Contents

Eleven-Year Summary

	2008	2007	2006	2005
Statement of Income Data:				
Net sales:	¥334,431	¥331,022	¥318,446	¥294,422
Machined components	144,034	137,662	129,595	116,105
Percentage of net sales	43%	42%	41%	39%
Electronic devices and components	190,397	193,360	188,851	178,317
Percentage of net sales	57%	58%	59%	61%
Consumer business and others	—	—	—	—
Percentage of net sales	—	—	—	—
Gross profit	¥ 80,721	¥ 73,378	¥ 68,511	¥ 62,403
Percentage of net sales	24.1%	22.2%	21.5%	21.2%
Operating income	30,762	26,265	19,269	14,083
Percentage of net sales	9.2%	8.0%	6.0%	4.8%
Net income (loss)	16,303	12,862	4,257	5,581
Percentage of net sales	4.9%	3.9%	1.3%	1.9%
Balance Sheet Data:				
Total assets	¥320,544	¥354,784	¥349,862	¥332,217
Total current assets	148,117	156,059	153,564	147,295
Total current liabilities	118,321	131,155	150,886	141,449
Short-term loans payable and current portion of long-term debt	65,352	71,761	91,772	87,112
Long-term debt	67,500	78,500	79,500	85,341
Working capital	29,796	24,905	2,678	5,846
Total net assets	131,730	142,558	118,209	102,088
Equity ratio	40.7%	40.1%	33.6%	30.7%
Per Share Data:				
Net income (loss):				
Basic	¥ 40.86	¥ 32.23	¥ 10.67	¥ 13.93
Diluted	—	—	—	13.27
Net assets	327.25	356.75	294.65	255.82
Cash dividends	10.00	10.00	7.00	7.00
Number of shares outstanding	399,167,695	399,167,695	399,167,695	399,167,695
Other Data:				
Return (net income) on equity	11.9%	9.9%	3.9%	5.7%
Return on total assets	4.8%	3.7%	1.2%	1.7%
Interest expense	¥ 4,402	¥ 5,224	¥ 4,771	¥ 3,361
Net cash provided by operating activities	46,893	37,902	28,237	27,586
Net cash used in investing activities	(23,461)	(15,180)	(19,120)	(23,789)
Free cash flow	23,432	22,722	9,117	3,797
Purchase of tangible fixed assets	24,888	16,969	21,897	23,060
Depreciation and amortization	27,502	25,727	25,045	23,545
Number of employees	50,549	49,563	47,526	48,473

Notes: 1. Effective fiscal 2007, Minebea has applied the Accounting Standard for Presentation of Net Assets in the Balance Sheet and the Implementation Guidance for the Accounting Standard for Presentation of Net Assets in the Balance Sheet. Accordingly, "shareholders' equity" and "return on shareholders' equity" have been restated as "net assets" and "return (net income) on equity," respectively. Also, fiscal 2008, 2007 and 2006 figures include minority interests in net assets.

2. In fiscal 2006, Minebea restructured its PC keyboard business. As a consequence, the Company posted a ¥3,475 million restructuring loss. The Company also showed an extraordinary loss of ¥967 million resulting from the adoption of impairment accounting for fixed assets.

3. Effective fiscal 2005, Minebea calculates free cash flow by subtracting net cash used in investing activities from net cash provided by operating activities. Figures for previous fiscal years have been restated using this calculation.

	2004	2003	2002	2001	2000	1999	1998	2008
							Millions of yen	*Thousands of U.S. dollars (Note 9)*
	¥268,574	¥272,202	¥279,344	¥287,045	¥284,757	¥305,324	¥326,094	$3,337,970
	111,693	118,118	122,025	124,461	127,734	136,807	142,007	1,437,612
	42%	43%	44%	43%	45%	45%	43%	
	156,881	154,084	156,303	151,910	146,133	157,603	180,875	1,900,358
	58%	57%	56%	53%	51%	52%	56%	
	—	—	1,016	10,674	10,890	10,914	3,212	—
	—	—	0%	4%	4%	3%	1%	
	¥ 65,313	¥ 68,702	¥ 73,283	¥ 84,117	¥ 81,534	¥ 90,161	¥107,086	$ 805,684
	24.3%	25.2%	26.2%	29.3%	28.6%	29.5%	32.8%	
	18,104	19,352	21,972	32,977	31,069	38,546	58,811	307,040
	6.7%	7.1%	7.9%	11.5%	10.9%	12.6%	18.0%	
	6,019	(2,434)	5,298	14,826	(2,677)	11,507	15,144	162,724
	2.2%	(0.9)%	1.9%	5.2%	(0.9)%	3.7%	4.6%	
	¥314,915	¥320,069	¥350,037	¥346,965	¥403,994	¥473,360	¥492,210	$3,199,368
	138,953	127,447	131,548	137,106	153,658	219,826	213,194	1,478,365
	167,626	134,459	156,908	127,290	124,085	197,071	246,114	1,180,970
	119,643	81,262	103,461	66,531	68,022	142,828	178,228	652,288
	51,842	85,862	79,212	118,629	124,690	128,223	96,882	673,720
	(28,673)	(7,012)	(25,360)	9,816	29,573	22,755	(32,920)	297,395
	93,866	98,213	112,732	100,574	154,357	145,705	141,843	1,314,807
	29.8%	30.7%	32.2%	29.0%	38.2%	30.8%	28.8%	
							Yen	*U.S. dollars (Note 9)*
	¥ 15.08	¥ (6.10)	¥ 13.27	¥ 37.14	¥ (6.72)	¥ 28.94	¥ 38.42	$0.41
	14.51	(4.85)	12.60	34.10	(5.39)	26.32	34.85	—
	235.21	246.08	282.42	251.96	386.71	366.29	357.77	3.27
	7.00	7.00	7.00	7.00	7.00	7.00	7.00	0.10
	399,167,695	399,167,695	399,167,695	399,167,695	399,150,527	397,787,828	396,470,473	
							Millions of yen	*Thousands of U.S. dollars (Note 9)*
	6.3%	(2.3)%	5.0%	11.6%	(1.8)%	8.0%	11.4%	
	1.9%	(0.8)%	1.5%	4.0%	(0.6)%	2.4%	2.9%	
	¥ 3,213	¥ 4,765	¥ 5,673	¥ 7,553	¥ 7,897	¥ 12,231	¥ 16,593	$ 43,937
	21,714	32,279	34,017	38,332	60,289	60,740	83,878	468,049
	(14,932)	(16,233)	(24,346)	(33,099)	(13,298)	(17,254)	(33,745)	(234,171)
	6,782	16,046	9,671	5,233	46,991	43,486	50,133	233,878
	18,825	16,382	26,245	39,877	19,504	20,563	23,688	248,409
	22,728	24,015	25,577	23,682	25,026	28,034	29,616	274,498
	43,839	43,002	43,729	45,193	42,399	40,482	38,733	

4. In fiscal 2003, owing to significant declines in the prices of stocks listed on major markets, resulting in the impairment of shares in financial institutions, losses on devaluation of investment securities totaled ¥4,945 million. In line with projected losses resulting from its withdrawal from switching power supplies and related businesses, the Company posted losses on liquidation of switching power supplies and related businesses of ¥3,144 million. The Company also registered ¥1,206 million in environment-related expenses incurred by U.S. subsidiaries.
5. In fiscal 2001, to concentrate resources in its best areas and improve financial strength, the Company transferred its shares in subsidiary Actus Corporation, posting an extraordinary gain of ¥5,215 million in gains on sales of investment securities in affiliates. The Company also showed an extraordinary loss of ¥2,762 million, in line with the projected loss on the withdrawal from the wheel business.
6. In fiscal 2000, to concentrate resources in its best areas and improve financial strength, the Company made decisions with regard to the transferral of its shares, etc., in Minebea Credit Co., Ltd., a wholly owned subsidiary; the liquidation of different affiliated companies; and other matters. As a result, the Company showed ¥25,782 million in extraordinary losses as losses on liquidation of subsidiaries and affiliates. The Company also applied tax effect accounting overall, which resulted in ¥6,276 million in deferred income taxes (benefit).
7. In fiscal 2000, the Company reclassified its operations into three business segments and revised figures in prior years.
8. Owing to a change in accounting standards, cash flows are shown in a new format in and after fiscal 2000.
9. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥100.19=US$1, the approximate rate of exchange on March 31, 2008.

Outline

Outline of Operations

Minebea's operations are divided into two business segments: Machined Components and Electronic Devices and Components. The Machined Components segment focuses on miniature and small-sized ball bearings, rod-end and spherical bearings, and pivot assemblies. In fiscal 2008, this segment accounted for 43.1% of consolidated net sales. The Electronic Devices and Components segment encompasses precision small motors, notably HDD spindle motors and fan motors; PC keyboards and other electronic devices; lighting devices, including LED backlights; backlight inverters; speakers and measuring components. This segment represented 56.9% of consolidated net sales in fiscal 2008.

Our product development efforts are centered in Japan, Germany, Thailand and the United States. The Engineering Headquarters is charged with basic technology and product development with a medium- to long-term perspective. Technology development divisions affiliated with business units emphasize development of commercially viable products. Cooperation among these divisions facilitates the supplementing and sharing of technologies, thereby contributing to effective product development. Our manufacturing network encompasses bases in Thailand, China, Japan, the United States, Singapore, Malaysia and the United Kingdom. Our largest manufacturing base, in Thailand, accounted for 52.3% of total consolidated production in fiscal 2008, while our manufacturing base in China accounted for 21.2%. Combined production at all our bases in Asia (excluding Japan) represented 80.5% of total production. Production outside of Japan accounted for 91.6% of total production.

We supply products to a number of key markets. Notable among these are the PC and peripheral equipment, OA and telecommunications equipment, household electrical appliances, automotive and aerospace markets, which accounted for 35.4%, 15.1%, 7.9%, 10.1% and 10.6%, respectively, of fiscal 2008 consolidated net sales. Reflecting the steady shift by customers in Japan, Europe, and North and South America to production in China and other parts of Asia, sales to Asia (excluding Japan) represented 52.2% of consolidated net sales. Our second-largest geographic market is Japan, which currently accounts for 23.1% of consolidated net sales. Remaining sales are to North and South America and to Europe.

To ensure our organization runs smoothly and effectively, we have established an operating structure comprising 13 business units and six headquarters that report directly to the president and CEO. Under this structure, manufacturing and sales groups are assigned and report directly to each business unit. The function-based headquarters are charged with providing support for business units.

Principal Strategy

With the aim of evolving and growing as "the leading company through manufacturing and technological excellence," we continue to implement initiatives designed to reinforce profitability and increase corporate value by expanding implementation of our vertically integrated manufacturing system, as well as by establishing mass production facilities and well-appointed R&D facilities, in markets around the world.

Recognizing innovation as the key to growth, we are addressing three priority tasks: developing new products, cultivating new markets and revolutionizing production technologies.

- Ball bearings: We are taking steps to strengthen our development capabilities and production technologies for high-growth miniature ball bearings, with the aim of reinforcing and expanding production capacity, as well as to cultivate new, high-growth markets and capitalize on untapped demand.
- Precision components for aircraft applications: In this highly promising business, we are endeavoring to enhance our existing rod-end bearings, as well as to broaden our lineup of new products that incorporate sophisticated new technologies and expand our production capacity, with the aim of maximizing growth.
- Fan motors and other precision small motors: We are stepping up efforts to expand our rotary components business into a second pillar of growth, similar to our core bearings and bearing-related products business.
- In all product categories, we are increasing the weight of high-value-added products. At the same time, we are expanding our product lineup, thereby positioning us to respond to a broader range of market requirements.

In our medium-term business plan, we positioned fiscal 2008 as a year for moving forward, and our efforts during the period focused on growing strategic businesses and increasing profits in a drive to launch Minebea on a new and sustainable growth path. In fiscal 2009, which we see as a year of progression, we will emphasize the creation of wealth and technological advancement. By achieving the targets of this plan, we will propel Minebea into a new phase of growth.

Numerical Targets of Minebea's Medium-Term Business Plan

(As of May 31, 2007) *Billions of yen*

Years ended/ending March 31	2008	2009	2010
Net sales	¥335.0	¥350.0	¥370.0
Operating income	30.0	34.0	38.0
Income before income taxes and minority interests	23.5	26.0	30.0

Note: The above targets were announced in May 2007. Accordingly, these figures are not consistent with the actual figures for fiscal 2008 and current forecasts for fiscal 2009. For information on current forecasts for fiscal 2009, as of May 2008, see the section titled "Outlook for Fiscal 2009 and Risk Management," on page 31.

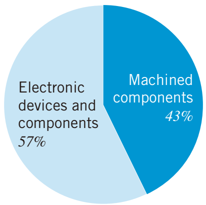
We have also set a long-term goal for consolidated net sales of ¥500.0 billion in fiscal 2012.

Segment Information

Years ended March 31	2008	2007	2006	2005	2004
					Millions of yen
Sales to External Customers by Business Segment					
Machined components	¥ 144,034	¥ 137,662	¥ 129,595	¥ 116,105	¥ 111,693
Electronic devices and components	190,397	193,360	188,851	178,317	156,881
Total	¥ 334,431	¥ 331,022	¥ 318,446	¥ 294,422	¥ 268,574
Operating Income (Loss) by Business Segment					
Machined components	¥ 27,750	¥ 26,195	¥ 24,556	¥ 21,572	¥ 19,505
Electronic devices and components	3,012	70	(5,287)	(7,489)	(1,401)
Total	¥ 30,762	¥ 26,265	¥ 19,269	¥ 14,083	¥ 18,104
Assets by Business Segment					
Machined components	¥ 189,149	¥ 216,595	¥ 205,437	¥ 194,180	¥ 189,741
Electronic devices and components	192,202	224,048	218,790	214,142	196,918
Eliminations	(60,807)	(85,859)	(74,365)	(76,105)	(71,744)
Total	¥ 320,544	¥ 354,784	¥ 349,862	¥ 332,217	¥ 314,915
Depreciation and Amortization by Business Segment					
Machined components	¥ 13,635	¥ 12,507	¥ 11,437	¥ 10,401	¥ 10,811
Electronic devices and components	12,808	12,141	12,535	12,061	10,894
Total	¥ 26,443	¥ 24,648	¥ 23,972	¥ 22,462	¥ 21,705
Impairment Loss by Business Segment					
Machined components	¥ 31	¥ 31	¥ 388	¥ —	¥ —
Electronic devices and components	41	43	579	—	—
Total	¥ 72	¥ 74	¥ 967	¥ —	¥ —
Capital Expenditure by Business Segment					
Machined components	¥ 12,292	¥ 8,423	¥ 12,279	¥ 11,400	¥ 4,168
Electronic devices and components	13,259	9,243	9,929	22,757	14,929
Total	¥ 25,551	¥ 17,666	¥ 22,208	¥ 34,157	¥ 19,097
Sales to External Customers by Geographic Segment					
Japan	¥ 75,378	¥ 83,265	¥ 77,856	¥ 76,660	¥ 68,760
Asia (excluding Japan)	170,474	162,330	155,423	137,424	121,072
North America	53,585	56,110	59,468	52,390	48,726
Europe	34,994	29,317	25,699	27,948	30,016
Total	¥ 334,431	¥ 331,022	¥ 318,446	¥ 294,422	¥ 268,574
Operating Income by Geographic Segment					
Japan	¥ 9,096	¥ 9,770	¥ 1,922	¥ 2,752	¥ 4,883
Asia (excluding Japan)	15,573	11,299	12,843	5,870	10,763
North America	4,476	3,730	2,888	4,510	2,084
Europe	1,617	1,466	1,616	951	374
Total	¥ 30,762	¥ 26,265	¥ 19,269	¥ 14,083	¥ 18,104
Assets by Geographic Segment					
Japan	¥ 127,492	¥ 162,335	¥ 161,968	¥ 169,239	¥ 166,277
Asia (excluding Japan)	231,262	258,046	247,186	223,995	201,194
North America	30,543	35,692	36,864	32,442	29,173
Europe	22,143	21,326	19,618	20,300	20,075
Eliminations	(90,896)	(122,615)	(115,774)	(113,759)	(101,804)
Total	¥ 320,544	¥ 354,784	¥ 349,862	¥ 332,217	¥ 314,915

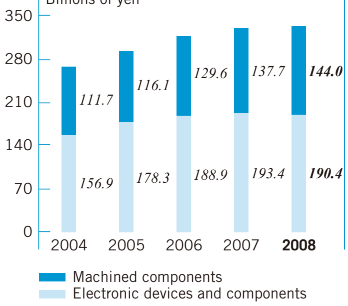
Results of Operations

Net Sales by Business Segment



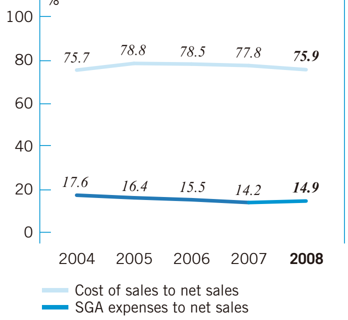
Net Sales by Business Segment

Billions of yen



Cost of Sales to Net Sales and SGA Expenses to Net Sales

%



Net Sales

Consolidated net sales in fiscal 2008 rose 1.0%, or ¥3,409 million, to ¥334,431 million. During the period, the Japanese economy remained on a gentle upswing, reflecting strong corporate earnings, which were supported by increased investment in plants and equipment and rising exports, despite indications of a slowdown—notably surging crude oil and raw materials prices and a slump in housing starts and construction investment in the second half. In the United States, the economic outlook was clouded by chaos in the financial and capital markets and a deepening adjustment in the housing market in the second half, both stemming from the subprime loan crisis, while downturns in previously robust capital investment and personal consumption underscored an increased risk of recession. In Europe, moderate growth continued, bolstered by brisk domestic demand in key countries, despite increasing signs of a slowdown. In China, economic growth remained high, reflecting increases in exports and investment in fixed assets. The economies of other Asian countries also remained firm.

In this environment, the Minebea Group focused on reducing costs, developing new, high-value-added products and technologies and expanding sales. These efforts contributed to the increase in consolidated net sales for the period.

Cost of Sales

Cost of sales declined 1.5%, or ¥3,934 million, to ¥253,710 million. Cost of sales as a percentage of net sales edged down 1.9 percentage points, to 75.9%. Despite such negative factors as depreciation of the yen against the Thai baht, and rising prices for crude oil, steel materials, rare metals and other raw materials, stringent cost cutting prompted an improvement in cost of sales as a percentage of net sales.

SGA Expenses

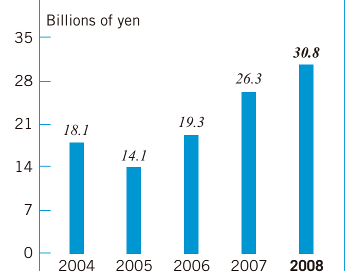
Despite ongoing efforts to lower administrative expenses, an increase in investment in R&D, higher transport costs attributable to rising crude oil prices, and outlays for internal controls relating to the preparation of the Company's financial statements, coupled with the impact of unfavorable exchange rates, boosted SGA expenses 6.0%, or ¥2,846 million, to ¥49,959 million. SGA expenses were equivalent to 14.9% of net sales, up 0.7 percentage point from fiscal 2007.

Cost of Sales and SGA Expenses

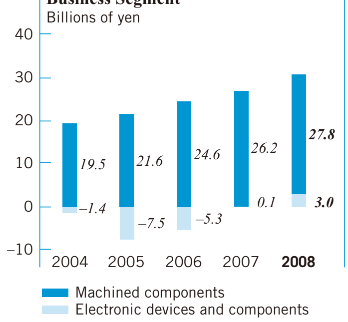
Millions of yen

Years ended March 31	**2008**	2007	2006	2005	2004
Net sales	**¥334,431**	¥331,022	¥318,446	¥294,422	¥268,574
Cost of sales	**253,710**	257,644	249,935	232,019	203,261
Cost of sales to net sales	**75.9%**	77.8%	78.5%	78.8%	75.7%
Gross profit	**80,721**	73,378	68,511	62,403	65,313
SGA expenses	**49,959**	47,113	49,242	48,320	47,209
SGA expenses to net sales	**14.9%**	14.2%	15.5%	16.4%	17.6%

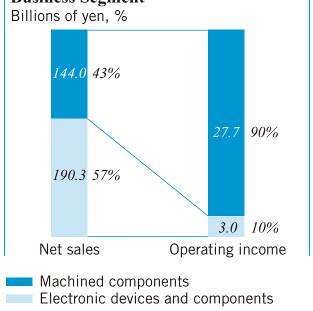
Operating Income



Operating Income (Loss) by Business Segment

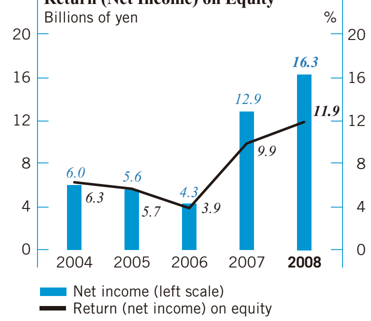


Net Sales and Operating Income by Business Segment



Note: Percentages represent contribution by business segment to total.

Net Income and Return (Net Income) on Equity



Operating Income

Operating income advanced 17.1%, or ¥4,497 million from fiscal 2007, to ¥30,762 million. As a consequence, the operating margin rose 1.2 percentage points, to 9.2%. For more detailed information, refer to the section entitled "Performance by Business Segment," on page 27.

Other Income (Expenses)

The net balance of other income (expenses) was expenses, i.e., a loss, of ¥5,508 million, a decrease of ¥1,234 million. Efforts to reduce interest-bearing debt supported a ¥822 million decline in interest expense, to ¥4,402 million.

Income before Income Taxes and Minority Interests

Owing to the factors described above, income before income taxes and minority interests climbed 29.4%, or ¥5,731 million, to ¥25,254 million.

Income Taxes

Income taxes edged up ¥844 million, to ¥7,906 million. This comprised current income taxes, that is, corporate, residential and business taxes, of ¥8,497 million, less an adjustment of ¥591 million. The effective income tax rate improved to 31.3%, from 36.2% in fiscal 2007, reflecting a decline in the number of overseas subsidiaries reporting losses, a decrease in losses of those that continued to do so, and the impact of the cumulative tax losses of subsidiaries.

Minority Interests

Minority interests amounted to ¥1,045 million, compared with a negative ¥401 million in the previous period. This was primarily attributable to an improvement in the earnings performance of joint venture Minebea Motor Manufacturing Corp.

Net Income

As a consequence of the aforementioned factors, net income climbed 26.8%, or ¥3,441 million, to ¥16,303 million. Basic net income per share was ¥40.86, a significant increase from ¥32.23 in the previous period.

Income

Millions of yen

Years ended March 31	**2008**	2007	2006	2005	2004
Operating income	**¥30,762**	¥26,265	¥19,269	¥14,083	¥18,104
Operating margin	**9.2%**	8.0%	6.0%	4.8%	6.7%
Net balance of other income (expenses)	**(5,508)**	(6,742)	(9,649)	(6,305)	(5,146)
Net income	**16,303**	12,862	4,257	5,581	6,019
Net income to net sales	**4.9%**	3.9%	1.3%	1.9%	2.2%
Net income per share (Yen):					
Basic	**40.86**	32.23	10.67	13.93	15.08
Diluted	**—**	—	—	13.27	14.51
Return (net income) on equity	**11.9%**	9.9%	3.9%	5.7%	6.3%
Return on total assets	**4.8%**	3.7%	1.2%	1.7%	1.9%

Financial Condition

Financial Policy and Liquidity

The businesses of the Minebea Group continue to operate in an environment characterized by accelerating product and technological development and intensifying global competition. In such an environment, we recognize the importance of ensuring the flexibility necessary to allow advance investment, enabling us to develop products that satisfy diverse customer expectations, and capital investment, allowing us to respond promptly to demand fluctuations. We strive to facilitate dynamic investment activities and strengthen our technological development capabilities by maintaining a sound financial position and high degree of agility in our financing activities.

Our debt ratings in fiscal 2008, shown in the table below, are indicative of the success of efforts to reinforce our financial position. We have set medium-term goals to reduce interest-bearing debt (¥109,571 million at fiscal 2008 year-end) to below ¥100,000 million. Given the uncertain interest rate situation, we will promote efforts to expand income, shrink inventories and step up implementation of an effective investment program that focuses on the efficient use of assets to accelerate the reduction of interest-bearing debt. In terms of capital investment, we are promoting decisive investment in growth businesses, as well as stringent rationalization efforts and efficient investments in businesses that remain unprofitable.

To ensure the agility of our financing efforts, we filed for shelf registration of corporate bond issues in the amount of ¥50,000 million and obtained a rating for short-term debt up to a maximum of ¥10,000 million. Moreover, to create a stronger, more stable structure for fund procurement, we strive to maintain solid relationships with key financial institutions in Japan and overseas and have taken steps to manage liquidity risks, including signing agreements to set up commitment lines.

In Thailand, where our principal manufacturing base is located, in December 2006 stringent controls were placed on short-term capital inflows with the aim of preventing speculative investment in and appreciation of the baht. Most of these controls were subsequently eased, however, and the impact on our operations was negligible. These controls were abolished in March 2008.

Debt Ratings

As of May 2008	*Long-term debt*	*Short-term debt*
Moody's Investors Service	Baa2	—
Japan Credit Rating Agency, Ltd.	A	J–1
Japan Rating and Investment Information, Inc.	A–	a–2

Purchase of Tangible Fixed Assets

Purchase of tangible fixed assets, or capital investment, in fiscal 2008 totaled ¥24,888 million, up ¥7,919 million, or 46.7%, from the previous fiscal year, and comprised ¥11,959 million in the Machined Components segment and ¥12,929 million in the Electronic Devices and Components segment. In the Machined Components segment, investments were used to expand and rationalize production facilities for bearings and bearing-related products in Thailand, China and Singapore, and to expand production facilities for pivot assemblies in Thailand. In the Electronic Devices and Components segment, investments were applied to facilities for HDD spindle motors, LED backlights and other electronic devices in Thailand and for information motors in Thailand and China.

In fiscal 2009, we expect capital investment to be in the area of ¥29,000 million. We plan on making investments in, among others, the construction of a ball bearing plant and the expansion of bearing production facilities in Thailand, the construction of a new plant and expansion of production facilities for aircraft components in Karuizawa, the expansion of production facilities for pivot assemblies and changes to the layout of facilities necessitated by the merger of consolidated subsidiaries in Thailand.

Dividends

Our basic dividend policy is to ensure dividends reflect our business performance, while giving consideration to our operating environment and placing our primary emphasis on enhancing capital efficiency and enhancing returns to investors.

Cash dividends for fiscal 2008 were declared at ¥10.00. As a result, the payout ratio was 24.5%.

Free Cash Flow

Free cash flow (calculated by subtracting net cash used in investing activities from net cash provided by operating activities) totaled ¥23,432 million, an increase of 3.1%, or ¥710 million, from fiscal 2007.

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥46,893 million, up 23.7%, or ¥8,991 million, from fiscal 2007. Factors behind this change included income before income taxes and minority interests of ¥25,254 million, up ¥5,731 million, and a ¥939 million decrease in notes and accounts receivable, compared with a ¥3,674 million increase in fiscal 2007. Depreciation and amortization totaled ¥26,443 million, up ¥1,795 million from the previous fiscal year.

Cash Flows from Investing Activities

Net cash used in investing activities increased 54.6%, or ¥8,281 million, to ¥23,461 million. This change reflected the application of ¥24,888 million to the purchase of tangible fixed assets, up ¥7,919 million from the previous fiscal year.

Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥20,604 million, a decrease of 19.8%, or ¥5,079 million, from fiscal 2007. This change was primarily due to the application of ¥16,597 million to the repayment of short-term and long-term debt, down ¥6,279 million, and was despite cash dividends paid of ¥3,990 million, up ¥1,197 million from fiscal 2007.

Cash and Cash Equivalents

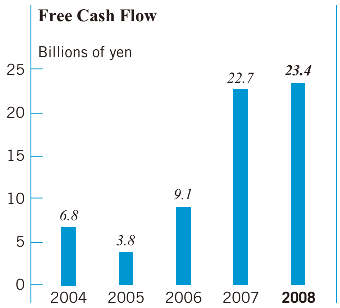
Operating, investing and financing activities in fiscal 2008 resulted in a net increase in cash and cash equivalents at end of year of ¥1,550 million, to ¥23,281 million, as free cash flow exceeded net cash used in financing activities.

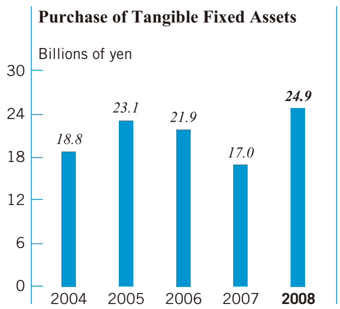
Free Cash Flow

Millions of yen

Years ended March 31	2008	2007	2006	2005	2004
Net cash provided by operating activities	¥ 46,893	¥ 37,902	¥ 28,237	¥ 27,586	¥ 21,714
Net cash used in investing activities Portion of above used in purchase of tangible fixed assets	(23,461)	(15,180)	(19,120)	(23,789)	(14,932)
Purchase of tangible fixed assets	(24,888)	(16,969)	(21,897)	(23,060)	(18,825)
Free cash flow	23,432	22,722	9,117	3,797	6,782

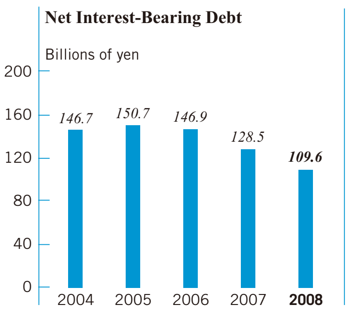
Note: Effective fiscal 2005, Minebea calculates free cash flow by subtracting net cash used in investing activities from net cash provided by operating activities. Figures for previous years have been restated using this calculation.





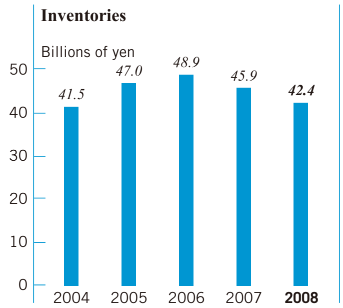
Assets, Liabilities and Net Assets

Total assets at the end of fiscal 2008 amounted to ¥320,544 million, a decrease of 9.7%, or ¥34,240 million, from the fiscal 2007 year-end, owing primarily to a decline in the value of assets held by affiliates overseas when calculated in yen. Total net assets came to ¥131,730 million and the equity ratio was 40.7%, up 0.6 percentage point. Net interest-bearing debt (total debt minus cash and cash equivalents) declined 14.8%, or ¥18,959 million, to ¥109,571 million. As a consequence, the net debt-to-equity ratio improved to 0.8 times.



Assets

Since free cash flow exceeded net cash used in financing activities, cash and cash equivalents rose by a net total of ¥1,550 million, to ¥23,281 million. Notes and accounts receivable–trade declined ¥7,048 million, including approximately ¥6,100 million attributable to yen appreciation, to ¥64,835 million. Despite increased inventories resulting from the shift of sales functions for Southeast Asia to Thailand, from Singapore, inventories fell ¥3,503 million, to ¥42,401 million, owing to the impact of yen appreciation—a decline of approximately ¥5,000 million—and Companywide inventory reduction efforts. Deferred tax assets (short-term) amounted to ¥8,498 million, an increase of ¥1,442 million. As a consequence, total current assets declined 5.1%, or ¥7,942 million, to ¥148,117 million.



Net tangible fixed assets declined 12.0%, or ¥20,455 million, to ¥150,609 million. Purchase of tangible fixed assets (capital investment) totaled ¥24,888 million, while depreciation and amortization amounted to ¥26,443 million. The negative impact of yen appreciation was approximately ¥17,300 million. Intangible fixed assets totaled ¥9,847 million, a decline of 17.8%, or ¥2,127 million. Net investments and other assets were ¥11,956 million, down 23.6%, or ¥3,691 million, due to a decline in the equity value of investments in securities. As a consequence, total fixed assets amounted to ¥172,412 million, an increase of 13.2%, or ¥26,273 million. Deferred charges declined ¥25 million, to ¥15 million.

Liabilities

Notes and accounts payable–trade declined ¥3,689 million, including approximately ¥2,400 million attributable to yen appreciation, to ¥24,055 million. Short-term loans payable fell ¥7,287 million, to ¥50,352 million. The current portion of long-term debt increased ¥878 million, to ¥15,000 million, reflecting an increase in bonds payable within one year. Owing to such factors, total current liabilities declined 9.8%, or ¥12,834 million, to ¥118,321 million.

Long-term debt declined 14.0%, or ¥11,000 million, to ¥67,500 million, reflecting the transfer of long-term debt due within one year to current portion of long-term debt. As a consequence, total long-term liabilities fell 13.0%, or ¥10,578 million, to ¥70,493 million.

Net Assets

Despite a ¥12,313 million increase in the earnings surplus, total net assets at fiscal 2008 year-end were ¥131,730 million, a decline of 7.6%, or ¥10,828 million, as foreign currency translation adjustments, a negative figure, decreased a further ¥22,536 million. Minority interests in consolidated subsidiaries climbed 466.2%, or ¥951 million, to ¥1,155 million.

Financial Position

Millions of yen

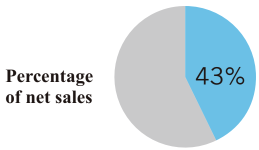
As of March 31	**2008**	2007	2006	2005	2004
Total assets	**¥320,544**	¥354,784	¥349,862	¥332,217	¥314,915
Cash and cash equivalents at end of year	**23,281**	21,731	24,385	21,759	24,780
Total current assets	**148,117**	156,059	153,564	147,295	138,953
Inventories	**42,401**	45,904	48,914	46,963	41,534
Total current liabilities	**118,321**	131,155	150,886	141,449	167,626
Working capital	**29,796**	24,905	2,678	5,846	(28,673)
Interest-bearing debt	**132,852**	150,261	171,272	172,453	171,485
Net interest-bearing debt	**109,571**	128,530	146,887	150,694	146,706
Total net assets	**131,730**	142,558	118,209	102,088	93,866
Equity ratio	**40.7%**	40.1%	33.6%	30.7%	29.8%
Debt-to-equity ratio (Times)	**1.0**	1.1	1.5	1.7	1.8
Net debt-to-equity ratio (Times)	**0.8**	0.9	1.2	1.5	1.6
Net assets per share (Yen)	**327.25**	356.75	294.65	255.82	235.21

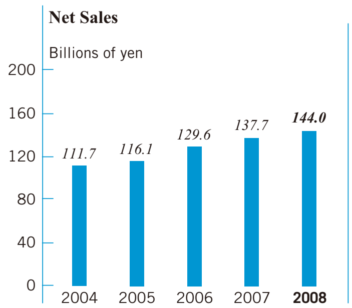
Note: Effective fiscal 2007, Minebea has applied the Accounting Standard for Presentation of Net Assets in the Balance Sheet and the Implementation Guidance for the Accounting Standard for Presentation of Net Assets in the Balance Sheet. Accordingly, "shareholders' equity," "total shareholders' equity/total assets" and "shareholders' equity per share" have been restated as "net assets," "equity ratio" and "net assets per share," respectively. Also, fiscal 2008, 2007 and 2006 figures include minority interests in net assets.

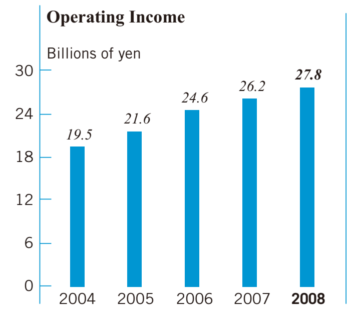
Segment Results

Performance by Business Segment

Machined Components







Net sales in the Machined Components segment rose 4.6%, or ¥6,372 million, to ¥144,034 million. Operating income increased 5.9%, or ¥1,555 million, to ¥27,750 million. The segment's operating margin, calculated using sales to external customers, edged up 0.3 percentage point from fiscal 2007, to 19.3%. Despite the impact of unfavorable foreign exchange rates and rising raw materials prices, sales of mainstay products increased, reflecting persistently strong demand worldwide. Operating income also increased, reflecting ongoing efforts to lower cost of sales.

Principal Products and Applications and Minebea's Global Market Share

Principal Products	*Principal Applications*	*Global Market Share**
Bearings and bearing-related products		
Miniature and small-sized ball bearings	Small motors, household electrical appliances, information and telecommunications equipment, automobiles, industrial machinery	60%
Rod-end and spherical bearings	Aircraft	50%
Pivot assemblies	HDDs	65%
Other machined components		
Special machined components, fasteners	Aircraft, automobiles, industrial machinery	—

*Global market shares are in terms of units shipped, except the market share for rod-end and spherical bearings, which is in terms of sales value. Market shares are Minebea estimates based on information collected by the Company and by market research firms.

Ongoing Efforts

Sales of principal segment products miniature and small-sized ball bearings increased, primarily to manufacturers of automobiles and motors, as did operating income. We expanded production capacity for miniature ball bearings in response to market growth, a consequence of brisk demand for miniature ball bearings for use in pivot assemblies, fan motors and other components for PCs and digital home electronics products. We also continued to lower manufacturing costs through efforts to improve yield and rationalize operations. In line with the theme of returning to the basics of manufacturing, we are striving to reinforce this business. We have also created a department dedicated to basic technology development.

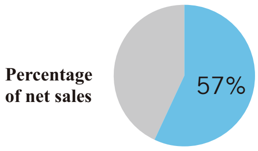
In rod-end and spherical bearings, both sales and income were up, reflecting robust aircraft production worldwide. In response to soaring demand from aircraft manufacturers, we are expanding production capacity at our plants in Japan (Karuizawa), the United States and the United Kingdom, while at the same time stepping up front-end production in Thailand with the aim of establishing a low-cost structure and further enhancing capacity. In addition to our existing rod-end and spherical bearings, we are striving to enter the markets for ball bearing parts for engine peripherals and large mechanical parts that make use of sophisticated processing technologies. In April 2008, we merged the Rod-End Bearing Business Unit and the Fastener Business Unit with the aim of entering the market for fasteners for commercial aircraft.

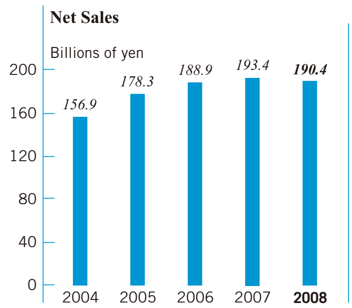
The market for pivot assemblies continues to grow, spurred by expanding demand for use in HDDs for PCs and home electronics products. With double-digit growth in the market for HDDs expected to continue, our ongoing objective is to maintain our commanding market share. To this end, we are taking steps to lower manufacturing costs by increasing production capacity, shifting parts production in-house, increasing yields and standardizing designs.

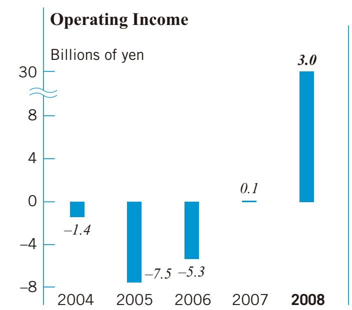
Principal Products

- **Bearings and Bearing-Related Products**
  - Miniature ball bearings
  - Small-sized ball bearings
  - Integrated-shaft ball bearings
  - Rod-end bearings
  - Spherical bearings
  - Roller bearings
  - Bushings
  - Pivot assemblies
  - Tape guides
- **Other Machined Components**
  - Aerospace/automotive fasteners
  - Special machined components
  - Magnetic clutches and brakes

Electronic Devices and Components







Principal Products

- **Rotary Components**
  - HDD spindle motors
  - Fan motors
  - Hybrid-type stepping motors
  - PM-type stepping motors
  - Brush DC motors
  - Vibration motors
  - VR resolvers
- **Other Electronic Devices and Components**
  - PC keyboards
  - Speakers
  - Electronic devices
    - Color wheels
    - Lighting devices for LCDs
    - Backlight inverters
  - Measuring components
    - Strain gages
    - Load cells

Despite an increase in sales of HDD spindle motors and successful efforts to cultivate new markets for measuring components, net sales in the Electronic Devices and Components segment edged down 1.5% in fiscal 2008, or ¥2,963 million, to ¥190,397 million, owing to a decline in sales of speakers and the restructuring of our PC keyboard business. Operating income improved substantially, rising 43.7 times, or ¥2,942 million, to ¥3,012 million. The segment's operating margin, calculated using sales to external customers, improved 1.6 percentage points, to 1.6%, up from 0.0% in the previous period. This primarily reflected a sharp improvement in profitability for PC keyboards, the result of a major restructuring of the business, the cultivation of new markets for measuring components, and an improvement in profitability for information motors, which countered the impact of unfavorable foreign exchange rates and rising raw materials prices.

Principal Products and Applications and Minebea's Global Market Share

Principal Products	*Principal Applications*	*Global Market Share**
Rotary components		
HDD spindle motors	HDDs	13%
Information motors (fan motors, stepping motors, brush DC motors, vibration motors)	PCs and servers, information and telecommunications equipment, household electrical appliances, cellular phones, automobiles, industrial machinery	2%–18%, depending on product
Other electronic devices and components		
PC keyboards	PCs	6%
Lighting devices for LCDs	Cellular phones, digital cameras, portable digital information terminals	8%
Speakers	Audio equipment, PCs, automobiles	—
Measuring components	Industrial machinery, automobiles, game consoles	—

*Global market shares are in terms of units shipped. Market shares are Minebea estimates based on information collected by the Company and by market research firms.

Ongoing efforts

In the HDD spindle motor business despite efforts to lower the cost of sales, a deterioration of the business environment—reflecting the appreciation of the Thai baht and rising raw materials prices—and falling yields exacerbated the operating loss. Looking ahead, we will continue to work to maintain sales prices, as well as to step up production and sales of high-growth, high-margin 2.5-inch spindle motors.

During the period under review, we completed a reorganization of our information motors business, achieving a sharp increase in operating income. Specific steps included integrating and closing manufacturing facilities, reconsidering our use of outside suppliers and lowering costs by improving production efficiency. We are also striving to review orders and accelerate the introduction of new products to enhance our product mix.

We restructured the PC keyboards business, withdrawing from the production of persistently unprofitable products and focusing our efforts on high-value-added products, including keyboards for notebook PCs and wireless keyboards. We also reduced fixed costs by reorganizing our manufacturing, sales and technological groups, reducing employee numbers and eliminating certain facilities. These moves resulted in a decline in sales, but operating income rose substantially.

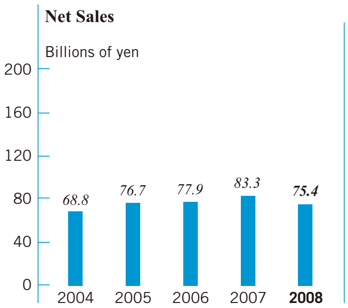
In electronic devices, both sales and income declined despite increased sales of backlight inverters, owing to falling sales prices for LED backlights and our withdrawal from the FDD head and MOD businesses. Going forward, we will continue striving to expand our business in the area of medium-size LED backlights for automobiles and other applications.

In our speaker business, intensifying competition pushed operating income down. In measuring components, our entry into the market for speakers for game consoles prompted an increase in operating income.

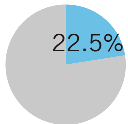
Performance by Geographic Segment

Japan

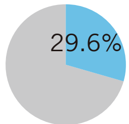
Net sales in Japan declined 9.5%, or ¥7,887 million, to ¥75,378 million. Operating income edged down 6.9%, or ¥674 million, to ¥9,096 million, reflecting an increase in SGA expenses.



Percentage of net sales

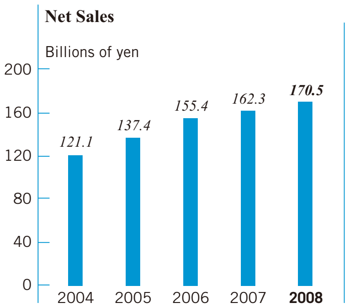


Percentage of operating income

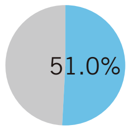


Asia (Excluding Japan)

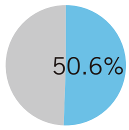
Asia includes the high-growth Greater China region, an important manufacturing base for many companies in Japan, Europe, the Americas and elsewhere. In the period under review, sales in Asia (excluding Japan) were firm, supported by expanded demand from the information and telecommunications industry and steady demand from the household electrical appliances industry. As a consequence, net sales increased 5.0%, or ¥8,144 million, to ¥170,474 million, and operating income climbed 37.8%, or ¥4,274 million, to ¥15,573 million.



Percentage of net sales

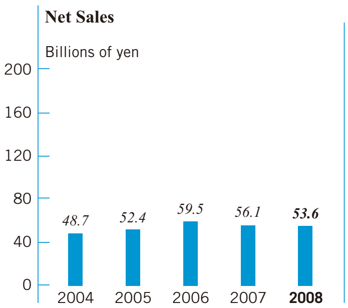


Percentage of operating income

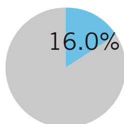


North America

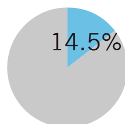
In North America, both orders and sales of U.S.-made ball bearings and rod-end bearings for the aerospace industry were strong. Owing to a decline in sales of PC keyboards, however, reflecting our move to focus on high-value-added models, net sales slipped 4.5%, or ¥2,525 million, to ¥53,585 million. Nonetheless, operating income climbed 20.0%, or ¥746 million, to ¥4,476 million.



Percentage of net sales

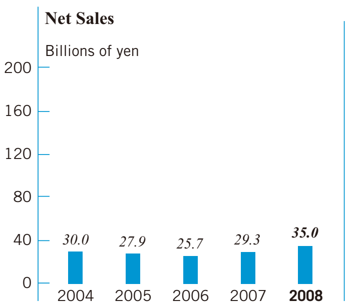


Percentage of operating income

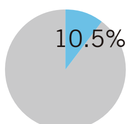


Europe

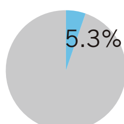
In Europe, sales of ball bearings and rod-end bearings remained firm, buoyed by moderate economic growth. As a consequence, net sales rose 19.4%, or ¥5,677 million, to ¥34,994 million, and operating income increased 10.3%, or ¥151 million, to ¥1,617 million.



Percentage of net sales



Percentage of operating income



Note: Net sales figures represent sales to external customers.

Minebea manufactures and sells a wide range of products around the world. These include ball bearings and other precision components that apply its expertise in ball bearings; aircraft components, notably rod-end bearings and high-end fasteners; and electronic components used in state-of-the-art electronics equipment. Minebea and the companies of the Minebea Group also cooperate closely to conduct R&D in each of these fields.

Minebea has established six R&D bases, two in Japan (Karuizawa and Hamamatsu plants) and one each in Thailand, Singapore, China, the United States and Europe. These bases strive to leverage their particular expertise and promote complementary R&D with the aim of accelerating the development of products that will lead to the creation of new businesses.

In fiscal 2008, R&D costs for the Minebea Group amounted to ¥9,950 million. This included ¥385 million allocated to basic research at R&D centers in Thailand, Singapore and China, such as basic materials analysis, and other research that cannot be apportioned to individual business.

R&D activities in each of our business segments in fiscal 2008 are outlined below.

Machined Components

R&D in this segment focused on mainstay bearings, that is, on developing materials, lubricants, machining and processes, and on tribology for ball, rod-end and fluid dynamic bearings. Efforts also focus on responding to rising demand for all types of bearings, buoyed by robust operating conditions, from the information equipment, home electrical appliance, automobile and aerospace industries, and on responding to the requirements of manufacturers in new areas, through high-reliability and applied engineering.

With the majority of HDDs now using perpendicular magnetic recording to achieve higher recording densities, the cleanliness of key components has become an increasingly crucial consideration. To ensure a high level of cleanliness for our mainstay HDD-related products, which include fluid dynamic bearings, spindle motors and base plates, we have actively developed clean manufacturing technologies. We are also working to develop ever-smaller miniature ball bearings. Recently, we completed prototype production for the world's smallest miniature ball bearings, boasting an outer ring diameter of 1.5 mm and an inner ring diameter of just 0.5 mm.

In the area of bearings for the aerospace industry, we have completed development of and received approval for tierod mechanical assemblies, trunnion bearings for main landing gear and a wide range of bearings for flight control systems, by applying technology used in our rod-end bearings. These bearings will be marketed primarily to aircraft manufacturers in Europe and the United States.

R&D costs in the Machined Components segment in fiscal 2008 amounted to ¥2,488 million.

Electronic Devices and Components

Mainstay motors in this segment include fan motors, stepping motors, brush DC motors, brushless DC motors and HDD spindle motors. We are working to enhance our various core analysis technologies, control technologies and materials technologies, with the aim of being the first to launch advanced products that respond to customer requirements for compact size, high efficiency (low energy consumption), quietness and reliability, which vary depending on type of motor and application. For magnetic application products, our R&D efforts emphasize materials technology, core technologies and product-related technologies. These efforts continue to yield such outstanding products as rare earth bond magnets for high-performance motors and resolver sensors. To reinforce product development for HMSMs, which we have resolved to commercialize in fiscal 2009, we began conducting R&D combining our motor, fan, electronics and other technologies.

In the area of display-related products, we developed a new LCD backlight for high-brightness, high-efficiency LEDs, which we are proposing to manufacturers of cellular telephones and digital cameras. In addition to our noted ultraprecision machining, mold production and molding technologies, we succeeded in developing plastics molding technologies capable of accommodating larger, thinner optical devices and increasingly fine optical patterns. This has positioned us to expand our focus to include LED backlights for notebook and desktop PC monitors, for which LEDs are rapidly becoming mainstream.

In electronics-related products, we are promoting the development of driving circuits for high-efficiency backlight inverters for cold cathodes. We are also pursuing cutting-edge development in such areas as driving circuits for rare gas fluorescent lamps, which are expected to contribute to efforts to conserve energy. Moreover, by shifting from analog to digital control circuits, we have succeeded in significantly reducing the number of parts used, as well as in improving control precision, thereby enabling us to reduce engineering lead times. During the period under review, we also made notable achievements in the development of backlight inverter-related products, including tailored ICs and software, which we expect to contribute to increased sales of backlight inverters going forward. Additionally, in the area of wireless transmission technology, in which we began to pursue development efforts in fiscal 2007, we completed basic technological investigation and expect to move on to the next stage, i.e., actual product development, which will focus on PC keyboards, in the near future.

In fiscal 2008, R&D costs in the Electronic Devices and Components segment totaled ¥7,077 million.

Outlook for Fiscal 2009
(as of May 2008)

Against a backdrop of decelerating economic growth worldwide, we expect the Japanese economy to wane in the first half of fiscal 2009, reflecting an anticipated slowdown in personal consumption and fears that persistently high crude oil and raw materials prices, coupled with the appreciation of the yen and a slowdown in exports, will weaken corporate profits. In the second half, however, we anticipate a return to gentle growth, supported by economic recovery in the United States and an improvement in exports. Elsewhere in Asia, China's economy is expected to continue expanding. In the United States, however, fears are that protracted production, inventory and employment adjustments—necessitated by a deteriorating financial environment and rising crude oil and raw materials prices—and flagging personal consumption will tilt the economy toward recession in the first half. In the second half, however, tax cuts and a substantial lowering of interest rates is likely to put the U.S. economy back on the road to recovery.

In this environment, we expect net sales in fiscal 2009 to be largely level with fiscal 2008, despite the fact that the strong yen will negatively affect net sales outside of Japan, which account for a significant portion of the total. In contrast, we expect growth in operating income to outpace fiscal 2008 thanks to further cost reductions, the development of high-value-added products and efforts to cultivate new markets.

In our Machined Components segment, we will take decisive steps to expand sales of mainstay ball bearings to the automobile and information and telecommunications equipment industries and, by maximizing economies of scale resulting from expanded sales to further reduce costs, to further improve results. We expect our rod-end bearings business to benefit from a robust market for these bearings for aerospace use, particularly in Europe and the United States. We also expect an increase in sales of pivot assemblies, reflecting favorable demand.

In the Electronic Devices and Components segment, we will continue working to improve production efficiency, revamp our product mix and further improve results in the area of information motors. In HDD spindle motors, we will strive to improve results by continuing to promote cost reductions and expanding sales of 2.5-inch motors. In PC keyboards, we expect stable results with the completion of a shift in the focus of our production and sales structure to superior-quality, high-end models. We are currently reorganizing our speaker business and expect these efforts to have a positive impact in fiscal 2009. Sales of LED backlights, backlight inverters, measuring components and other products are also expected to advance favorably.

As a consequence of the abovementioned factors, as of May 2008, we forecast consolidated net sales of ¥330,000 million, operating income of ¥32,000 million and net income of ¥17,000 million in fiscal 2009.

Risk Management

Minebea recognizes a variety of risks and uncertainties that have the potential to affect its operating results and/or financial position. As of June 27, 2008, the date of our Japanese-language *yuka shoken hokokusho*, the filing of which is required of all publicly traded companies in Japan, we recognized the following risks.

Market Risk
Principal markets for Minebea products, including those for PCs and peripheral equipment, information and telecommunications equipment and household electrical appliances, are intensely competitive and subject to significant fluctuations in demand. Accordingly, our operating results and financial position are vulnerable to sudden fluctuations in demand and changes in our customers' product requirements.

Foreign Exchange Risk
A significant portion of our consolidated net sales and production are in markets outside of Japan. Our business is thus vulnerable to risk associated with fluctuations in foreign currency exchange rates. We have entered into various currency exchange contracts and other derivatives transactions to hedge these risks, but fluctuations in foreign currency exchange rates may affect our operating results and/or financial position over the long term.

R&D Risk
With the aim of introducing a constant stream of new, high-quality products, we conduct extensive R&D. Nonetheless, there is no guarantee that R&D efforts will come to fruition. Accordingly, we are subject to the risk that significant R&D expenditures may not be rewarded with successful products.

Litigation Risk
The Legal Department is responsible for managing risk related to lawsuits and other legal actions brought against our operations in Japan and/or overseas. However, we are subject to the risk that lawsuits or other actions with the potential to affect our operating results and/or financial position may be brought against us in the future.

Risk Related to Price Negotiations
We continue to face intense competition from lower-priced products manufactured in other countries and regions. Accordingly, we are subject to the risk that we will be unable to maintain or increase our share should market needs shift to low-quality, low-priced products.

Risk Related to Raw Materials and Logistics Costs
We purchase a variety of materials from external suppliers and strive to ensure optimal inventory volumes for such materials and access to stable supplies of materials with stable prices. However, we are subject to the risk that rising prices for such materials may affect our operating results and/or financial position.

Latent Risk Related to Operations Overseas
The Minebea Group's manufacturing activities are conducted primarily in Thailand, China and Singapore. While considerable time has passed since we established operations in these countries, and while we continue to promote the integration of these operations, our operations overseas are subject to a number of risks that may have a negative impact on our operating results and/or financial position. These include unexpected changes to laws or regulations, difficulty in attracting and securing appropriate human resources, and acts of terrorism or war, or other acts that may cause social disruption.

Consolidated Balance Sheets

As of March 31, 2008 and 2007

Assets	Millions of yen 2008	Millions of yen 2007	Thousands of U.S. dollars (Note 3) 2008
Current Assets:			
Cash and cash equivalents (Note 2-c)	¥ 23,281	¥ 21,731	$ 232,375
Notes and accounts receivable (Note 2-d):			
Trade	64,835	71,883	647,127
Other	866	1,440	8,643
	65,701	73,323	655,770
Allowance for doubtful receivables (Note 2-d)	(202)	(249)	(2,021)
Total notes and accounts receivable	65,499	73,074	653,749
Inventories (Note 2-e)	42,401	45,904	423,205
Deferred tax assets (Note 6)	8,498	7,056	84,820
Prepaid expenses and other current assets	8,438	8,294	84,216
Total current assets	148,117	156,059	1,478,365
Tangible Fixed Assets (Notes 2-f and 5):			
Land	14,467	15,528	144,401
Buildings and structures	102,404	112,534	1,022,100
Machinery and transportation equipment	282,299	311,703	2,817,635
Construction in progress	2,236	1,772	22,315
	401,406	441,537	4,006,451
Accumulated depreciation	(250,797)	(270,473)	(2,503,216)
Net tangible fixed assets	150,609	171,064	1,503,235
Intangible Fixed Assets:			
Goodwill (Note 2-j)	6,921	8,794	69,076
Other	2,926	3,180	29,205
Net intangible fixed assets	9,847	11,974	98,281
Investments and Other Assets:			
Investments in affiliates (Note 2-g)	156	143	1,563
Investments in securities (Note 2-g)	6,503	11,176	64,903
Long-term loans receivable	38	54	377
Deferred tax assets (Note 6)	1,977	990	19,734
Other (Note 2-h)	3,285	3,284	32,790
	11,959	15,647	119,367
Allowance for doubtful receivables (Note 2-d)	(3)	(0)	(33)
Net investments and other assets	11,956	15,647	119,334
Deferred Charges	15	40	153
Total Assets	¥ 320,544	¥ 354,784	$ 3,199,368

The accompanying notes to consolidated financial statements are an integral part of these statements.

Liabilities and Net Assets	Millions of yen 2008	Millions of yen 2007	Thousands of U.S. dollars (Note 3) 2008
Current Liabilities:			
Short-term loans payable (Note 4)	¥ 50,352	¥ 57,639	$ 502,572
Current portion of long-term debt (Note 4)	15,000	14,122	149,716
Notes and accounts payable:			
Trade	24,055	27,744	240,091
Other	9,648	10,423	96,299
Total notes and accounts payable	33,703	38,167	336,390
Income taxes payable (Note 6)	3,517	4,419	35,104
Accrued expenses and other current liabilities	15,749	16,808	157,188
Total current liabilities	118,321	131,155	1,180,970
Long-Term Liabilities:			
Long-term debt (Note 4)	67,500	78,500	673,720
Others (Note 2-h)	2,993	2,571	29,871
Total long-term liabilities	70,493	81,071	703,591
Total liabilities	188,814	212,226	1,884,561
Net Assets (Note 10)**:**			
Shareholders' equity:			
Common stock			
Authorized: 1,000,000,000 shares			
Issued: March 31, 2008—399,167,695 shares			
March 31, 2007—399,167,695 shares	68,259	68,259	681,294
Capital surplus	94,757	94,757	945,773
Earnings surplus	28,168	15,855	281,156
Treasury stock	(97)	(80)	(970)
Total shareholders' equity	191,087	178,791	1,907,253
Revaluation/Translation differences:			
Differences on revaluation of other marketable securities	1,756	3,295	17,525
Deferred hedge gains or losses	(0)	—	(2)
Foreign currency translation adjustments	(62,268)	(39,732)	(621,504)
Total revaluation/translation differences	(60,512)	(36,437)	(603,981)
Minority interests in consolidated subsidiaries	1,155	204	11,535
Total net assets	131,730	142,558	1,314,807
Total Liabilities and Net Assets	¥320,544	¥354,784	$3,199,368

Consolidated Statements of Income

Years ended March 31, 2008, 2007 and 2006

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2008	2007	2006	2008
Net Sales	¥334,431	¥331,022	¥318,446	$3,337,970
Cost of Sales (Note 9)	253,710	257,644	249,935	2,532,286
Gross profit	80,721	73,378	68,511	805,684
Selling, General and Administrative Expenses (Notes 2-j and 9)	49,959	47,113	49,242	498,644
Operating income	30,762	26,265	19,269	307,040
Other Income (Expenses):				
Interest income	688	544	258	6,865
Equity income of affiliates	14	—	5	143
Equity loss of affiliates	—	(5)	—	—
Interest expense	(4,402)	(5,224)	(4,771)	(43,937)
Gains on sales of investment securities and investment securities in affiliates	—	0	191	—
Foreign currency exchange losses (Note 2-b)	(474)	(680)	(345)	(4,731)
Losses on sales and disposals of tangible fixed assets	(713)	(1,688)	(870)	(7,119)
Losses on liquidation of subsidiaries and affiliates	(999)	(56)	(86)	(9,967)
Gains on the reversal of preemptive rights	—	—	447	—
Reversal of loss on after-care of products	—	572	—	—
Reversal of allowance for business restructuring losses	202	—	—	2,014
Impairment loss	(72)	(74)	(967)	(718)
Business restructuring loss	—	(40)	(3,475)	—
Settlement loss	—	(808)	—	—
Compensation payments	—	(70)	—	—
Retirement benefit expenses for overseas subsidiaries	(116)	—	—	(1,158)
Other, net	364	787	(36)	3,632
	(5,508)	(6,742)	(9,649)	(54,976)
Income before Income Taxes and Minority Interests	25,254	19,523	9,620	252,064
Income Taxes (Note 6)**:**				
Current	8,497	6,249	5,567	84,809
Deferred (benefit)	(591)	813	1,574	(5,902)
	7,906	7,062	7,141	78,907
Minority Interests	1,045	(401)	(1,778)	10,433
Net Income	¥ 16,303	¥ 12,862	¥ 4,257	$ 162,724

	Yen			U.S. dollars (Note 3)
Per Share Data (Note 11)**:**				
Net income (basic)	¥40.86	¥32.23	¥10.67	$0.41
Cash dividends applicable to the year	10.00	10.00	7.00	0.10

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Year ended March 31, 2008, 2007 and 2006

Millions of yen

	Shareholders' Equity					Revaluation/Translation Differences				
	Common Stock	Capital Surplus	Earnings Surplus	Treasury Stock	Total Shareholders' Equity	Differences on Revaluation of Other Marketable Securities	Foreign Currency Translation Adjustments	Total Revaluation/ Translation Differences	Minority Interests in Consolidated Subsidiaries	Total Net Assets
Balance at March 31, 2005	¥68,259	¥94,757	¥ 5,519	¥(56)	¥168,479	¥ 1,575	¥(67,965)	¥(66,390)	¥ 2,534	¥104,623
Changes:										
Cash dividend from retained earnings	—	—	(2,793)	—	(2,793)	—	—	—	—	(2,793)
Net income	—	—	4,257	—	4,257	—	—	—	—	4,257
Purchase of own shares	—	—	—	(11)	(11)	—	—	—	—	(11)
Sales of own shares	—	—	(0)	1	1	—	—	—	—	1
Changes (net) in non-shareholders' equity items	—	—	—	—	—	2,853	11,181	14,034	(1,902)	12,132
Total changes	—	—	1,464	(10)	1,454	2,853	11,181	14,034	(1,902)	13,586
Balance at March 31, 2006	¥68,259	¥94,757	¥ 6,983	¥(66)	¥169,933	¥ 4,428	¥(56,784)	¥(52,356)	¥ 632	¥118,209

Millions of yen

	Shareholders' Equity					Revaluation/Translation Differences				
	Common Stock	Capital Surplus	Earnings Surplus	Treasury Stock	Total Shareholders' Equity	Differences on Revaluation of Other Marketable Securities	Foreign Currency Translation Adjustments	Total Revaluation/ Translation Differences	Minority Interests in Consolidated Subsidiaries	Total Net Assets
Balance at March 31, 2006	¥68,259	¥94,757	¥ 6,983	¥(66)	¥169,933	¥ 4,428	¥(56,784)	¥(52,356)	¥ 632	¥118,209
Changes:										
Cash dividend from retained earnings	—	—	(3,990)	—	(3,990)	—	—	—	—	(3,990)
Net income	—	—	12,862	—	12,862	—	—	—	—	12,862
Purchase of own shares	—	—	—	(15)	(15)	—	—	—	—	(15)
Sales of own shares	—	0	—	1	1	—	—	—	—	1
Changes (net) in non-shareholders' equity items	—	—	—	—	—	(1,133)	17,052	15,919	(428)	15,491
Total changes	—	0	8,872	(14)	8,858	(1,133)	17,052	15,919	(428)	24,349
Balance at March 31, 2007	¥68,259	¥94,757	¥15,855	¥(80)	¥178,791	¥ 3,295	¥(39,732)	¥(36,437)	¥ 204	¥142,558

Millions of yen

	Shareholders' Equity					Revaluation/Translation Differences					
	Common Stock	Capital Stock	Earnings Surplus	Treasury Stock	Total Shareholders' Equity	Differences on Revaluation of Other Marketable Securities	Deferred Hedge Gains or Losses	Foreign Currency Translation Adjustments	Total Revaluation/ Translation Differences	Minority Interests in Consolidated Subsidiaries	Total Net Assets
Balance at March 31, 2007	**¥68,259**	**¥94,757**	**¥15,855**	**¥(80)**	**¥178,791**	**¥ 3,295**	**¥—**	**¥(39,732)**	**¥(36,437)**	**¥ 204**	**¥142,558**
Changes:											
Cash dividend from retained earnings	—	—	(3,990)	—	(3,990)	—	—	—	—	—	(3,990)
Net income	—	—	16,303	—	16,303	—	—	—	—	—	16,303
Purchase of own shares	—	—	—	(18)	(18)	—	—	—	—	—	(18)
Sales of own shares	—	0	—	1	1	—	—	—	—	—	1
Changes (net) in non-shareholders' equity items	—	—	—	—	—	(1,539)	(0)	(22,536)	(24,075)	951	(23,124)
Total changes	—	0	12,313	(17)	12,296	(1,539)	(0)	(22,536)	(24,075)	951	(10,828)
Balance at March 31, 2008	**¥68,259**	**¥94,757**	**¥28,168**	**¥(97)**	**¥191,087**	**¥ 1,756**	**¥(0)**	**¥(62,268)**	**¥(60,512)**	**¥1,155**	**¥131,730**

Thousands of U.S. dollars (Note 3)

	Shareholders' Equity					Revaluation/Translation Differences					
	Common Stock	Capital Stock	Earnings Surplus	Treasury Stock	Total Shareholders' Equity	Differences on Revaluation of Other Marketable Securities	Deferred Hedge Gains or Losses	Foreign Currency Translation Adjustments	Total Revaluation/ Translation Differences	Minority Interests in Consolidated Subsidiaries	Total Net Assets
Balance at March 31, 2007	**$681,294**	**$945,772**	**$158,256**	**$(795)**	**$1,784,527**	**$ 32,887**	**$—**	**$(396,574)**	**$(363,687)**	**$ 2,041**	**$1,422,881**
Changes:											
Cash dividend from retained earnings	—	—	(39,824)	—	(39,824)	—	—	—	—	—	(39,824)
Net income	—	—	162,724	—	162,724	—	—	—	—	—	162,724
Purchase of own shares	—	—	—	(180)	(180)	—	—	—	—	—	(180)
Sales of own shares	—	1	—	5	6	—	—	—	—	—	6
Changes (net) in non-shareholders' equity items	—	—	—	—	—	(15,362)	(2)	(224,930)	(240,294)	9,494	(230,800)
Total changes	—	1	122,900	(175)	122,726	(15,362)	(2)	(224,930)	(240,294)	9,494	(108,074)
Balance at March 31, 2008	**$681,294**	**$945,773**	**$281,156**	**$(970)**	**$1,907,253**	**$ 17,525**	**$(2)**	**$(621,504)**	**$(603,981)**	**$11,535**	**$1,314,807**

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Cash Flows

Years ended March 31, 2008, 2007 and 2006

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2008	2007	2006	2008
Cash Flows from Operating Activities:				
Income before income taxes and minority interests	¥ 25,254	¥ 19,523	¥ 9,620	$ 252,064
Depreciation and amortization	26,443	24,648	23,972	263,927
Impairment loss	72	74	967	718
Amortization of goodwill	1,059	1,079	1,073	10,571
Interest and dividend income	(796)	(610)	(330)	(7,941)
Interest expense	4,402	5,224	4,771	43,937
Losses on sales and disposals of tangible fixed assets	531	1,505	455	5,300
Gains on the reversal of preemptive rights	—	—	(447)	—
Decrease (increase) in notes and accounts receivable	939	(3,674)	(110)	9,373
Decrease (increase) in inventories	(1,545)	6,403	2,082	(15,417)
(Decrease) increase in notes and accounts payable	(1,304)	(1,629)	(1,215)	(13,018)
(Decrease) increase in allowances for business restructuring losses	(264)	(2,650)	3,286	(2,639)
Settlement loss	—	808	—	—
Loss on liquidation of affiliates	999	56	—	9,967
Decrease in warranty reserve	—	(577)	—	—
Other	5,015	(3,001)	(6,760)	50,064
Subtotal	60,805	47,179	37,364	606,906
Interest and dividends received	796	611	330	7,944
Interest paid	(4,438)	(5,252)	(4,844)	(44,293)
Income taxes paid	(9,462)	(4,636)	(4,613)	(94,443)
Payment for settlement	(808)	—	—	(8,065)
Net cash provided by operating activities	46,893	37,902	28,237	468,049
Cash Flows from Investing Activities:				
Purchase of tangible fixed assets	(24,888)	(16,969)	(21,897)	(248,409)
Proceeds from sales of tangible fixed assets	2,037	5,188	3,047	20,330
Purchase of intangible fixed assets	(663)	(697)	(311)	(6,623)
Payments for purchase of shares in subsidiaries	—	—	(342)	—
Long-term loans provided	(22)	(32)	(18)	(219)
Other, net	75	(2,670)	401	750
Net cash used in investing activities	(23,461)	(15,180)	(19,120)	(234,171)
Cash Flows from Financing Activities:				
Repayment of short-term and long-term debt	(16,597)	(22,876)	(4,567)	(165,652)
Cash dividends paid	(3,990)	(2,793)	(2,793)	(39,828)
Cash dividends paid to minority shareholders	—	—	(14)	—
Other, net	(17)	(14)	(6)	(173)
Net cash used in financing activities	(20,604)	(25,683)	(7,380)	(205,653)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(1,278)	307	889	(12,752)
Net (decrease) increase in cash and cash equivalents	1,550	(2,654)	2,626	15,473
Cash and Cash Equivalents at Beginning of Year	21,731	24,385	21,759	216,902
Cash and Cash Equivalents at End of Year	¥ 23,281	¥ 21,731	¥ 24,385	$ 232,375

The accompanying notes to consolidated financial statements are an integral part of these statements.

1. Basis of Presenting Financial Statements

The accompanying consolidated financial statements of Minebea Co., Ltd. (the "Company"), and its consolidated domestic and overseas subsidiaries are stated in Japanese yen, the accounts of which are maintained in accordance with the accounting principles generally accepted in the respective countries and audited by independent auditors in those countries.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements filed with the Ministry of Finance in Japan as required by the Financial Instruments and Exchange Law of Japan, in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. For the purpose of this annual report, certain reclassifications have been made and additional information provided to present the accompanying consolidated financial statements in a format that is familiar to readers outside Japan.

2. Summary of Significant Accounting Policies

a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and 42 affiliated companies, including 41 consolidated subsidiaries and 1 nonconsolidated affiliate. All significant intercompany balances, intercompany transactions and unrealized profits have been eliminated in consolidation.

b) Translation of foreign currencies

Monetary assets and liabilities denominated in overseas currencies are translated into Japanese yen at the exchange rates prevailing at the balance sheet date, except for certain accounts that were hedged by forward exchange contracts. Translation differences arising from the translation of the financial statements denominated in foreign currencies are recorded as minority interests in consolidated subsidiaries and foreign currency translation adjustments in net assets.

Financial statement items of consolidated overseas subsidiaries are translated into Japanese yen as follows:

Balance sheet items	At the rates of exchange prevailing at the balance sheet date
Statement of income items	At the average rate of exchange during the fiscal year

c) Cash equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered to be "cash equivalents."

d) Allowance for doubtful receivables

Allowance for doubtful receivables of the Company and its consolidated domestic subsidiaries is provided for normal receivables based on the historical write-off rate and for uncollectible receivables on a specific identification basis. Allowance for doubtful receivables of consolidated overseas subsidiaries is generally provided for estimated uncollectible receivables.

Allowance for doubtful receivables provided for consolidated subsidiary receivables is eliminated for consolidation purposes. Allowance for doubtful receivables as of March 31, 2008 and 2007, were sufficient to cover the estimated uncollectible receivables.

e) Inventories

Inventories of the Company and its consolidated domestic subsidiaries are stated primarily at cost, being determined by the moving average method, and those of its consolidated overseas subsidiaries are stated at the lower of cost or market, being determined by the first-in, first-out method or the moving average method.

Inventories as of March 31, 2008 and 2007, comprised the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2008	2007	**2008**
Merchandise and finished goods	**¥19,936**	¥22,408	**$198,988**
Work in process	**11,073**	11,808	**110,519**
Raw materials	**8,233**	8,096	**82,170**
Supplies	**3,159**	3,592	**31,528**
	¥42,401	¥45,904	**$423,205**

f) Tangible fixed assets

Tangible fixed assets is stated at cost. Depreciation of the Company and its consolidated domestic subsidiaries is computed by the declining balance method based upon the estimated useful lives of the assets, whereas depreciation of consolidated overseas subsidiaries is computed primarily by the straight-line method based upon the estimated useful lives of the assets. Maintenance and normal repair expenses are charged against income as incurred, while significant renewals and improvements are capitalized.

(Change of depreciation method)

From the current consolidated accounting period, regarding the fixed assets purchased on or after April 1, 2007, the Company calculates depreciation and amortization expenses pursuant to the depreciation method provided in the revised Corporation Tax Law.

This resulted in a decrease of ¥201 million in operating income, ordinary income and income before income taxes and minority interests, respectively.

(Additional information)

Of tangible fixed assets acquired on or before March 31, 2007, regarding those whose depreciation was completed up to their depreciable amounts, the Company depreciates their remaining book values equally over 5 years from the current consolidated accounting period.

This resulted in a decrease of ¥231 million in operating income, ordinary income and income before income taxes and minority interests, respectively.

g) Investments in securities

Investments in securities consist of equity securities of listed and unlisted companies and government bonds. Other securities held by the Company or its domestic subsidiaries with quoted market values are stated at the closing quoted value price on March 31, 2008 and 2007. Resulting valuation gains and losses are included, after the application of tax effect accounting, in net assets in the consolidated balance sheets. Those securities with no quoted market value are stated at cost by the moving average method.

Owing to a change in holding purpose, effective from the year ended March 31, 2008, debt securities held to maturity by the Company's consolidated overseas subsidiaries have been reclassified as other marketable securities with market value. The impact of this change is negligible.

Other Marketable Securities with Market Value

	2008			2007		
Millions of yen	*Acquisition cost*	*Reported amount in balance sheet*	*Difference*	*Acquisition cost*	*Reported amount in balance sheet*	*Difference*
Securities whose reported amounts in balance sheet exceed acquisition cost						
Stock	**¥5,373**	**¥7,537**	**¥2,164**	¥3,081	¥8,482	¥5,401
Securities whose reported amounts in balance sheet do not exceed acquisition cost						
Stock	**3**	**2**	**(1)**	—	—	—
Total	**¥5,376**	**¥7,539**	**¥2,163**	¥3,081	¥8,482	¥5,401

	2008		
Thousands of U.S. dollars (Note 3)	*Acquisition cost*	*Reported amount in balance sheet*	*Difference*
Securities whose reported amounts in balance sheet exceed acquisition cost			
Stock	**$53,634**	**$75,228**	**$21,594**
Securities whose reported amounts in balance sheet do not exceed acquisition cost			
Stock	**31**	**28**	**(3)**
Total	**$53,665**	**$75,256**	**$21,591**

h) Accounting for retirement benefits

With effect from April 1, 2000, the Company and its consolidated domestic subsidiaries have adopted the accounting standards for retirement benefits. To provide for the payment of retirement benefits to employees, the Company has made provisions based on the projected benefit obligations and the estimated plan assets as of March 31, 2008 and 2007, calculated on the basis of accrued retirement benefit obligations and prepaid pension costs as of March 31, 2008 and 2007.

Prepaid pension costs for the fiscal years ended March 31, 2008 and 2007, are included in “Other” in “Investments and Other Assets.”

Actuarial gains and losses are amortized using the straight-line method over the average remaining service period of employees (5 years), from the period subsequent to the period in which they are incurred.

Unrecognized prior service costs of consolidated overseas subsidiaries are amortized using the straight-line method over a period of 10 years.

Actuarial gains and losses of consolidated overseas subsidiaries are amortized using the straight-line method over a period of 10 years, from the period subsequent to the period in which they are incurred.

Retirement benefit plans

Projected benefit obligations, net retirement benefit costs and assumptions used for calculation for the years ended March 31, 2008 and 2007, are as follows:

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
Projected Benefit Obligations	**2008**	2007	**2008**
Projected benefit obligations	**¥(30,210)**	¥(30,125)	**$(301,530)**
Plan assets at fair value	**25,985**	29,525	**259,357**
Unfunded projected benefit obligations	**(4,225)**	(600)	**(42,173)**
Unrecognized prior service cost	**8**	987	**84**
Unrecognized actuarial (gains) losses	**4,221**	(565)	**42,129**
Net amount recognized on consolidated balance sheets	**4**	(178)	**40**
Prepaid pension cost	**1,711**	1,483	**17,081**
Accrued retirement benefits	**¥ (1,707)**	¥ (1,661)	**$ (17,041)**

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
Net Retirement Benefit Costs	**2008**	2007	**2008**
Services cost	**¥ 1,279**	¥ 2,269	**$ 12,766**
Interest cost	**1,266**	1,159	**12,638**
Expected return on plan assets	**(1,403)**	(1,343)	**(14,001)**
Amortization of prior service cost	**2**	2	**21**
Amortization of actuarial (gains) losses	**(311)**	(62)	**(3,106)**
Retirement benefit costs	**¥ 833**	¥ 2,025	**$ 8,318**

Other than the above retirement benefit costs, we post ¥116 million in retirement benefit costs for overseas subsidiaries in other expenses.

Assumption Used for Calculation	**2008**	2007
Discount rate	**mainly 2.5%**	mainly 2.5%
Expected rate of return on plan assets	**mainly 2.5%**	mainly 2.5%
Allocation of estimated amount of all retirement benefits to be paid at future retirement dates	**Equally to each service year using the estimated number of total service years**	Equally to each service year using the estimated number of total service years

i) Leases

Non-cancelable lease transactions of the Company are accounted for by the operating lease accounting method regardless of whether such leases are classified as operating or finance leases, except that lease agreements which stipulate the transfer of ownership of the leased property to the lessee are accounted for as finance leases.

j) Goodwill and negative goodwill

Excess of cost over net assets acquired for business acquisitions for the Company and its consolidated subsidiaries is amortized, amounting to ¥1,059 million in fiscal 2008 and ¥1,079 million in fiscal 2007, on a straight-line basis over a period ranging from 5 to 40 years in accordance with accounting procedures in their respective countries of domicile.

k) Reclassifications

Certain reclassifications of previous years' figures have been made to conform with the current year's classification.

3. Translation into U.S. Dollars

The accompanying financial statements are expressed in Japanese yen and, solely for the convenience of the reader, have also been translated into U.S. dollar amounts at the rate of ¥100.19=US$1, the approximate rate of exchange on March 31, 2008. The translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars.

4. Short-Term Loans Payable and Long-Term Debt

Short-term loans payable consists of notes payable to banks, principally due in 30 to 180 days. The average annual interest rates for short-term loans payable are 2.20% and 2.35% for the years ended March 31, 2008 and 2007, respectively.

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	2008	2007	**2008**
Notes payable to banks	**¥50,352**	¥57,639	**$502,572**
Total	**¥50,352**	¥57,639	**$502,572**

The aggregate annual maturities of long-term debt outstanding as of March 31, 2008, are as follows:

	Millions of yen	*Thousands of U.S. dollars (Note 3)*
2009	**¥15,000**	**$149,716**
2010	**18,000**	**179,659**
2011	**12,000**	**119,772**
2012	**21,500**	**214,592**
2013 and thereafter	**16,000**	**159,697**
	¥82,500	**$823,436**

Long-term debt as of March 31, 2008 and 2007, consists of the following:

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	2008	2007	**2008**
3.0% unsecured bonds payable in Japanese yen due 2008	**¥15,000**	¥15,000	**$149,716**
1.39% unsecured bonds payable in Japanese yen due 2010	**10,000**	10,000	**99,810**
1.26% unsecured bonds payable in Japanese yen due 2011	**10,000**	10,000	**99,810**
1.7% unsecured bonds payable in Japanese yen due 2012	**1,500**	1,500	**14,972**
0.85% to 2.05% loans from banks, other	**46,000**	56,122	**459,128**
	82,500	92,622	**823,436**
Less current portion	**15,000**	14,122	**149,716**
	¥67,500	¥78,500	**$673,720**

5. Losses on Impairment of Fixed Assets

The groups of assets for which the Company recognized impairment losses for the years ended March 31, 2008 and 2007, are as follows:

Losses on impairment

			Millions of yen		*Thousands of U.S. dollars (Note 3)*
Use	*Location*	*Type of assets*	2008	2007	2008
Idle assets	4 facilities, which are the former Kyoto Plant, former Ibaraki Plant, former Ichinoseki Plant and former Kanegasaki Plant and fixtures (Hachiman City, Kyoto Prefecture and others)	Buildings and structures	¥—	¥42	$ —
		Machinery and transportation equipment	—	6	—
		Tools, furniture and fixtures	—	0	—
		Land	72	26	718
		Total	¥72	¥74	$718

The method to group the assets
Assets are grouped largely by each minimal works that will bear independent cash flow in each business segment.

The reason for impairment losses having been recognized
The fixed assets (land and others) for which impairment losses were recognized for the years ended March 31, 2008 and 2007, are currently idle assets and are not expected to be utilized effectively. In addition, the land price dropped significantly.

The method to calculate the recoverable amounts
The recoverable amounts were measured by the net sales value, which is mainly based on the real estate valuation standards.

6. Income Taxes

The Company and its consolidated domestic subsidiaries are subject to a number of different taxes based on income which, in the aggregate, resulted in an effective statutory rate of 39% for fiscal 2008 and 2007.

The income taxes of consolidated overseas subsidiaries are generally levied at lower rates than those currently applied in Japan. In addition, consolidated subsidiaries in Thailand are granted a tax exempt status by the Promotion of Investment Act, whereby earnings derived from the manufacture or sale of qualifying products are fully exempt from Thai income tax for a period of three to eight years.

The income tax effect is recognized for temporary differences resulting from elimination of intercompany profit and certain adjustments made in the accompanying consolidated financial statements.

Net deferred tax assets of ¥8,614 million and ¥6,262 million as of March 31, 2008 and 2007, respectively, are included in the accompanying consolidated balance sheets and are composed of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
Deferred Tax Assets	2008	2007	2008
Excess of allowed limit chargeable to the bonus payment reserve	¥ 872	¥ 793	$ 8,704
Loss on revaluation of investment securities	1,374	1,619	13,712
Excess of allowed limit chargeable to the allowance for doubtful accounts	4,054	2,332	40,464
Unrealized gains on sales of inventories	1,449	1,729	14,459
Excess of allowed limit chargeable to the depreciation	1,058	783	10,564
Deficit carried forward	1,630	1,257	16,274
Foreign tax credit carried forward	352	557	3,513
Impairment loss	128	361	1,276
Others	1,806	1,468	18,024
Subtotal	12,723	10,899	126,990
Valuation allowance	(1,611)	(746)	(16,078)
Total deferred tax assets	¥11,112	¥10,153	$110,912

	Millions of yen		Thousands of U.S. dollars (Note 3)
Deferred Tax Liabilities	2008	2007	2008
Depreciation allowed to overseas subsidiaries	¥1,346	¥1,544	$13,440
Differences on revaluation of other marketable securities	138	2,106	1,377
Others	1,014	241	10,122
Total deferred tax liabilities	2,498	3,891	24,939
Net deferred tax assets	¥8,614	¥6,262	$85,973

Net deferred tax assets are included in the accompanying consolidated balance sheets as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2008	2007	2008
Current assets—Deferred tax assets	¥ 8,498	¥ 7,056	$ 84,820
Non-current assets—Deferred tax assets	1,977	990	19,734
Current liabilities—Deferred tax liabilities	(1,330)	(1,206)	(13,281)
Non-current liabilities—Deferred tax liabilities	(531)	(578)	(5,300)
Net deferred tax assets	¥ 8,614	¥ 6,262	$ 85,973

The reconciliation of the statutory tax rate in Japan and the effective tax rates appearing in the consolidated statements of income for the years ended March 31, 2008 and 2007, is shown below:

	2008	2007
Statutory tax rate in Japan	39.0%	39.0%
Adjustments:		
Amortization of goodwill	1.2	2.1
Difference of rates applied to overseas subsidiaries	(12.9)	(13.2)
Valuation allowance for operating losses of consolidated subsidiaries	(4.3)	5.7
Effect of dividend income eliminated for consolidation	8.3	2.8
Other	(0.0)	(0.2)
Effective income tax rate	31.3%	36.2%

7. Leases

Pro forma information for finance leases, except that lease agreements which stipulate the transfer of ownership of the leased assets to the lessee, is as follows:

Acquisition Cost, Accumulated Depreciation and Net Book Value of Leased Assets

	Millions of yen					
	2008			2007		
	Acquisition cost	*Accumulated depreciation*	*Net book value*	*Acquisition cost*	*Accumulated depreciation*	*Net book value*
Machinery and transportation equipment	**¥1,595**	**¥ 618**	**¥ 977**	¥1,439	¥ 742	¥ 697
Tools, furniture and fixtures	**2,225**	**1,201**	**1,024**	2,388	1,313	1,075
Software	**21**	**10**	**11**	33	12	21
Total	**¥3,841**	**¥1,829**	**¥2,012**	¥3,860	¥2,067	¥1,793

	Thousands of U.S. dollars (Note 3)		
	2008		
	Acquisition cost	*Accumulated depreciation*	*Net book value*
Machinery and transportation equipment	**$15,923**	**$ 6,174**	**$ 9,749**
Tools, furniture and fixtures	**22,206**	**11,984**	**10,222**
Software	**214**	**103**	**111**
Total	**$38,343**	**$18,261**	**$20,082**

Note: Because the outstanding future lease payments at the balance sheet date are not material as compared with the year-end balance of tangible assets, the interest portion is included in the pro forma amounts of acquisition cost.

Outstanding Future Lease Payments

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	2008	2007	**2008**
Due within one year	**¥ 889**	¥ 896	**$ 8,876**
Due after one year	**1,123**	897	**11,206**
Total	**¥2,012**	¥1,793	**$20,082**

Note: Because the outstanding future lease payments payable at the balance sheet date are not material as compared with the year-end balance of tangible fixed assets, the interest portion is included in the pro forma amounts of outstanding future lease payments payable.

Actual Lease Payments and Depreciation Expense

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	2008	2007	**2008**
Actual lease payments	**¥1,144**	¥1,080	**$11,426**
Depreciation	**1,144**	1,080	**11,426**

Depreciation of leased assets is computed on the straight-line method over the lease term with no residual value.

No impairment losses have been allocated to lease assets.

8. Derivatives

1. Content of transactions

The Minebea Group uses forward exchange contract transactions as well as interest rate swap transactions.

2. Transaction policy

The Minebea Group uses forward exchange contracts within the balance of its foreign currency receivable and payables, including the amounts that are ensured to arise in the future. The Group also uses interest rate swaps within the principal of its borrowings. The management of these transactions is guided by the Financial Department of the Company, and no speculative transactions are made.

3. Purpose of the use of transactions

The Minebea Group makes transactions of forward exchange contracts to hedge the fluctuation risks in foreign currency exchange rates related to export and import transactions, etc. The Group also makes interest rate swap transactions to hedge the fluctuation risks in the interest rates of its borrowings.

The Minebea Group makes derivative transactions, and by using the transactions, adopts hedge accounting.

(1) Method of Hedge Accounting

The Company adopts the allocation method to account for the forward exchange contracts for foreign currency-denominated receivables and payables, and the deferred hedge method to account for the forward exchange contracts for foreign currency-denominated anticipated transactions. The Company also adopts the special method to account for the interest rate swaps, which meet the requirements of special accounting.

(2) Hedging Vehicles and Hedged Items

(Hedging Vehicles)

Forward exchange contracts

Interest rate swaps

(Hedged Items)

Monetary receivables and payables in foreign currency

Anticipated transaction in foreign currencies

Interest rates on borrowings

(3) Hedge Policy

Under the guidance of its Finance Department, the Company makes forward exchange contracts to hedge risks in foreign exchange fluctuations arising from export and import transactions, and from lending in foreign currency. The Company also makes interest rate swaps to hedge fluctuation risks in interest rates on borrowings.

(4) Method of Assessing Hedge Effectiveness

Regarding forward exchange contracts, in principle, the Company allocates them to monetary receivables and payables with same maturities and same amounts in foreign currency at closing of forward exchange contracts in accordance with the risk management policy. This completely ensures correlations reflecting subsequent exchange rate fluctuations. The Company assesses hedge effectiveness based upon such correlations. Also, regarding interest rate swaps, the Company assesses hedge effectiveness based upon the fulfillment of the accounting requirements for special treatment.

4. Content of risks associated with transactions

Forward exchange and interest swap contracts have fluctuation risks in foreign exchange rates and interest rates, respectively.

The Minebea Group limits forward exchange contracts and interest rate swaps to the purpose of hedging those risks, and believes that there are almost no market risks.

The Minebea Group makes such transactions with highly rated and reliable financial institutions. Accordingly, it believes that there are almost no risks of the contracts not being fulfilled.

5. Risk management structure for transactions

Forward exchange contracts are executed and managed by the finance department of each company within the limit as mentioned in item 2. These transactions are periodically reported to the Finance Department of Company, and are monitored by the Dept.

Interest rate swap transactions are executed and managed by the Finance Department of the Hedge Office within the limit as mentioned in item 2. However, including details of such borrowing transactions, these transactions are pre-approved by the Board of Directors or the executive officer in charge of finance of the Company, depending upon the amounts of transactions.

9. Research and Development Expenses

Research and development expenses incurred by the Company and its consolidated subsidiaries are included in selling, general and administrative expenses and manufacturing costs.

Research and development expenses for the years ended March 31, 2008 and 2007, amounted to ¥9,950 million and ¥9,000 million, respectively.

10. Shareholders' Equity

The Corporation Law of Japan requires that an amount equivalent to 10% of cash dividends must be appropriated as a legal reserve or as additional paid-in capital upon the payment of said cash dividends until the aggregate of the legal reserve and additional paid-in capital equals 25% of common stock. Under the Corporation Law, the legal reserve and additional paid-in capital may be reversed without restriction on amount.

The Corporation Law also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings may be transferred among the accounts under certain conditions by resolution of the ordinary general meeting of shareholders.

11. Per Share Data

Dividends per share shown in the consolidated statements of income have been presented on an accrual basis and include, in each fiscal year, dividends approved or to be approved after the fiscal year-end but applicable to the fiscal year.

Basic net income per share is based on the weighted average number of shares of common stock outstanding during each year.

Diluted net income per share is computed using the weighted average number of shares of common stock during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the conversion of convertible bonds. In calculating diluted net income per share, net income is adjusted by interest expense, net of income taxes, on the convertible bonds when such bonds are dilutive.

The number of shares used in calculating net income per share for the years ended March 31, 2008 and 2007, is as follows:

	Thousands of shares	
	2008	2007
Basic	**399,013**	399,037
Diluted	**—**	—

Note: There is no dilutive potential of shares of common stock.

12. Litigation

As of March 31, 2008, there are no material claims outstanding or threatened against the Company or its consolidated subsidiaries.

13. Contingent Liabilities

The Company and its consolidated subsidiaries had no contingent liabilities as of March 31, 2008.

14. Segment Information

The Company and its consolidated subsidiaries are engaged in two business segments: machined components, which includes bearings and bearing-related products, notably ball bearings, rod-end and spherical bearings and pivot assemblies, as well as other machined components, such as fasteners, and special machined components; and electronic devices and components, encompassing rotary components and other electronic devices and components, primarily PC keyboards and speakers.

The business segments of the Company and its consolidated subsidiaries as of March 31, 2008 and 2007, and for the years then ended are outlined as follows:

Business Segments

Millions of yen

Year ended March 31, 2008	*Machined Components*	*Electronic Devices and Components*	*Total before Eliminations*	*Eliminations or Corporate*	*Total*
Sales to external customers	¥144,034	¥190,397	¥334,431	¥ —	¥334,431
Internal sales	10,062	5,414	15,476	(15,476)	—
Total sales	154,096	195,811	349,907	(15,476)	334,431
Operating expenses	126,346	192,799	319,145	(15,476)	303,669
Operating income	27,750	3,012	30,762	—	30,762
Assets	189,149	192,202	381,351	(60,807)	320,544
Depreciation and amortization	13,635	12,808	26,443	—	26,443
Impairment loss	31	41	72	—	72
Capital expenditure	12,292	13,259	25,551	—	25,551

Thousands of U.S. dollars (Note 3)

Year ended March 31, 2008	*Machined Components*	*Electronic Devices and Components*	*Total before Eliminations*	*Eliminations or Corporate*	*Total*
Sales to external customers	$1,437,612	$1,900,358	$3,337,970	$ —	$3,337,970
Internal sales	100,429	54,039	154,468	(154,468)	—
Total sales	1,538,041	1,954,397	3,492,438	(154,468)	3,337,970
Operating expenses	1,261,065	1,924,333	3,185,398	(154,468)	3,030,930
Operating income	276,976	30,064	307,040	—	307,040
Assets	1,887,909	1,918,373	3,806,282	(606,914)	3,199,368
Depreciation and amortization	136,093	127,834	263,927	—	263,927
Impairment loss	308	410	718	—	718
Capital expenditure	122,686	132,346	255,032	—	255,032

Millions of yen

Year ended March 31, 2007	*Machined Components*	*Electronic Devices and Components*	*Total before Eliminations*	*Eliminations or Corporate*	*Total*
Sales to external customers	¥137,662	¥193,360	¥331,022	¥ —	¥331,022
Internal sales	7,213	4,135	11,348	(11,348)	—
Total sales	144,875	197,495	342,370	(11,348)	331,022
Operating expenses	118,680	197,425	316,105	(11,348)	304,757
Operating income	26,195	70	26,265	—	26,265
Assets	216,595	224,048	440,643	(85,859)	354,784
Depreciation and amortization	12,507	12,141	24,648	—	24,648
Impairment loss	31	43	74	—	74
Capital expenditure	8,423	9,243	17,666	—	17,666

The geographic segments of the Company and its consolidataed subsidiaries as of March 31, 2008 and 2007, and for the years then ended are outlined as follows:

Geographic Segments

Millions of yen

Year ended March 31, 2008	Japan	Asia (excluding Japan)	North America	Europe	Total before Eliminations	Eliminations or Corporate	Total
Sales to external customers	¥ 75,378	¥170,474	¥53,585	¥34,994	¥334,431	¥ —	¥334,431
Internal sales	163,898	169,604	2,034	1,210	336,746	(336,746)	—
Total sales	239,276	340,078	55,619	36,204	671,177	(336,746)	334,431
Operating expenses	230,180	324,505	51,143	34,587	640,415	(336,746)	303,669
Operating income	9,096	15,573	4,476	1,617	30,762	—	30,762
Assets	127,492	231,262	30,543	22,143	411,440	(90,896)	320,544

Thousands of U.S. dollars (Note 3)

Year ended March 31, 2008	Japan	Asia (excluding Japan)	North America	Europe	Total before Eliminations	Eliminations or Corporate	Total
Sales to external customers	$ 752,355	$1,701,508	$534,832	$349,275	$3,337,970	$ —	$3,337,970
Internal sales	1,635,875	1,692,825	20,299	12,078	3,361,077	(3,361,077)	—
Total sales	2,388,230	3,394,333	555,131	361,353	6,699,047	(3,361,077)	3,337,970
Operating expenses	2,297,435	3,238,896	510,462	345,214	6,392,007	(3,361,077)	3,030,930
Operating income	90,795	155,437	44,669	16,139	307,040	—	307,040
Assets	1,272,507	2,308,238	304,854	221,005	4,106,604	(907,236)	3,199,368

Millions of yen

Year ended March 31, 2007	Japan	Asia (excluding Japan)	North America	Europe	Total before Eliminations	Eliminations or Corporate	Total
Sales to external customers	¥ 83,265	¥162,330	¥56,110	¥29,317	¥331,022	¥ —	¥331,022
Internal sales	163,915	165,062	1,751	1,081	331,809	(331,809)	—
Total sales	247,180	327,392	57,861	30,398	662,831	(331,809)	331,022
Operating expenses	237,410	316,093	54,131	28,932	636,566	(331,809)	304,757
Operating income	9,770	11,299	3,730	1,466	26,265	—	26,265
Assets	162,335	258,046	35,692	21,326	477,399	(122,615)	354,784

Overseas sales of the Company and its consolidated subsidiaries for the years ended March 31, 2008 and 2007, are summarized as follows:

Overseas Sales

Year ended March 31, 2008	To Asia (excluding Japan)	To North and South America	To Europe	Total
				Millions of yen
Overseas sales	¥174,483	¥43,139	¥39,421	¥257,043
Consolidated net sales				¥334,431
Overseas sales as a percentage of consolidated net sales	52.2%	12.9%	11.8%	76.9%

Year ended March 31, 2008	To Asia (excluding Japan)	To North and South America	To Europe	Total
				Thousands of U.S. dollars (Note 3)
Overseas sales	$1,741,527	$430,572	$393,460	$2,565,559
Consolidated net sales				$3,337,970
Overseas sales as a percentage of consolidated net sales	52.2%	12.9%	11.8%	76.9%

Year ended March 31, 2007	To Asia (excluding Japan)	To North and South America	To Europe	Total
				Millions of yen
Overseas sales	¥166,256	¥44,927	¥35,120	¥246,303
Consolidated net sales				¥331,022
Overseas sales as a percentage of consolidated net sales	50.2 %	13.6 %	10.6 %	74.4 %

15. Subsequent Events

Until March 31, 2008, the Company and certain of its consolidated domestic subsidiaries had maintained the tax-qualified pension plan. However, with effect from April 1, 2008, the Company and the subsidiaries have abolished the tax-qualified pension plan, and transferred to the defined contribution pension plan and the defined benefit pension plan.

Accordingly, we will apply the Accounting for Transfer between Retirement Benefit Plans (Accounting Standards Board of Japan Implementation Guidance No. 1), and account for the closure of the retirement benefits transferred to the defined contribution pension plan.

The impact of the change in plans on consolidated income before income taxes and minority interests in the year ending March 31, 2009, is estimated at ¥374 million.

ERNST & YOUNG SHINNIHON

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Report of Independent Auditors

The Board of Directors
Minebea Co., Ltd.

We have audited the accompanying consolidated balance sheets of Minebea Co., Ltd. and consolidated subsidiaries as of March 31, 2007 and 2008, and the related consolidated statements of operations, changes in net assets, and cash flows for each of the three years in the period ended March 31, 2008, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Minebea Co., Ltd. and consolidated subsidiaries at March 31, 2007 and 2008, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2008, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3.

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Law (the "CPA Law").

In addition, we have continuously provided the Company with non-auditing services as permitted in Article 2, Section 2 of the CPA Law.

Ernst & Young ShinNihon

June 27, 2008