



Minebea Co., Ltd.
ANNUAL REPORT

2008

Year Ended March 31, 2008

For Minebea, competitiveness means
ensuring both ultraprecision machining
and mass production technologies





Minebea Co., Ltd., was established in 1951 as Japan's first specialized manufacturer of miniature ball bearings. Today, the Company is the world's leading comprehensive manufacturer of miniature ball bearings and high-precision components, supplying customers worldwide in the information and telecommunications equipment, aerospace, automotive and household electrical appliances industries.

As of March 31, 2008, the Minebea Group encompassed 42 subsidiaries and affiliates in 13 countries. The Group maintains 25 plants and 43 sales offices and employs more than 50,000 people.



Disclaimer Regarding Future Projections

In this annual report, all statements that are not historical facts are future projections made based on certain assumptions and our management's judgement drawn from currently available information. Accordingly, when evaluating our performance or value as a going concern, these projections should not be relied on entirely. Please note that actual performance may vary significantly from any particular projection, owing to various factors, including: (i) changes in economic indicators surrounding us, or in demand trends; (ii) fluctuation of foreign exchange rates or interest rates; and (iii) our ability to continue R&D, manufacturing and marketing in a timely manner in the electronics business sector, where technological innovations are rapid and new products are launched continuously. Please note, however, this is not a complete list of the factors affecting actual performance.

Note: Information contained herein is the exclusive property of Minebea Co., Ltd., and may not be reproduced, modified or transmitted in any form or by any means for whatever purpose without Minebea's prior written permission.

| | |
|---|-----------|
| Contents | |
| At a Glance | 2 |
| Consolidated Financial Highlights | 3 |
| Message to Our Shareholders | 4 |
| Contributions to Society | 7 |
| Environmental Protection | 8 |
| Corporate Governance | 10 |
| A History of Achievements | 12 |
| Directors, Auditors and Executive Officers | 14 |
| Organization | 15 |
| Contact Information | 16 |
| Financial Section | 17 |
| Principal Subsidiaries | 51 |
| Corporate Data | 53 |

Machined Components

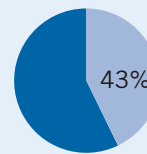


Principal Products

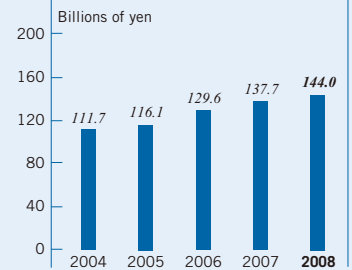
- **Bearings and Bearing-Related Products**
 - Miniature ball bearings
 - Small-sized ball bearings
 - Integrated-shaft ball bearings
 - Rod-end bearings
 - Spherical bearings
 - Roller bearings
 - Bushings
 - Pivot assemblies
 - Tape guides

- **Other Machined Components**
 - Aerospace/automotive fasteners
 - Special machined components
 - Magnetic clutches and brakes

Percentage of net sales



Net Sales of Machined Components



Electronic Devices and Components

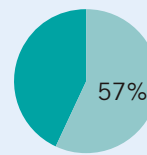


Principal Products

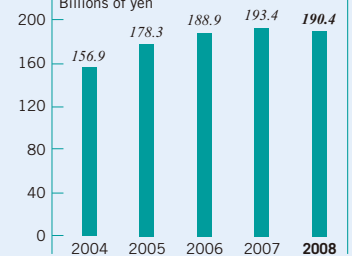
- **Rotary Components**
 - Hard disc drive (HDD) spindle motors
 - Fan motors
 - Hybrid-type stepping motors
 - Permanent magnet (PM)-type stepping motors
 - Brush DC motors
 - Vibration motors
 - Variable reluctance (VR) resolvers

- **Other Electronic Devices and Components**
 - Personal computer (PC) keyboards
 - Speakers
 - Electronic devices
 - Color wheels
 - Lighting devices for liquid crystal displays (LCDs)
 - Backlight inverters
 - Measuring components
 - Strain gages
 - Load cells

Percentage of net sales



Net Sales of Electronic Devices and Components



Consolidated Financial Highlights

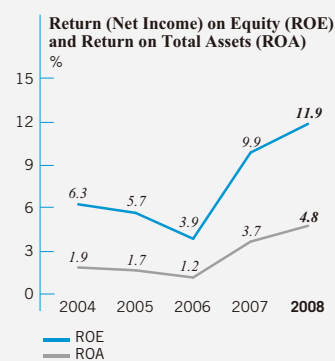
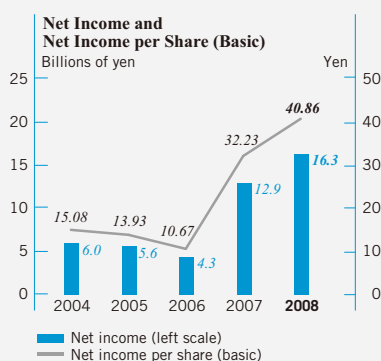
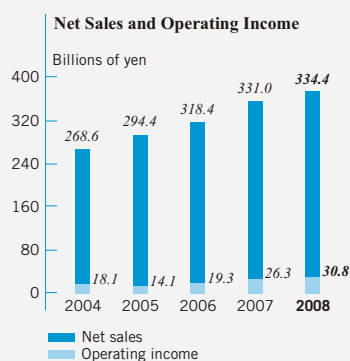
Years ended March 31

| | Millions of yen | | Percentage change | Thousands of U.S. dollars (Note) |
|-------------------------------|-----------------|----------|-------------------|----------------------------------|
| | 2008 | 2007 | 2008/2007 | 2008 |
| Net sales | ¥334,431 | ¥331,022 | 1.0% | \$3,337,970 |
| Operating income | 30,762 | 26,265 | 17.1 | 307,040 |
| Net income | 16,303 | 12,862 | 26.8 | 162,724 |
| Total net assets | 131,730 | 142,558 | (7.6) | 1,314,807 |
| Total assets | 320,544 | 354,784 | (9.7) | 3,199,368 |
| Return (net income) on equity | 11.9% | 9.9% | | |

| | Yen | | Percentage change | U.S. dollars (Note) |
|---------------------------------------|---------|---------|-------------------|---------------------|
| | 2008 | 2007 | 2008/2007 | 2008 |
| Net income (basic) | ¥ 40.86 | ¥ 32.23 | 26.8% | \$0.41 |
| Net assets | 327.25 | 356.75 | (8.3) | 3.27 |
| Cash dividends applicable to the year | 10.00 | 10.00 | 0.0 | 0.10 |

Per Share Data:

Note: 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.



Progression And Leap: Our Drive Toward Sustainable Growth



Takayuki Yamagishi
Representative Director,
President and Chief Executive Officer

In fiscal 2008, ended March 31, 2008, efforts implemented in the first step of our drive toward a new phase of growth yielded steady results, enabling us to achieve record-high consolidated net sales and net income.

Results of Operations

Despite indications of a slowdown—notably surging crude oil and raw materials prices, coupled with a slowdown in the housing market arising from chaos in financial and capital markets—the global economy continued to expand in fiscal 2008, the first year of our current medium-term business plan. Accordingly, key sectors, notably aircraft, automobiles, PCs, HDDs and mobile phones, remained strong.

As a consequence, we recorded net sales of ¥334.4 billion, a new record and our second in as many years. Sales growth was driven by rising sales of ball bearings, pivot assemblies, rod-end bearings, HDD spindle motors and measuring components.

Operating income rose 17.1%, to ¥30.8 billion. Despite the negative impact of the appreciation of the currencies of Thailand and China—where we have our principle manufacturing bases—our information motors and PC keyboards businesses continued to register income gains. The operating margin rose 1.3 percentage points, to 9.2%.

Net income increased 26.8%, to ¥16.3 billion, a new record and the first in 10 years.

Achieving Sustainable Growth through Innovation

Thanks to a variety of measures implemented to date, we believe that our bid to improve operating results is now on track. Going forward, we will focus on accelerating the expansion of businesses that are major growth drivers and achieving progress in new businesses, believing that firmly establishing our vision—to evolve as a company that leads the competition through manufacturing and technological excellence—in all Minebea businesses is crucial to achieving sustainable growth.

To these ends, we will review current approaches and gradually take the steps necessary to revolutionize our manufacturing technologies and technological development.

Moreover, with the aim of ensuring growth in the future we will work to launch our ball bearings, aircraft components and measuring components businesses, as well as our electronic devices and information motors (including fan motors) businesses, on a firm growth trajectory. We will also strive to accelerate growth by stepping up technological development efforts. In the area of technological development, we will promote alliances and collaboration both internally and with independent organizations in line with our central objective of combining various technologies.

Growth Scenario

To realize the growth scenario we envision for Minebea as a whole, we are promoting specific efforts in each of our businesses.

In ball bearings, we succeeded in increasing our monthly global production capacity to 200 million pieces. Of particular

note, in the market for miniature ball bearings, which continues to see a high rate of growth, we are working to expand the scale of our operations. Additionally, we will take steps to begin supplying specialty miniature ball bearings that satisfy the demand for higher precision levels in Europe and in the medical equipment market.

Efforts in the area of pivot assemblies will focus mainly on establishing new engineering and processing technologies that will enable us to secure market share and respond to the impact of high raw materials prices.

In aircraft components, sales have increased 45% over the past five years, outpacing consolidated net sales, which increased 25% over the same period. In the market for ball bearings and roller bearings for aircraft, which centers on components for aircraft engines manufactured in the United States, we will increase our production capacity in response to persistent supply shortages, particularly for medium-sized components. We will also bolster production capabilities at our plant in California. For rod-end bearings, we have shifted production of existing products to Thailand, thereby freeing up our plants in Japan, the United Kingdom and the United States to focus on high-value-added products. With the aim of enhancing production efficiency for aircraft components, we integrated our fasteners and rod-end bearings businesses, taking advantage of the fact that both employ similar manufacturing equipment and methods. We have already increased production capacity at our Fujisawa Plant in Japan, which manufactures fasteners for aircraft and automotive applications, with the aim of capitalizing on a global shortage of fasteners for private-sector aircraft to reinforce this business.

Our electronic devices and measuring components businesses focus on markets characterized by blistering technological innovation, necessitating the ability to continually address new challenges. In mainstay light-emitting diode (LED) backlights, our goal is to reduce dependence on smaller models for mobile phones and digital cameras by shifting our focus to medium-sized and large models for automobiles, PCs and televisions, and models with unusual configurations.

Growth in our measuring components business continues to derive primarily from new markets, such as those for sensors for automotive applications and consumer game consoles. Looking ahead, we are also aiming to enter the markets for components for medical and nursing care equipment.

In electronic devices, we will strive to combine technologies that enable us to maintain our competitive edge in terms of technological capabilities. By combining traditionally independent technologies for LCD backlight inverters and ballasts, for example, we believe we can maintain the competitive advantage our products enjoy. Our HMSM (Heat Management System

Module) business is a particularly good example of our efforts to combine existing technologies.

Restructuring efforts succeeded in restoring our motors business to profitability. In the future, we will focus on addressing key challenges. These include increasing production of fan motors; introducing new products and developing technologies to facilitate expansion into new markets for stepping motors; reinforcing efforts to develop magnets that enhance performance; expanding products for automotive applications, notably brush DC motors and resolvers; and developing new products in the area of brushless DC motors, a key next-generation business. Through such efforts, we will endeavor to launch our motors business on a firm growth trajectory and accelerate expansion.

In HDD spindle motors, an area identified as requiring special attention, efforts to improve component processing and fluid dynamic bearing production have succeeded largely in line with plans. Our focus will now shift to achieving cost reductions and quality improvements at the assembly stage and promptly transforming such achievements into profits.

Ongoing Restructuring Efforts

Over the past three years, we have implemented a variety of restructuring efforts. In our Precision Motors Business Unit, which comprises two key businesses, namely, resolvers and brushless DC motors, centered on products for automotive applications, we integrated the motor development bases of our Karuizawa, Omori and Iida plants into the Rotary Component Basic Technology Development Division at the Hamamatsu Plant.

On another front, we integrated our fasteners and rod-end bearings businesses with the aim of enhancing production efficiency for our aircraft components businesses.

In our measuring components business, we integrated the mechanical side of technological development, previously located at the Karuizawa Plant, into the Fujisawa Plant. Given the increasingly diverse nature of the market for sensors, promoting integrated mechanical and electronics-related efforts

is crucial to reinforcing technological development capabilities and business growth.

While we are confident in saying that our bid to improve our operating results is now on track, we also recognize that we are still only part of the way toward reaching our ultimate goal. Accordingly, we pledge to continue promoting unmitigated restructuring efforts.

Outlook

We have positioned fiscal 2009, the second year of our current medium-term business plan, as the year in which we will make significant progression. Although operating conditions are expected to remain harsh, owing to persistently high prices for raw materials and resources and fluctuating currency rates, we have no intention of lowering the bar, that is, the numerical targets for fiscal 2010 set forth in our business plan and our long-term goal of consolidated net sales of ¥500 billion in fiscal 2012. With our focus firmly on achieving growth through innovation, we will continue to revolutionize Minebea in the year ahead as we shift gears from surging forward to significant progression.

We realize that achieving solid, sustainable growth going forward will be anything but easy, and look forward to the unflagging commitment of every Minebea Group employee to this vision. In these and all of our efforts, we also remain grateful to shareholders for their continued support.

July 1, 2008

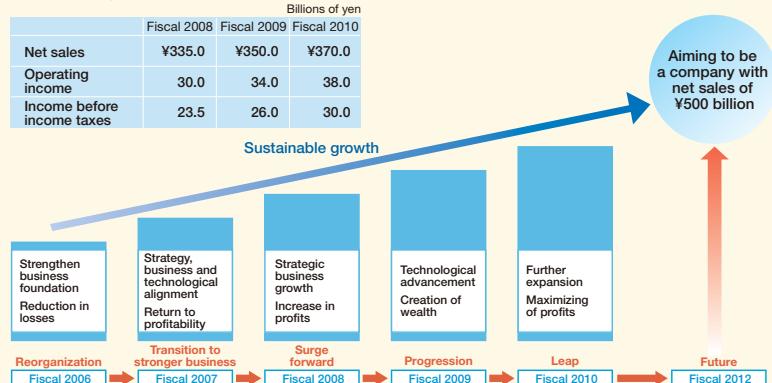
T. Yamagishi

Takayuki Yamagishi
Representative Director,
President and Chief Executive Officer

Looking Ahead

Numerical Targets of Medium-Term Business Plan

| | Billions of yen | | |
|----------------------------|-----------------|-------------|-------------|
| | Fiscal 2008 | Fiscal 2009 | Fiscal 2010 |
| Net sales | ¥335.0 | ¥350.0 | ¥370.0 |
| Operating income | 30.0 | 34.0 | 38.0 |
| Income before income taxes | 23.5 | 26.0 | 30.0 |



In line with our five basic management principles, we are committed to ensuring Minebea is a company that works in harmony with the community and contributes to global society. To these ends, we continue to undertake a variety of initiatives, including establishing and contributing funds to foundations, cooperating with local authorities and supporting amateur sports.

Principal Initiatives in 2007

Donations to the Takahashi Foundation

The Takahashi Foundation was established in 1992 to celebrate the 10th anniversary of our operations in Thailand. At present, the Foundation offers scholarships to impoverished students studying science and technology. To date, scholarships have been awarded to more than 500 students. Having added to the fund on our 15th and 20th anniversaries, in 2007 local Minebea Group companies raised the fund to 80 million baht through special donations to commemorate a quarter-century of Minebea in Thailand. The Foundation has also initiated a lunch fund project for needy primary school students.

Assistance for Curlinghall Miyota

In 2007, Minebea donated ¥300 million to assist with operating expenses, as well as 70 bench coats (worth approximately ¥1.5 million) for curlers, to Curlinghall Miyota, a local sports club in the town of Miyota, Nagano Prefecture. The bench coats feature Miyota's symbol, which combines a gold-banded lily and Mt. Asama, on the back, and are worn by the local men's team, SC Karuizawa, and women's team, Team Nagano.



Ceremony to mark Minebea's donation of financial assistance to Curlinghall Miyota

Educational Assistance for Children in Remote Areas of Thailand

Minebea Group companies in Thailand also implement a program designed to support efforts to give children in remote areas of Thailand the opportunity to get an education. In 2007, representatives visited Tak Province—where in December 2006 the program had previously donated a new building for the Mae Fahn Luang School—to contribute books on the environment and energy, educational materials, sports equipment, blankets and food.



Employees of Minebea Group companies in Thailand with children from the Mae Fahn Luang School



Bench coat for curlers

The Minebea Group recognizes environmental protection as a key management objective. In August 1993, we formulated our own Environmental Philosophy and Environmental Policy.



ENVIRONMENTAL PHILOSOPHY

Established August 26, 1993
Revised July 1, 2005

Minebea strives to contribute to higher quality, more comfortable lifestyles by providing truly valuable products and services. At the same time, the Company works to minimize the environmental burden of its various activities and promote greater harmony, thereby contributing to the preservation and improvement of a healthy environment.

Environmental Policy

1. Development/Design

Minebea shall focus on the development and design of products that contain no chemical substances harmful to the environment or the health and safety of humans, consume little energy and satisfy the "3R" criteria, that is, can be "reduced," "reused" or "recycled."

2. Manufacturing

Minebea shall set targets and restructure and revise its manufacturing procedures by using materials that contain no chemical substances harmful to the environment or the health and safety of humans, thereby improving yield, reducing waste output and lowering energy consumption.

3. Distribution

Minebea shall employ packaging materials that contain no chemical substances harmful to the environment or the health and safety of humans and satisfy the "3R" criteria, as well as procedures that lower energy consumption and prevent the release of harmful substances.

4. Cooperation with Authorities and Local Public Entities

When coordinating manufacturing and/or distribution activities in other countries, Minebea shall observe environment-related rules and regulations imposed by local authorities and support environmental protection efforts of local communities. At the same time, Minebea shall take a proactive approach to sharing new environmental protection technologies.

5. Overseas Activities

In its manufacturing and distribution activities overseas, Minebea shall observe environment-related protection rules and regulations imposed by local authorities and do its best to preserve the environment in adjacent areas. Minebea shall also be an aggressive supplier of new environmental protection technologies.

6. Environmental Audits

Minebea shall conduct periodical environmental audits at all of its production and other facilities with the aim of ensuring the effective implementation of its environmental management system and improving the system as necessary.

7. Employee Education

Minebea shall require employees to attend related courses to encourage their involvement in environmental protection activities in the workplace and at home.

8. Observe Minebea's Environmental Policy

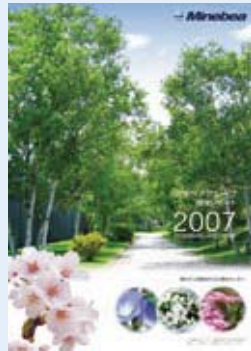
All Minebea Group employees and other individual working at our sites shall adhere to Minebea's Environmental Policy. If any individual has an environment-related concern, he or she shall report it promptly to his or her manager, who shall respond promptly.

A handwritten signature in black ink that reads 'T. Yamagishi'.

Takayuki Yamagishi
Representative Director,
President and Chief Executive Officer
Minebea Co., Ltd.

Environmental Management Systems

All Minebea Group manufacturing facilities worldwide have acquired certification under ISO 14001, the International Organization for Standardization (ISO) standard for environmental management systems. Since 2003, we have also published an environmental report summarizing our environment-related initiatives and the results thereof.



Eliminating Hazardous Substances

In April 1993, we became the first bearing manufacturer to eliminate specified chlorofluorocarbons used as cleaning agents at all Group plants worldwide. Since then, we have continued to take decisive steps aimed at eliminating hazardous substances. In March 2008, the Material Process Laboratory, part of the Engineering Headquarters' Material and Process Development Division, acquired certification under ISO/IEC 17025:2005, the international standard for laboratory competence in measuring and analyzing the six substances governed by the European Union's Restriction of Hazardous Substances (RoHS) Directive.

Green Procurement

In July 2004, we published the "Minebea Group Green Procurement Standard," under which we oblige suppliers to submit analysis data on chemical substances on materials and parts they deliver to Group companies. In December 2007, we published the revised third edition of this document, in line with which we conduct procurement that satisfies global laws and ordinances, including the RoHS Directive, enacted in July 2006, and China's Management Methods for Controlling Pollution Caused by Electronic Information Products Regulation, enacted in January 2007.

Environmental Protection Activities in the Community

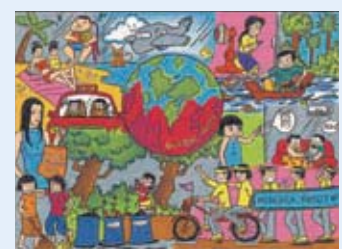
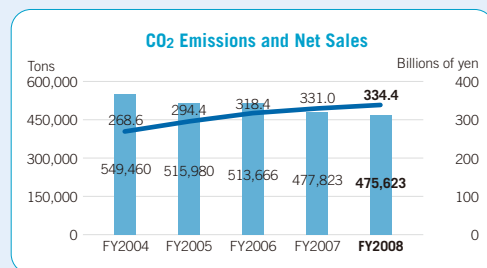
We are involved in various environmental protection activities in the communities where the Minebea Group has plants. In Thailand, home to our largest manufacturing base, we are honored with numerous awards every year in recognition of our efforts to reduce energy consumption and protect the environment. In China, we established the Shanghai-Minebea Lake Dianshan-hu Environmental Protection Fund (Rmb 11.0 million) in April 1996 with the aim of helping preserve the water quality in Lake Dianshan-hu, located in the vicinity of a Minebea Group plant. The fund continues to assist with a variety of environmental protection efforts in and around Lake Dianshan-hu.



A local river after a dredging project supported by the Shanghai-Minebea Lake Dianshan-hu Environmental Protection Fund

Reduction of CO2 Emissions

In fiscal 2008, total emissions of CO2 into the atmosphere by Minebea Group plants worldwide amounted to 475,623 tons, a 16% decline from 549,460 tons recorded in fiscal 2004. In contrast, consolidated net sales in fiscal 2008 were ¥334.4 billion, 24% higher than the ¥268.6 billion reported in fiscal 2004. As this indicates, we succeeded in reducing CO2 emissions despite rising net sales. This achievement is attributable to forward-looking efforts to introduce energy-efficient air conditioning equipment and manufacturing equipment.



2007 Environment Week Art Exhibition

Award-winning submissions to an art contest for the children of Minebea Group employees in Thailand on the theme of "Minebea Families Working as One to Reduce Global Warming"

Minebea has adopted five basic management principles as its basic policy for management, which are to “be a company where our employees are proud to work,” “earn and preserve the trust of our valued customers,” “respond to our shareholders’ expectations,” “work in harmony with the local community” and “promote and contribute to global society.” Under this basic management policy, Minebea’s business objective is to fulfill its social responsibilities to the various stakeholders—such as shareholders, business partners, local communities, employees and society—and maximize its corporate value. To achieve this business objective, Minebea has approached the enhancement and reinforcement of corporate governance as a key management theme. Also, to ensure the health of the management of the Company and strengthen corporate governance, Minebea is promoting the establishment, maintenance and expansion of an internal control system.

1. Basic Explanation of the Company’s Organization

In response to the need for highly strategic business judgments and timely action, we changed the Board of Directors to a 10-member system in June 2003. At the same time, by introducing an executive officer system, we have delegated significant authority from the Board of Directors to executive officers, and clearly divided the role of management/supervision functions from execution functions.

Moreover, with the aim of obtaining advice on all aspects of corporate management and strengthening the Board of Directors’ functions to supervise organizations responsible for execution of duties, we have included two external Board members in the 10-member Board of Directors.

To strengthen the auditing function of the Board of Auditors, a proposal to increase the number of external auditors on the Board was approved at the Ordinary General Meeting of Shareholders held in June 2006. As a consequence, the Board of Auditors currently comprises five members, of which three are external auditors. In addition to holding the Board of Auditors’ meetings and attending the Board of Directors’ meetings and other important meetings, the auditors—in conjunction with the accounting auditors and the Internal Audit Department—audit domestic offices and subsidiaries, overseas subsidiaries and directors’ execution of duties.

2. Enhancement of the Internal Control System

As set forth in the Basic Policy for the Internal Control System, Minebea has comprehensively implemented compliance, information storage, risk management, efficient performing duties, Group company control and auditing systems, and is working to further strengthen them. (For details, please refer to “4. Basic Policy for the Internal Control System and its Enhancement Situation.”)

Furthermore, to ensure the smooth establishment and handling of the internal control system for financial reporting and to link it organically and efficiently to the internal control system based on Company Law, on April 1, 2008, Minebea established an internal audit management headquarters, which is independent of the Company’s execution function and comprises the internal control administration office and the internal auditing office.

3. Summary of Management Decisions, Supervision and Various Functions

(1) Supervision of Management

Minebea’s supervision of management is done by the 10-member Board of Directors, which makes significant strategic business judgments that can facilitate prompt and highly strategic decision making. We have included two external Board members in the Board of Directors with the aim of obtaining advice on corporate management and strengthening the Board of Directors’ functions to supervise the organizations responsible for execution of duties.

(2) Execution Function of Management

Minebea is building a system for the execution function of management that will reinforce diligent attendance of each division’s operations in accordance with the Company’s management policy, and revitalize and enhance the speed of management by introducing an executive officer system.

(3) Monitoring of Management

Minebea has built a monitoring system comprising five corporate auditors, of which three are external.

Also, there are no titles or ranks for the Board members in an effort to enhance the monitoring of each Board member.

Five Basic Management Principles

Minebea shall...

Be a company where our employees are proud to work

Earn and preserve the trust of our valued customers

Respond to our shareholders’ expectations

Work in harmony with the local community

Promote and contribute to global society

4. Basic Policy for the Internal Control System and its Enhancement Situation

In line with the Company Law, enforced May 1, 2006, to substantiate the health of Company management, Minebea finalized the Basic Policy for the Internal Control System after the resolution of the Board of Directors.

The Company's internal control system is necessary to ensure that the Board members' execution of duties conforms to laws and the Articles of Incorporation, and that the other operations of the Company are appropriate for a publicly listed corporate entity.

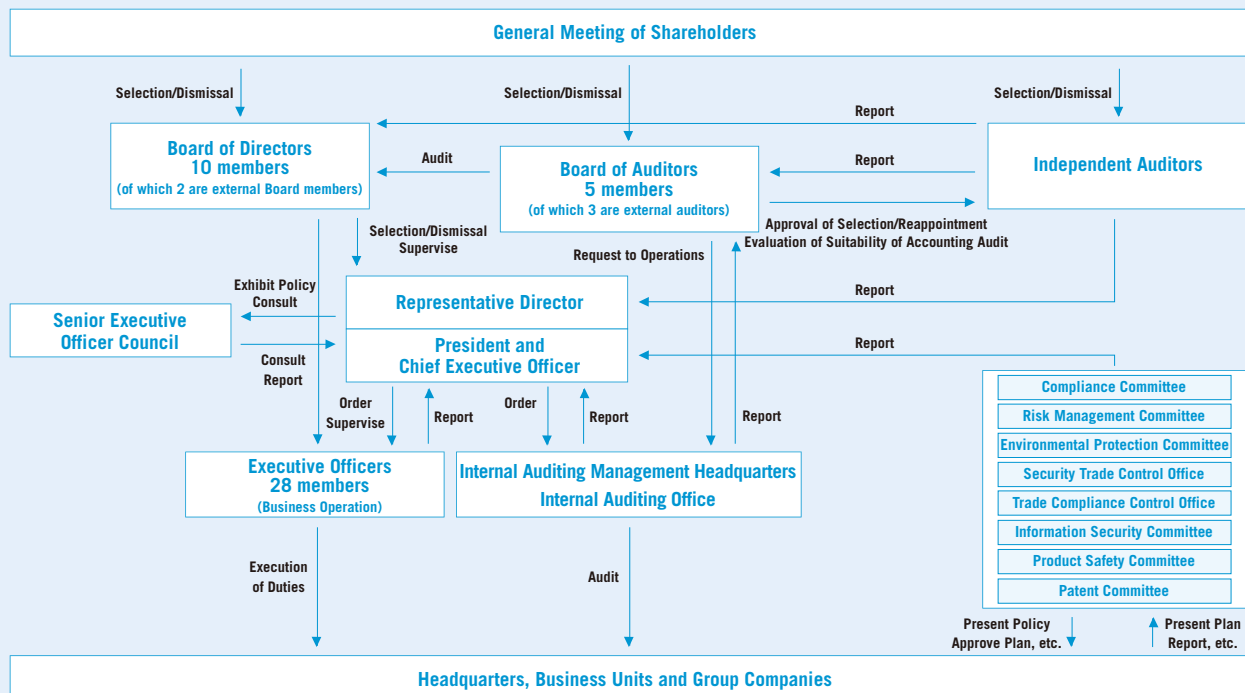
By establishing an internal control system that disciplines business management, we will reinforce corporate governance and strongly fulfill the Company's social responsibilities, as well as further increase corporate value.

For this purpose, to ensure the health of management Minebea resolved the basic policies for the internal control system, based on the Company Law, at a Board of Directors' meeting. The structure of this system is as follows:

Structure of the Internal Control System

- (1) Structure to assure that Board members', executive officers' and employees' execution of duties conforms to laws and the Articles of Incorporation (compliance system)
- (2) Storage and management of information related to execution of duties by Board members and executive officers (information storage system)
- (3) Rules for management of loss risk and other structures (risk management system)
- (4) Structure that assures the execution of duties by Board members and executive officers are efficiently done (system for the efficient performance of duties)
- (5) Structure to ensure that the operations of the Company and its affiliated companies are adequate (system for management of Group companies)
- (6) Structure to ensure that audits by the corporate auditors are effective (audit system and related matters)

Minebea's Corporate Governance System



A History of Achievements

- 1951 | 7 Nippon Miniature Bearing Co., Ltd., Japan's first specialized manufacturer of miniature ball bearings, is incorporated in Azusawa, Itabashi-ku, Tokyo.
- 1956 | 10 The Company relocates its headquarters to Nihonbashi-Kabuto-cho, Chuo-ku, Tokyo, and its factory to Aoki-cho, Kawaguchi, Saitama.
- 1959 | 6 A new plant is established at Aoki-cho, Kawaguchi, Saitama, to serve as the Company's integrated headquarters and factory.
- 1962 | 11 A representative office is set up in the United States to cultivate the U.S. market.
- 1963 | 3 A plant is established in Karuizawa, Nagano. Some operations are relocated to the Karuizawa Plant.
- 1965 | 7 The Kawaguchi Factory is closed and its equipment is conveyed to Karuizawa. The Company's headquarters is shifted from Kawaguchi, Saitama, to Miyota-machi, Kitasaku-gun, Nagano.
- 1967 | 3 A representative office is set up in London to promote business in Europe.
- 1968 | 9 Subsidiary Nippon Miniature Bearing Corporation (the present NMB Technologies Corporation) is established in Los Angeles, California.
- 1971 | 4 Sales subsidiary NMB (U.K.) Ltd. is established in the United Kingdom.
- 5 The Company's stock is listed on the first sections of the Osaka and Nagoya stock exchanges.
- 9 The Company acquires the U.S. firm Reed Instrument Corp. (the present Chatsworth Plant of New Hampshire Ball Bearings, Inc.) from SKF, Inc., of Sweden and commences production in the United States.
- 1972 | 2 Manufacturing subsidiary NMB SINGAPORE LIMITED is established in Singapore. (Production begins in 1973.)
- 1974 | 9 The Company acquires Shinko Communication Industry Co., Ltd., a major strain gage manufacturer listed on the Second Section of the Tokyo Stock Exchange.
- 1975 | 1 The Company acquires U.S. company IMC Magnetics Corp., a listed manufacturer of small precision motors.
- 7 The Company acquires a leading fastener producer, Tokyo Screw Co., Ltd. (the present Fujisawa Plant), and an electromagnetic clutch manufacturer, Shin Chuo Kogyo Co., Ltd. (the present Omori Plant), both of which are listed on the Second Section of the Tokyo Stock Exchange.
- 1977 | 9 The Company acquires Hansen Manufacturing Co., Inc. (the present Hansen Corporation), which is, at the time, the motor manufacturing division of Mallory Corp., a U.S. multinational.
- 10 Sales subsidiary Nippon Miniature Bearing GmbH (the present NMB-Minebea-GmbH) is established in Germany.
- 1980 | 3 The Company acquires the Singapore factory of Koyo Seiko Co., Ltd., and establishes PELMEC INDUSTRIES (PTE.) LIMITED to manufacture small-sized ball bearings.
- 8 Manufacturing subsidiary NMB THAI LIMITED is established in Thailand. (Production begins in 1982.)
- 1981 | 1 The marketing division of the Company is spun off as subsidiary NMB (Japan) Corporation, which is charged with integrating marketing operations for all manufacturing companies in the Minebea Group.
- 10 The Company absorbs four of its manufacturing affiliates—Tokyo Screw Co., Ltd., Shinko Communication Industry Co., Ltd., Shin Chuo Kogyo Co., Ltd., and Osaka Motor Wheel Co., Ltd.—and changes its name to Minebea Co., Ltd.
- 1982 | 9 Sales subsidiary NMB ITALIA S.R.L. is established in Italy.
- 1983 | 3 The Company acquires a cooling fan manufacturer, Kondo Electric Works Ltd. (the present NMB Electro Precision, Inc.).
- 1984 | 8 Two manufacturing subsidiaries, MINEBEA THAI LIMITED and PELMEC THAI LIMITED, are established in Thailand.
- 1985 | 3 The Company acquires New Hampshire Ball Bearings, Inc., a listed U.S. ball bearing manufacturer.
- 9 The Company acquires the Miami Lakes operations of Harris Corporation, a U.S. manufacturer of switching power supplies.
- 1986 | 5 The R&D Center and subsidiary Minebea Electronics Co., Ltd., are established in Asaba-cho, Iwata-gun (the present city of Fukuroi), Shizuoka.

- 1987 | 5 Manufacturing joint venture Thai Ferrite Co., Ltd. (the present POWER ELECTRONICS OF MINEBEA COMPANY LIMITED), is established in Thailand.
- 1988 | 2 The Company acquires Rose Bearings Ltd. (the present NMB-MINEBEA UK LTD), a U.K. manufacturer of rod-end and spherical bearings.
- | 3 Sales subsidiary NMB Technologies, Inc. (the present NMB Technologies Corporation), is established in the United States to coordinate sales and marketing of Minebea's electronic devices.
- Manufacturing joint venture MINEBEA ELECTRONICS (THAILAND) COMPANY LIMITED is established.
- | 12 Manufacturing subsidiaries NMB HI-TECH BEARINGS LIMITED and NMB PRECISION BALLS LIMITED are established in Thailand.
- 1989 | 1 Marketing subsidiary NMB France S.a.r.l. (the present NMB Minebea SARL) is established.
- 1990 | 10 PAPT-MINEBEA-DISC-MOTOR GmbH (the present Precision Motors Deutsche Minebea GmbH), a joint venture with Papst-Motoren GmbH & Co. KG, is established in Germany to manufacture HDD spindle motors.
- | 11 Rose Bearings Ltd. (the present NMB-MINEBEA UK LTD), in the United Kingdom, commences production of ball bearings at its Skegness Plant.
- 1992 | 2 The Company absorbs Sorensen Ltd. and reestablishes it as Minebea Electronics (UK) Ltd., a manufacturer of switching power supplies in Scotland.
- 1993 | 8 Joint venture agreement with Papst-Motoren GmbH & Co. KG of Germany is cancelled. The Company acquires all outstanding shares in PAPT-MINEBEA-DISC-MOTOR GmbH and changes the company's name to Precision Motors Deutsche Minebea GmbH (PMDM).
- | 10 Sales and R&D subsidiary Minebea Trading Pte. Ltd. (the present MINEBEA TECHNOLOGIES PTE. LTD.) is established in Singapore.
- 1994 | 4 Manufacturing subsidiary MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD. is established in China.
- 1996 | 8 A vertically integrated ball bearing production facility—Minebea's largest to date—commences operations in Shanghai.
- | 10 U.K. subsidiary NMB (U.K.) Ltd. establishes a new plant in Inchinnan, Scotland.
- 1999 | 3 The Company commences quality evaluation and testing at the NMB Corporation Technical Center in the United States.
- | 7 U.S. subsidiaries NMB Corporation and NMB Technologies, Inc., merge to form NMB Technologies Corporation.
- 2000 | 3 The Company acquires Kuen Dar (M) Sdn. Bhd., a Malaysian speaker box manufacturer.
- 2001 | 2 A controlling interest in Actus Corporation, a furniture and interior decor product sales subsidiary, is sold to TRS Co., Ltd.
- 2002 | 8 HUAN HSIN HOLDINGS LTD., of Singapore, and SHENG DING PTE. LTD.—a joint venture between Minebea and HUAN HSIN—establishes PC keyboard manufacturing subsidiary SHANGHAI SHUNDING TECHNOLOGIES LTD. in China.
- Minebea establishes sales company MINEBEA (HONG KONG) LIMITED in China.
- | 9 Minebea establishes sales companies MINEBEA TRADING (SHENZHEN) LTD. and MINEBEA TRADING (SHANGHAI) LTD. in China.
- 2004 | 4 Minebea establishes joint venture Minebea–Matsushita Motor Corporation with Matsushita Electric Industrial Co., Ltd., with the aim of integrating the fan motor, stepping motor, vibration motor and brush DC motor businesses of the two parent companies.
- | 7 Subsidiary NMB-MINEBEA UK LTD establishes wholly owned subsidiary NMB Minebea Slovakia s.r.o. in the Slovak Republic and later shifts printing of Minebea's European-language PC keyboards to the new company.
- 2006 | 3 Minebea dissolves joint venture agreement with HUAN HSIN HOLDINGS LTD. of Singapore and purchases all shares in joint venture SHENG DING PTE. LTD.
- 2008 | 4 Minebea amalgamates seven companies in Thailand (NMB THAI LIMITED, PELMEC THAI LIMITED, MINEBEA THAI LIMITED, NMB HI-TECH BEARINGS LIMITED, NMB PRECISION BALLS LIMITED, MINEBEA ELECTRONICS (THAILAND) COMPANY LIMITED and POWER ELECTRONICS OF MINEBEA COMPANY LIMITED) under the name NMB-Minebea Thai Ltd.

Representative Director, President and Chief Executive Officer

Takayuki Yamagishi

Chief of Auditing Management
Headquarters

Directors and Senior Managing Executive Officers

Yoshihisa Kainuma

Head of Information Motor
Business Unit

Representative Director and President
of Minebea Motor Manufacturing
Corporation

Koichi Dosho

Chief of Sales Headquarters

Hiroharu Katogi

Chief of Administration Headquarters
Head of Business Administration
Division and of Information Systems
Division

Akihiro Hirao

Chief of Engineering Headquarters
Head of Engineering Support Division
Office in Charge of Environmental
Preservation

Eiichi Kobayashi

Chief of Manufacturing Headquarters

Directors and Managing Executive Officers

Masayoshi Yamanaka

Chief of Operations Headquarters
Head of Procurement Division and of
Legal Division

Hirohisa Fujita

Deputy Chief of Manufacturing
Headquarters
Head of Electronic Device
Business Unit

Independent Directors

Kohshi Murakami

Takashi Matsuoka

Managing Director, Keiaisha Co., Ltd.

Standing Corporate Auditors

Tosei Takenaka

Akifumi Kamoi

Standing External Corporate Auditor

Kazuaki Tanahashi

External Corporate Auditors

Isao Hiraide

Hirohisa Fujiwara

Senior Managing Executive Officers

Hirohisa Yajima

Head of Ball Bearing Business Unit

Sakae Yashiro

Deputy Chief of Administration
Headquarters

Head of Finance Division and of
Accounting Division

Managing Executive Officers

Susumu Fujisawa

General Manager of Regional Affairs
for China

Shunji Mase

Deputy Chief of Operations
Headquarters

Head of Personnel & General Affairs
Division

General Manager of General Affairs

Motoyuki Nijjima

Head of Measuring Components
Business Unit

Executive Officers

Kunio Shimba

Head of Spindle Motor Project
Management, Sales Headquarters

Junichi Mochizuki

Deputy Chief of Sales Headquarters
Deputy Head of Ball Bearing
Business Unit

Morihiro Iijima

General Manager of Regional Affairs for
South East Asia

Mamoru Kamigaki

Deputy Head of Information Motor
Business Unit

Senior Managing Director of Minebea
Motor Corporation

Takashi Aiba

Deputy Chief of Manufacturing
Headquarters

General Manager of Accounting
Department, Karuizawa Plant,
Accounting Division of Administration
Headquarters

Daishiro Konomi

General Manager of Regional Affairs
for Europe

Tatsuo Matsuda

General Manager of Domestic Sales
Division, Sales Headquarters

Gary Yomantas

General Manager of Regional Affairs
for the Americas

President of NMB (USA) Inc. and of
NHBB Inc.

Tsugihiko Musha

Head of Rod-End-Fastener Business
Unit

Motoharu Akiyama

Head of Bearing Basic Technology
Development Division, Material and
Process Development Division

Tamio Uchibori

Head of Corporate Planning Division
General Manager of Corporate
Planning Department, Operations
Headquarters

Koichi Takeshita

Deputy Chief of Sales Headquarters
Executive Vice President of NMB
Technologies Corporation

Tetsuya Tsuruta

Head of Mechanical Assembly
Business Unit

Shuji Uehara

Deputy Head of Information Motor
Business Unit

Senior Managing Director of Minebea
Motor Manufacturing Corporation

Takeshi Iida

Deputy Head of Personnel & General
Affairs Division

General Manager of Personnel

Shigeru None

General Manager of Marketing and
Sales Strategies, Sales Headquarters

Note: Messrs. Kohshi Murakami and Takashi Matsuoka are independent directors as required under Article 2, Paragraph 15, of the Company Law. Mr. Kazuaki Tanahashi is an external auditor as required under Article 2, Paragraph 16, of the Company Law.

Organization



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

For the latest corporate, product and financial information and more detailed information on Minebea, please visit our corporate web site.

Product purchasing inquiries and catalog requests:

Sales Headquarters
Tel: 81-3-5434-8711
Fax: 81-3-5434-8700

Corporate Planning Division/
Corporate Communications Office
Tel: 81-3-5434-8637
Fax: 81-3-5434-8607

Inquiries and comments regarding investor relations and corporate communications:

Investor Relations Office
Administration Department
Tel: 81-3-5434-8643
Fax: 81-3-5434-8603

Inquiries regarding employment opportunities:

Personnel & General Affairs Department
Human Resources Development Office
Tel: 81-3-5434-8612
Fax: 81-3-5434-8601



Financial Section

| | |
|--|----|
| Contents | |
| Eleven-Year Summary | 18 |
| Management's Discussion and Analysis of Results of Operations and Financial Condition | 20 |
| Outline | 20 |
| Segment Information | 21 |
| Financial Review | 22 |
| Results of Operations | 22 |
| Financial Condition | 24 |
| Segment Results | 27 |
| Performance by Business Segment | 27 |
| Performance by Geographic Segment | 29 |
| Research and Development | 30 |
| Outlook for Fiscal 2009 and Risk Management | 31 |
| Consolidated Balance Sheets | 32 |
| Consolidated Statements of Income | 34 |
| Consolidated Statements of Changes in Net Assets | 35 |
| Consolidated Statements of Cash Flows | 36 |
| Notes to Consolidated Financial Statements | 37 |
| Report of Independent Certified Public Accountants | 50 |

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.

| Millions of yen | | | | | | | Thousands of U.S. dollars (Note 9) |
|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|------------------------------------|
| 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 2008 |
| ¥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% | |
| | | | | | | | U.S. dollars (Note 9) |
| | | | | | | | Yen |
| ¥ 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 | |
| | | | | | | | Thousands of U.S. dollars (Note 9) |
| | | | | | | | Millions of yen |
| 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 | |

- 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.
- 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.
- In fiscal 2000, to concentrate resources in its best areas and improve financial strength, the Company made decisions with regard to the transfer 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).
- In fiscal 2000, the Company reclassified its operations into three business segments and revised figures in prior years.
- Owing to a change in accounting standards, cash flows are shown in a new format in and after fiscal 2000.
- 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)

| Years ended/ending March 31 | <i>Billions of yen</i> | | |
|---|------------------------|--------|--------|
| | 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.

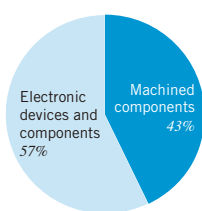
We have also set a long-term goal for consolidated net sales of ¥500.0 billion in fiscal 2012.

Segment Information

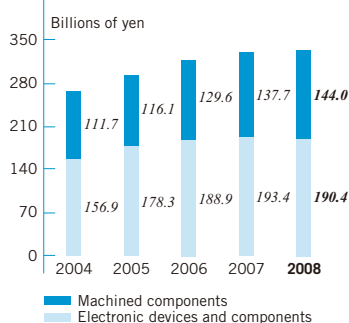
| | <i>Millions of yen</i> | | | | |
|--|------------------------|-----------|-----------|-----------|-----------|
| <i>Years ended March 31</i> | 2008 | 2007 | 2006 | 2005 | 2004 |
| Sales to External Customers by Business Segment | | | | | |
| Machined components | ¥ 144,034 | ¥ 137,662 | ¥ 129,595 | ¥ 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

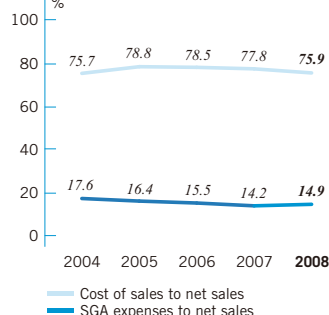
Net Sales by Business Segment



Net Sales by Business Segment



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

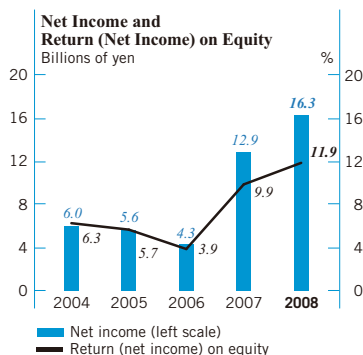
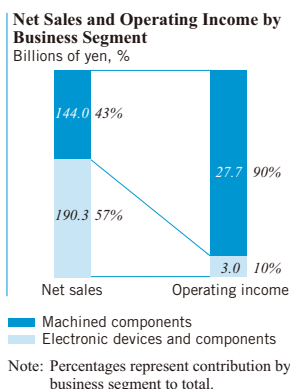
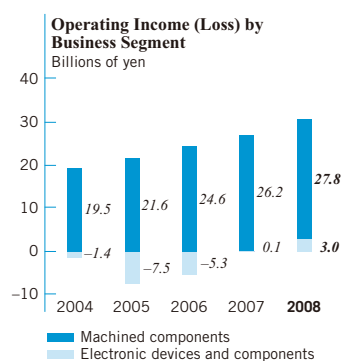
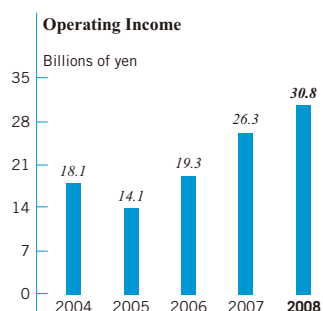
Cost of sales declined 1.5%, or ¥3,934 million, to ¥253,710 million. Cost of sales as a percentage of net sales edged down 1.9 percentage points, to 75.9%. Despite such negative factors as depreciation of the yen against the Thai baht, and rising prices for crude oil, steel materials, rare metals and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

| Years ended March 31 | Millions of yen | | | | |
|----------------------------|-----------------|----------|----------|----------|----------|
| | 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 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

| Years ended March 31 | Millions of yen | | | | |
|--|-----------------|---------|---------|---------|---------|
| | 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

| <i>As of May 2008</i> | <i>Long-term debt</i> | <i>Short-term debt</i> |
|---|-----------------------|------------------------|
| 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

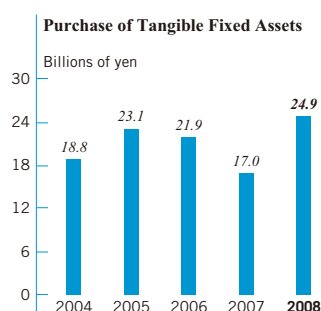
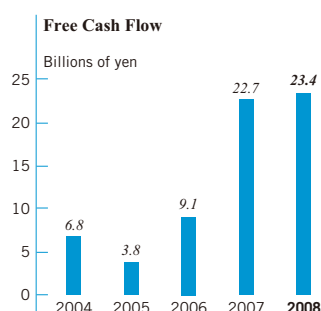
Net cash used in investing activities increased 54.6%, or ¥8,281 million, to ¥23,461 million. This change reflected the application of ¥24,888 million to the purchase of tangible fixed assets, up ¥7,919 million from the previous fiscal year.

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.

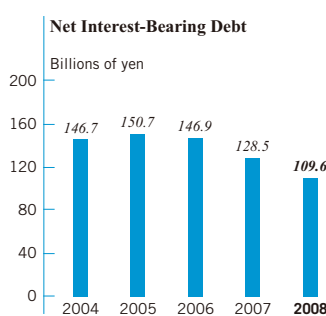


Free Cash Flow

| | 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.

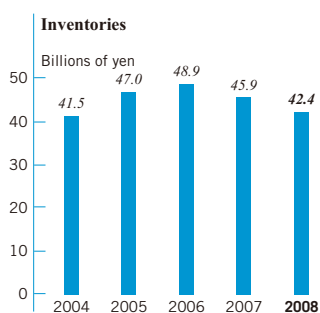
Assets, Liabilities and Net Assets



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

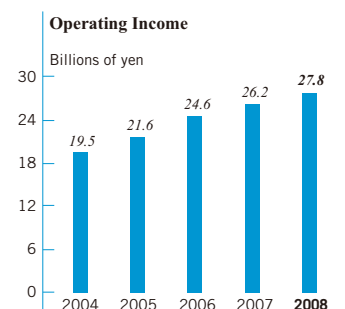
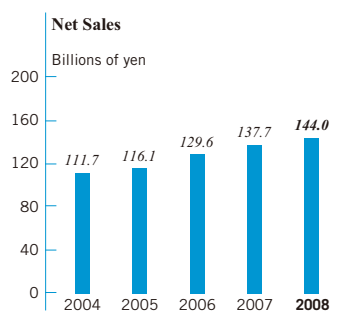
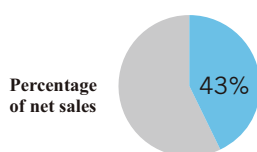
| As of March 31 | Millions of yen | | | | |
|---|-----------------|----------|----------|----------|----------|
| | 2008 | 2007 | 2006 | 2005 | 2004 |
| Total assets | ¥320,544 | ¥354,784 | ¥349,862 | ¥332,217 | ¥314,915 |
| Cash and cash equivalents at end of year | 23,281 | 21,731 | 24,385 | 21,759 | 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



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

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.

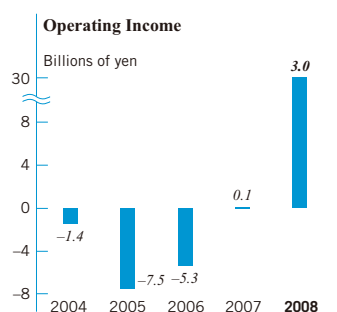
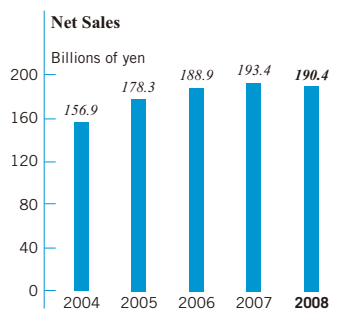
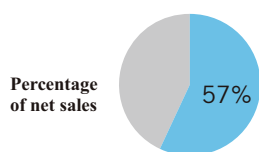
Ongoing Efforts

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.

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.

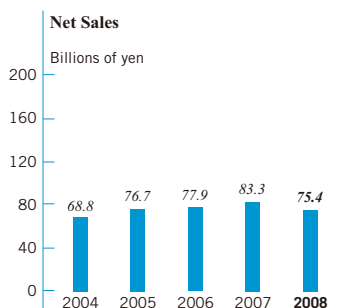
In electronic devices, both sales and income declined despite increased sales of backlight inverters, owing to falling sales prices for LED backlights and our withdrawal from the FDD head and MOD businesses. Going forward, we will continue striving to expand our business in the area of medium-size LED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

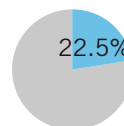
Performance by Geographic Segment

Japan

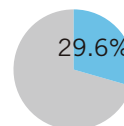
Net sales in Japan declined 9.5%, or ¥7,887 million, to ¥75,378 million. Operating income edged down 6.9%, or ¥674 million, to ¥9,096 million, reflecting an increase in SGA expenses.



Percentage of net sales

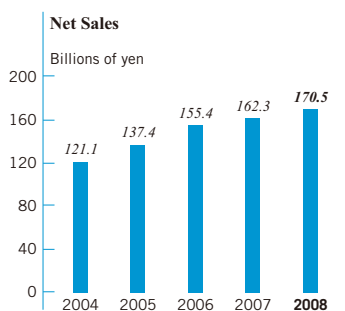


Percentage of operating income

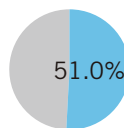


Asia (Excluding Japan)

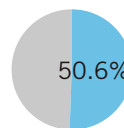
Asia includes the high-growth Greater China region, an important manufacturing base for many companies in Japan, Europe, the Americas and elsewhere. In the period under review, sales in Asia (excluding Japan) were firm, supported by expanded demand from the information and telecommunications industry 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

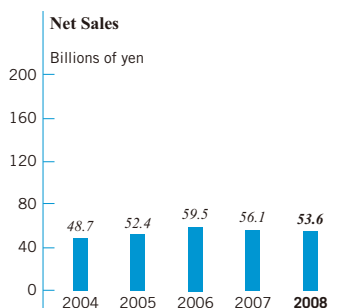


Percentage of operating income

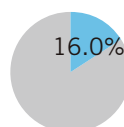


North America

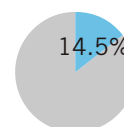
In North America, both orders and sales of U.S.-made ball bearings and rod-end bearings for the aerospace industry were strong. Owing to a decline in sales of PC keyboards, however, reflecting our move to focus on high-value-added models, net sales slipped 4.5%, or ¥2,525 million, to ¥53,585 million.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



Percentage of net sales

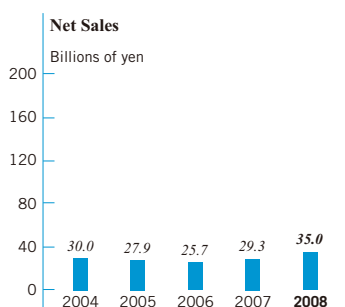


Percentage of operating income

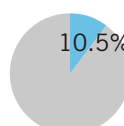


Europe

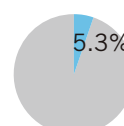
In Europe, sales of ball bearings and rod-end bearings remained firm, buoyed by moderate economic growth. As a consequence, net sales rose 19.4%, or ¥5,677 million, to ¥34,994 million, and operating income increased 10.3%, or ¥151 million, to ¥1,617 million.



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 tiered 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 and Risk Management

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 | | Thousands of U.S. dollars (Note 3) |
|---|-----------------|-----------|--|
| | 2008 | 2007 | 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 | | Thousands of U.S. dollars (Note 3) |
|---|-----------------|-----------------|--|
| | 2008 | 2007 | 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

| | Shareholders' Equity | | | | | Revaluation/Translation Differences | | | | Millions of yen |
|---|----------------------|-----------------|------------------|----------------|----------------------------|---|--|--|---|------------------|
| | 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 |

| | Shareholders' Equity | | | | | Revaluation/Translation Differences | | | | Millions of yen |
|---|----------------------|-----------------|------------------|----------------|----------------------------|---|--|--|---|------------------|
| | 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 |

| | Shareholders' Equity | | | | | Revaluation/Translation Differences | | | | Millions of yen | |
|---|----------------------|---------------|------------------|----------------|----------------------------|---|--------------------------------|--|--|---|------------------|
| | 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 |

| | Shareholders' Equity | | | | | Revaluation/Translation Differences | | | | Thousands of U.S. dollars (Note 3) | |
|---|----------------------|---------------|------------------|----------------|----------------------------|---|--------------------------------|--|--|---|------------------|
| | 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:

| | <i>Millions of yen</i> | | <i>Thousands of U.S. dollars (Note 3)</i> |
|--------------------------------|------------------------|---------|---|
| | 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

| | <i>Millions of yen</i> | | | | | |
|---|-------------------------|---|-------------------|-------------------------|---|-------------------|
| | 2008 | | | 2007 | | |
| | <i>Acquisition cost</i> | <i>Reported amount in balance sheet</i> | <i>Difference</i> | <i>Acquisition cost</i> | <i>Reported amount in balance sheet</i> | <i>Difference</i> |
| 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 |

| | <i>Thousands of U.S. dollars (Note 3)</i> | | | | | |
|---|---|---|-------------------|-------------------------|---|-------------------|
| | 2008 | | | | | |
| | <i>Acquisition cost</i> | <i>Reported amount in balance sheet</i> | <i>Difference</i> | <i>Acquisition cost</i> | <i>Reported amount in balance sheet</i> | <i>Difference</i> |
| 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:

| | <i>Millions of yen</i> | | <i>Thousands of U.S. dollars (Note 3)</i> |
|--|------------------------|-----------|---|
| | 2008 | 2007 | 2008 |
| Projected Benefit Obligations | | | |
| 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) |

| | <i>Millions of yen</i> | | <i>Thousands of U.S. dollars (Note 3)</i> |
|--|------------------------|---------|---|
| | 2008 | 2007 | 2008 |
| Net Retirement Benefit Costs | | | |
| 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.

| | <i>Millions of yen</i> | | <i>Thousands of U.S. dollars (Note 3)</i> |
|------------------------|------------------------|---------|---|
| | 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:

| | <i>Millions of yen</i> | | <i>Thousands of U.S. dollars (Note 3)</i> |
|---------------------|------------------------|--|---|
| | | | |
| 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:

| | <i>Millions of yen</i> | | <i>Thousands of U.S. dollars (Note 3)</i> |
|--|------------------------|---------|---|
| | 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

| Use | Location | Type of assets | Millions of yen | | Thousands of U.S. dollars (Note 3) |
|-------------|---|--|-----------------|------|------------------------------------|
| | | | 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:

| | <i>Millions of yen</i> | | <i>Thousands of U.S. dollars (Note 3)</i> |
|---|------------------------|---------|---|
| | 2008 | 2007 | 2008 |
| Deferred Tax Assets | | | |
| 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 |

| | <i>Millions of yen</i> | | <i>Thousands of U.S. dollars (Note 3)</i> |
|---|------------------------|--------|---|
| | 2008 | 2007 | 2008 |
| Deferred Tax Liabilities | | | |
| 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:

| | <i>Millions of yen</i> | | <i>Thousands of U.S. dollars (Note 3)</i> |
|--|------------------------|---------|---|
| | 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

| | 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 |

Millions of yen

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:

| | <i>Thousands of shares</i> | |
|---------|----------------------------|-------------|
| | <u>2008</u> | <u>2007</u> |
| 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

| Year ended March 31, 2008 | <i>Millions of yen</i> | | | | |
|-------------------------------|----------------------------|--|----------------------------------|----------------------------------|--------------|
| | <i>Machined Components</i> | <i>Electronic Devices and Components</i> | <i>Total before Eliminations</i> | <i>Eliminations or Corporate</i> | <i>Total</i> |
| 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 | <i>Thousands of U.S. dollars (Note 3)</i> | | | | |
|-------------------------------|---|--|----------------------------------|----------------------------------|--------------|
| | <i>Machined Components</i> | <i>Electronic Devices and Components</i> | <i>Total before Eliminations</i> | <i>Eliminations or Corporate</i> | <i>Total</i> |
| 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 | <i>Millions of yen</i> | | | | |
|-------------------------------|----------------------------|--|----------------------------------|----------------------------------|--------------|
| | <i>Machined Components</i> | <i>Electronic Devices and Components</i> | <i>Total before Eliminations</i> | <i>Eliminations or Corporate</i> | <i>Total</i> |
| 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 consolidated subsidiaries as of March 31, 2008 and 2007, and for the years then ended are outlined as follows:

Geographic Segments

| <i>Millions of yen</i> | | | | | | | |
|--|----------------|---------------------------------------|--------------------------|---------------|--------------------------------------|--------------------------------------|----------------|
| <i>Year ended March 31, 2008</i> | <i>Japan</i> | <i>Asia (excluding Japan)</i> | <i>North America</i> | <i>Europe</i> | <i>Total before Eliminations</i> | <i>Eliminations or Corporate</i> | <i>Total</i> |
| 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 |

| <i>Thousands of U.S. dollars (Note 3)</i> | | | | | | | |
|---|------------------|---------------------------------------|--------------------------|----------------|--------------------------------------|--------------------------------------|------------------|
| <i>Year ended March 31, 2008</i> | <i>Japan</i> | <i>Asia (excluding Japan)</i> | <i>North America</i> | <i>Europe</i> | <i>Total before Eliminations</i> | <i>Eliminations or Corporate</i> | <i>Total</i> |
| 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 |

| <i>Millions of yen</i> | | | | | | | |
|--|----------------|---------------------------------------|--------------------------|---------------|--------------------------------------|--------------------------------------|----------------|
| <i>Year ended March 31, 2007</i> | <i>Japan</i> | <i>Asia (excluding Japan)</i> | <i>North America</i> | <i>Europe</i> | <i>Total before Eliminations</i> | <i>Eliminations or Corporate</i> | <i>Total</i> |
| 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

| | <i>Millions of yen</i> | | | |
|---|---|---------------------------------------|------------------|--------------|
| <i>Year ended March 31, 2008</i> | <i>To Asia (excluding Japan)</i> | <i>To North and South America</i> | <i>To Europe</i> | <i>Total</i> |
| 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% |
| | <i>Thousands of U.S. dollars (Note 3)</i> | | | |
| <i>Year ended March 31, 2008</i> | <i>To Asia (excluding Japan)</i> | <i>To North and South America</i> | <i>To Europe</i> | <i>Total</i> |
| 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% |
| | <i>Millions of yen</i> | | | |
| <i>Year ended March 31, 2007</i> | <i>To Asia (excluding Japan)</i> | <i>To North and South America</i> | <i>To Europe</i> | <i>Total</i> |
| 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.



■ Certified Public Accountants
Hibiya Kokusai Bldg.
2-2-3, Uchisaiwai-cho
Chiyoda-ku, Tokyo, Japan 100-0011
C.P.O. Box 1196, Tokyo, Japan 100-8641

■ Tel: 03 3503 1100
Fax: 03 3503 1197

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

Principal Subsidiaries

| Subsidiaries in Asia | Operations | Percentage of shares controlled by Minebea |
|--|--|--|
| Japan | | |
| NMB Electro Precision, Inc. | Manufacture and sale of fan motors | 100.0% |
| Minebea Motor Manufacturing Corporation | Manufacture and sale of electronic devices and components | 60.0 |
| NMB Sales Co., Ltd. | Sale of precision machined parts and electronic devices | 100.0 |
| Thailand | | |
| NMB-Minebea Thai Ltd. (Formed on April 1, 2008, through the amalgamation of NMB THAI LIMITED, PELMEC THAI LIMITED, MINEBEA THAI LIMITED, NMB HI-TECH BEARINGS LIMITED, NMB PRECISION BALLS LIMITED, MINEBEA ELECTRONICS (THAILAND) COMPANY LIMITED and POWER ELECTRONICS OF MINEBEA COMPANY LIMITED.) | Sale of bearings and electronic devices and components | 100.0 |
| MINEBEA ELECTRONICS MOTOR (THAILAND) COMPANY LIMITED | Manufacture and sale of electronic devices and components | 60.0 |
| China | | |
| MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD. SHANGHAI SHUNDING TECHNOLOGIES LTD. | Manufacture and sale of ball bearings, fan motors and measuring components | 100.0 |
| MINEBEA TECHNOLOGIES TAIWAN CO., LTD. | Manufacture and sale of PC keyboards and components | 100.0 |
| MINEBEA TRADING (SHANGHAI) LTD. | Sale of bearings and electronic devices and components | 100.0 |
| MINEBEA (SHENZHEN) LTD. | Sale of bearings and electronic devices and components | 100.0 |
| MINEBEA (HONG KONG) LIMITED | Sale of bearings and electronic devices and components | 100.0 |
| MINEBEA ELECTRONICS MOTOR (ZHUHAI) CO., LTD. | Manufacture and sale of electronic devices and components | 60.0 |
| Singapore | | |
| NMB SINGAPORE LIMITED | Manufacture and sale of ball bearings and machinery components | 100.0 |
| PELMEC INDUSTRIES (PTE.) LIMITED | Manufacture and sale of ball bearings | 100.0 |
| Malaysia | | |
| MINEBEA ELECTRONICS MOTOR (MALAYSIA) SDN. BHD. | Manufacture and sale of electronic devices and components | 60.0 |
| Korea | | |
| NMB KOREA CO., LTD. | Sale of bearings and electronic devices and components | 100.0 |

| Subsidiaries in North America | Operations | Percentage of shares controlled by Minebea |
|--------------------------------------|--|---|
| United States | | |
| NMB (USA) Inc. | Holding company | 100.0% |
| New Hampshire Ball Bearings, Inc. | Manufacture and sale of bearings | 100.0 |
| Hansen Corporation | Manufacture and sale of small motors | 100.0 |
| NMB Technologies Corporation | Sale of bearings and electronic devices and components | 100.0 |

| Subsidiaries in Europe | Operations | Percentage of shares controlled by Minebea |
|--|---|---|
| United Kingdom | | |
| NMB-MINEBEA UK LTD | Manufacture and sale of bearings, sale of electronic devices and components | 100.0% |
| Germany | | |
| Precision Motors Deutsche Minebea GmbH | Development, manufacture and sale of HDD spindle motors | 100.0 |
| NMB-Minebea-GmbH | Sale of bearings and electronic devices and components | 100.0 |
| Italy | | |
| NMB ITALIA S.R.L. | Sale of bearings and electronic devices and components | 100.0 |
| France | | |
| NMB Minebea SARL | Sale of bearings and electronic devices and components | 100.0 |

Corporate Data

As of June 2008

Minebea Co., Ltd.

Corporate Information

Tokyo Head Office

ARCO Tower, 19th Floor,
1-8-1, Shimo-Meguro,
Meguro-ku, Tokyo 153-8662, Japan
Tel: 81-3-5434-8611
Fax: 81-3-5434-8601
URL: <http://www.minebea.co.jp/english/index.html>

Registered Headquarters

4106-73, Oaza Miyota,
Miyota-machi, Kitasaku-gun,
Nagano 389-0293, Japan
Tel: 81-267-32-2200
Fax: 81-267-31-1330

Established

July 16, 1951

Investor Information

Common Stock (As of March 31, 2008)

Authorized: 1,000,000,000 shares
Issued: 399,167,695 shares
Capital: ¥68,258 million
Shares per unit: 1,000

Common Stock Listings

Tokyo, Osaka and Nagoya

American Depositary Receipts

Ratio (ADR : ORD): 1 : 2
Exchange: Over-the-Counter (OTC)
Symbol: MNBEY
CUSIP: 602725301
Depository: The Bank of New York Mellon
101 Barclay Street, 22nd floor,
New York, NY 10286, U.S.A.
Tel: 1-201-680-6825
U.S. toll-free: 888-269-2377
(888-BNY-ADRS)
URL: <http://www.adrbnymellon.com/>

Agent to Manage Shareholders' Registry

The Sumitomo Trust and Banking
Co., Ltd.
Tel: 81-120-176-417

Independent Auditors

Ernst & Young ShinNihon

For further information please contact:

Investor Relations Office,
Administration Department,
Minebea Co., Ltd.
Tel: 81-3-5434-8643
Fax: 81-3-5434-8603

Shareholders and Shares Issued (As of March 31, 2008)

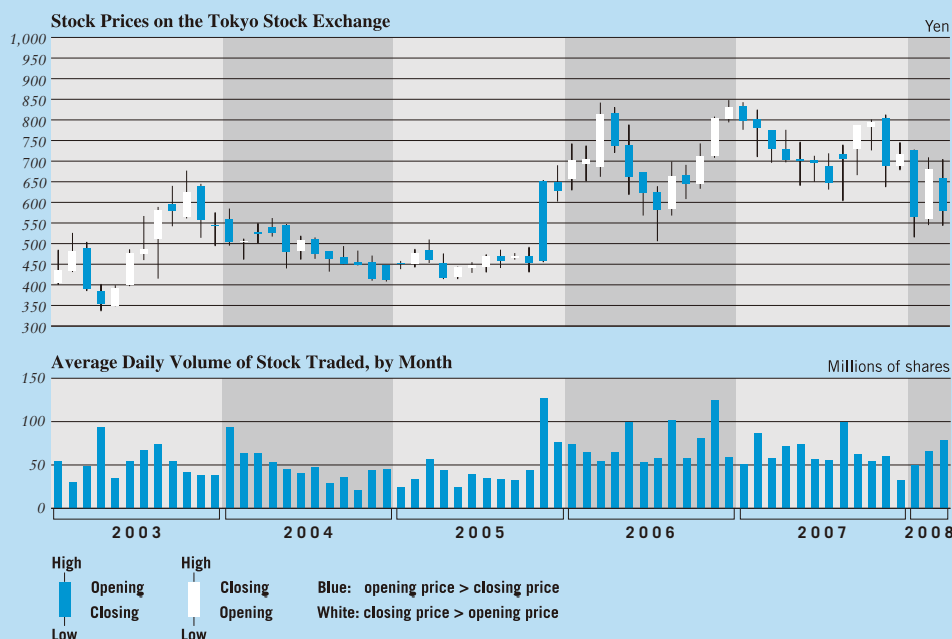
Classification by Ownership of Shares

| | Number of shareholders | Percentage of shareholders | Number of shares held (Thousand shares) | Percentage of shares outstanding |
|---------------------------------|---------------------------|-------------------------------|---|--|
| Japanese financial institutions | 154 | 0.8% | 204,834 | 51.4% |
| Overseas institutions | 315 | 1.7 | 115,361 | 28.0 |
| Other Japanese corporations | 265 | 1.4 | 30,968 | 7.8 |
| Individuals and others | 18,010 | 96.1 | 47,241 | 11.9 |
| Total | 18,744 | 100.0% | 398,404 | 100.0% |

*In addition to the above shares, there are 763,695 odd-lot shares.

Top Ten Major Shareholders

| | Number of shares held (Shares) | Percentage of shares outstanding |
|---|--------------------------------------|--|
| Japan Trustee Services Bank, Ltd. (Trust Account) | 44,638,000 | 11.18% |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 33,094,000 | 8.29 |
| Japan Trustee Services Bank, Ltd. (Trust Account 4) | 20,313,000 | 5.09 |
| The Sumitomo Trust & Banking Co., Ltd. | 15,349,000 | 3.85 |
| Keiaisha Co., Ltd. | 15,000,000 | 3.76 |
| Takahashi Industrial and Economic Research Foundation | 12,347,330 | 3.09 |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 10,057,839 | 2.52 |
| Sumitomo Mitsui Banking Corporation | 10,000,475 | 2.51 |
| State Street Bank and Trust Company 505041 | 5,694,000 | 1.43 |
| NikkoCiti Trust and Banking Corporation (Trust Account) | 5,652,000 | 1.42 |





Tokyo Head Office

ARCO Tower, 19th Floor,
1-8-1, Shimo-Meguro,
Meguro-ku, Tokyo 153-8662, Japan
Tel: 81-3-5434-8611
Fax: 81-3-5434-8601
URL: <http://www.minebea.co.jp/>

Copyright 2008 Minebea Co., Ltd.
Printed in Japan
November 2008



A-(2)-060001

Recognizing the importance of utilizing domestic wood products and nurturing domestic forests, Minebea Co., Ltd., supports the KIZUKAI-UNDOH ("Wood Products Utilization Campaign"), which is being promoted by Japan's Forestry Agency. The 3.9 GREENSTYLE mark is one of the campaign's logos. The production of reports such as this contributes to the use of domestic wood in papermaking materials, and thus to the increased absorption of CO₂ by trees grown in Japan.