product and we actually collaborated in its development. If you asked me a year ago whether or not all LCDs would be replaced by OLEDs, which don't require any LED backlight, I would have said it was too early to tell but the chance was 50-50. Now, to be honest, its 60-40. There's a 60% chance of that happening and the other 40%, well I just don't know for sure.

Our Cambodian plant's third building was finally completed. Measuring 63,000 square meters, it's our largest factory. Since I believe factories are our best products, I hope to bring in major deals by showing this factory to lots of different customers. The first step is hand assembly of ball bearings. Since assembly of extremely tiny ball bearings cannot yet be automated, we will start off making them in Cambodia. We are getting things ready now with an aim to make 5 million units a month initially and will eventually increase the monthly production capacity to 10 million units. We will also start producing some of our fan motors in our Cambodian plant's Building No. 1 for shipment to customers in Southeast Asia.

The best news is that we are finally making parts in Cambodia. We had been planning to use the Cambodian plant for assembly operations due to its relatively high electricity bills. Now that we have solved the problem of high electricity costs, we will start producing press and mold parts there. For this reason, we made some last minute design changes to Building No. 3, such as creating a space with a reinforced floor that could fully withstand the weight of the manufacturing equipment for press and mold parts. We are looking to begin integrated production in Cambodia in the near future and expect to leverage the Cambodian plant in the location strategy of MITSUMI's manufacturing operations.

12. New Sartorius MT&H Bengaluru plant

Minebea
Passion to Exceed Precision

Minebea's first manufacturing site in India!

To be a foothold for future Group operations in India

Overview of Sartorius MT&H operations in India

Feature	Local production for local consumption - Everything, from development and production to sales, is done locally for all products.
Target markets	Weighing and inspection equipment for the Indian food, pharmaceutical, medical, and steel industries
Net sales	7.7 million euro (FY 12/2015)

Industrial measuring equipment

Check weigher

Sartorius MT&H to open a new Bengaluru (former Bangalore) plant

Sartorius MT&H's new Bengaluru plant is Minebea's first manufacturing site in India. Minebea looks to use it for future Group-wide operations targeting promising high-tech sectors, like the automobile, aerospace, IT, as well as electronics industries, and more.

- **Start of operation:** December 2016 (scheduled)
- **Product lines:** industrial weighing and inspection equipment (plan)

Looking to transfer manufacturing of some MITSUMI products

Products: in-vehicle antenna modules

Start of operation: Fall 2017 (scheduled)

Rendering of new Bengaluru plant

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We are building our first factory in India and will celebrate its official opening on December 6. It's located in Bengaluru, which was formerly known as Bangalore. We were looking to set up shop there since a company that has been providing Sartorius MT&H with engineering services is also based there. We won't be building our own facility but instead renting a building. We plan to move MITSUMI's antenna operations there and make it a place where we can learn how India does business. As India achieves further economic growth and its market develops, ball bearings and other various products will expand into the market. For now our primary purpose is to carefully study the Indian market.

13. Plan to build new Slovakia plant

Minebea
Passion to Exceed Precision

Decided to build a new plant in Europe with an eye to expanding in-vehicle/industrial equipment business there!

Investment	100 million euro (5-year total)
Location	Kosice, Slovakia
Start of operation	January 2018 (scheduled)
Product lines	In-vehicle motors, etc.
Employees	2,000 (by 2022)
Site area	100,000 m^2
Floor area	26,000 m^2
Advantages	1. Participating European supply chain 2. Reduced currency risk 3. Lower transportation costs and tariffs (Production is currently based in Thailand)

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As for our plan to build a new plant in Slovakia, we have picked a place called Kosice. I met with the prime minister of Slovakia the other day and received an enthusiastic welcome. We want to increase sales of our in-vehicle parts, such as in-vehicle motors, in Europe. In order to do that we need to make our factory part of the European supply chain. So after more than a year of careful consideration with our employees in Germany we have finally decided to build a plant in Europe. Since Slovakia is an EU country, we can save on transportation costs as well as tariffs and basically avoid currency risk. In fact our European Motion Technologies business unit in Germany already had a small factory in Slovakia's capital, Bratislava, and we used the experience of operating a factory there as a reference in making our decision. We are focusing not only on the motors produced in Bratislava but also various lines of in-vehicle motors, MITSUMI antennas, and automotive LED backlights. These products have been adopted for European cars one after another. The site measures 100,000 square meters and we can option an additional 100,000-square-meter area right next to it. Over the next five years we will invest a total of 100 million euro, or about 12 billion yen at the current exchange rate, in the facility.

14. Marketing strategies to new heights

Minebea
Passion to Exceed Precision

Open a showroom in Tokyo's Yaesu area!

Boost sales by showcasing the strategic products and latest technologies that are taking Minebea to new heights

- **Opening** February 2017 (scheduled)
- **Displayed products**
  1. Lighting devices (SALIOT(Smart Adjustable Light for the Internet Of Things), thin surface-emitting lighting, undercabinet lights, floodlights, etc.
  2. Sensing devices (medical bed sensors, measuring components, etc.)
  3. Smart diorama
  4. Minebea's other strategic products
  5. Other companies' products (MITUMI ELECTRIC, Iwasaki Electric, Koizumi Lighting Technology, Germany's OSRAM, etc.)

SALIOT CUBE

GOOD DESIGN AWARD 2016

Alliance with Germany's OSRAM

New partnership in smart city lighting infrastructure project, following sales cooperation for SALIOT

PARADOX ENGINEERING (UNLOCKING THE VALUE OF YOUR DATA)
Design administration for wireless and networked communication
IoT-ready communication platform

Minebea (Passion to Exceed Precision)
Ultra-precision machining technology
Mass production technology
Combination of component and assembly technology

OSRAM
Full lineup of LED lighting products
Smart connected lighting solutions

Broaden product lineup to achieve targets in the New "Five Arrows" strategy

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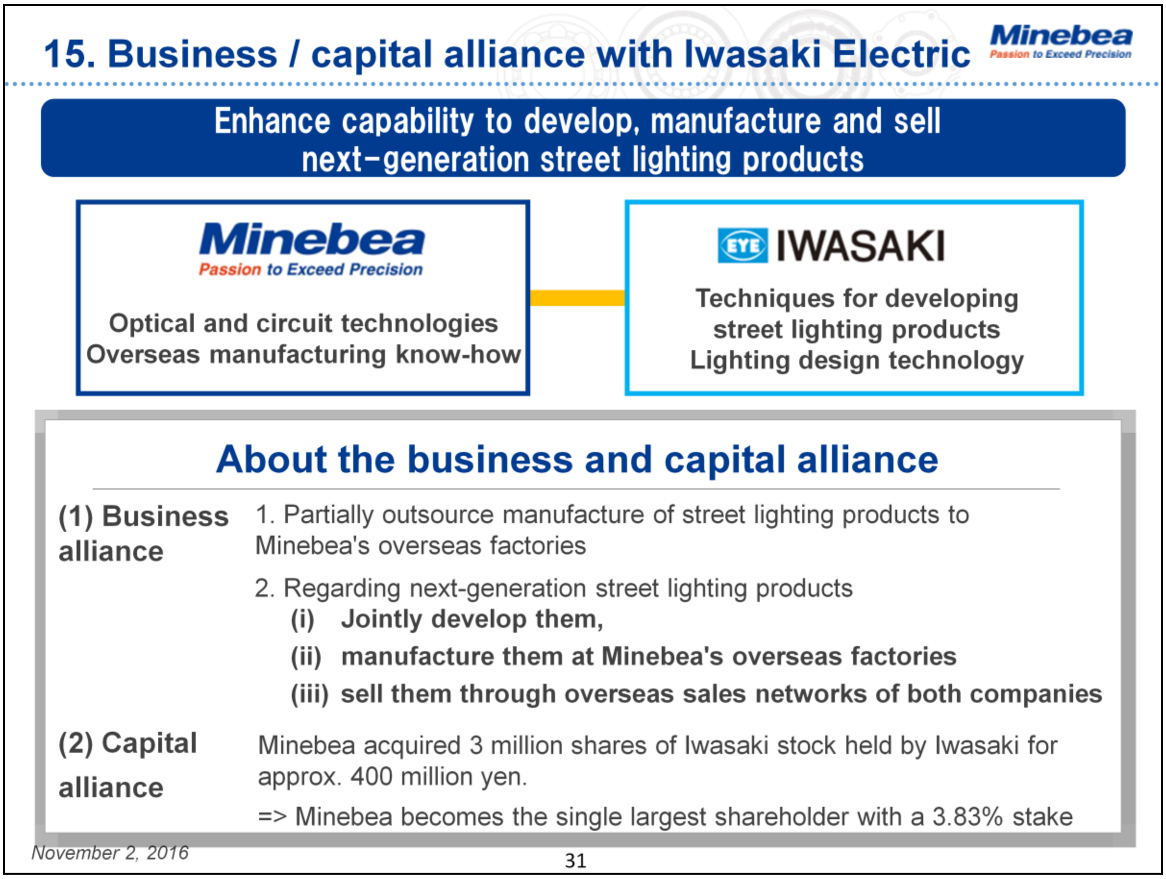
We are focusing on SALIOT as the next application of our LED backlight technology. Our SALIOT products, including SALIOT CUBE which received a Good Design Award, have been gradually penetrating the market. We are also very close to obtaining UL approval and releasing SALIOT in the U.S. market. On top of that we are working on meeting European safety standards and expect to achieve decent sales next fiscal year.

We are also committed to working with OSRAM, Paradox, and Iwasaki Electric with a focus on lighting devices for smart city projects and are off to a good start. Our Cambodian smart city contract procedure has ended and the billing business model, where the amount we charge is paid on a monthly basis, is now working in Cambodia.



As we've already announced, we will become Iwasaki Electric's largest shareholder, with a 3.83% stake. Iwasaki is facing the challenge of cutting manufacturing costs and we will assist them by making its next-generation street lighting products at our overseas factories. Street lighting products play a vital role in the smart city and are the key to connectivity. We've harnessed our collective technological capabilities, including MITSUMI's, to build the world's most advanced smart city in Cambodia, and I look forward to having the opportunity to show you around it someday. After traveling to Barcelona the other day to see its smart city, I can tell you with certainty that the one in Cambodia is in no way inferior to it. I look forward to working with different partners to create more exciting smart cities as we move forward.

16. Financial Strategies: Share buyback as an anti-dilution measure

Minebea
Passion to Exceed Precision

1 In June 2016 Minebea paid 13.9 billion yen to repurchase all of the privately-placed convertible bonds which had been allocated to DBJ, preventing dilution by about 5%.

2 Consider flexible buyback strategies to prevent dilution resulting from the approximately 13% increase in outstanding shares following the share exchange with MITSUMI shareholders scheduled for January 27, 2017.

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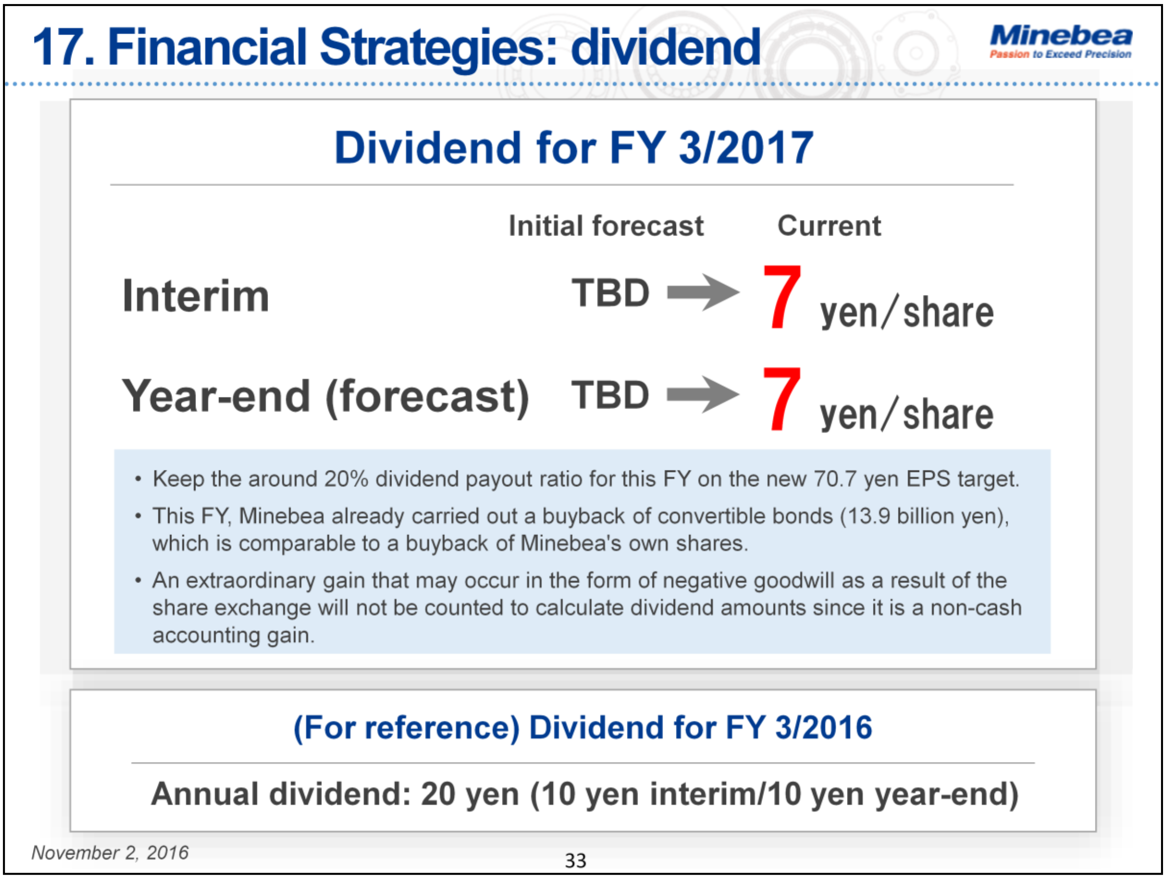
We paid the Development Bank of Japan 13.9 billion yen to repurchase privately-placed convertible bonds that will mature in February of next year. This repurchase, which is comparable to a buyback of our own shares, prevented dilution by about 5%. Working in light of our share price and other circumstances, we will stay on our toes to implement the right strategies needed to prevent dilution whenever needed.



Some of you might be disappointed with our dividend forecast, but we made the yearly dividend amount 14 yen per share, with the dividend payout ratio of around 20% in light of the new 70-yen EPS target. Since we spent a large sum of money on preventing dilution, this is the best we can do for this year. Although we were criticized by some for not increasing the dividend enough two years ago, we used the money that we saved then to build the huge Cambodian plant building No. 3 that I talked about earlier. This plant will give us a big leg up in maximizing our value to the benefit of our shareholders. From now on we will need to make investments to beef up MITSUMI's operations. I don't think MITSUMI has invested enough and this dividend forecast reflects our intention to make investments needed to increase MITSUMI's productivity.

18. Financial Strategies: M&A Strategies

- Prepare to jump-start operations after MITSUMI integration
- Now that the term of the alliance agreement with DBJ has been extended, aim for M&As that will boost machined components business
- Look into M&A and alliance opportunities in specific fields and for particular targets

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The integration with MITSUMI is the biggest job ahead of us this fiscal year and the next, and I think we've made good progress when it comes to electronic components. I've been on the lookout for a machined component company for many years and will keep the focus of our M&A strategies on machined components.

Minebea Co., Ltd.
Business Results

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

Minebea may file a registration statement on Form F-4 ("Form F-4") with the U.S. Securities and Exchange Commission (the "SEC") in connection with the possible share exchange (the "Share Exchange") pertaining to a business integration between the two companies, if it is consummated. The Form F-4 (if filed in connection with the Share Exchange) will contain a prospectus and other documents. If a Form F-4 is filed and declared effective, the prospectus contained in the Form F-4 will be mailed to U.S. shareholders of MITSUMI prior to the shareholders' meeting at which the Share Exchange will be voted upon. The Form F-4 and prospectus (if a Form F-4 is filed) will contain important information about the two companies, the Share Exchange and related matters. U.S. shareholders to whom the prospectus is distributed are urged to read the Form F-4, the prospectus and other documents that may be filed with the SEC in connection with the Share Exchange carefully before they make any decision at the shareholders' meeting with respect to the Share Exchange. Any documents filed with the SEC in connection with the Share Exchange will be made available when filed, free of charge, on the SEC's web site at www.sec.govOpen in a new window. In addition, upon request, the documents can be distributed for free of charge. To make a request, please refer to the contact of Minebea below.

Contacts for inquiries regarding the Business Integration

Minebea Co., Ltd.
4106-73, Oaza Miyota, Miyota-machi, Kitasaku-gun,
Nagano 389-0293, Japan
Takayuki Ishikawa, General Manager
Corporate Communications Office
Tel: 03-6758-6703
Email: corporate_communication@minebea.co.jp