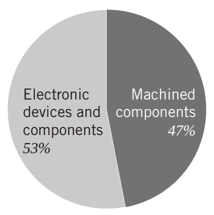
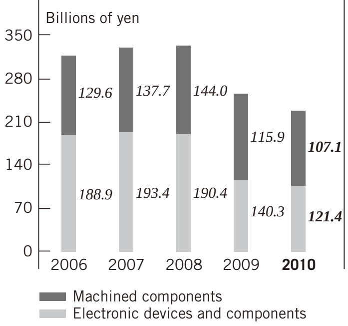
Financial Review

Results of Operations

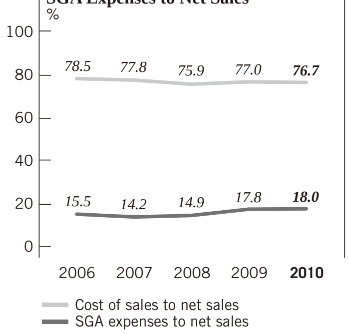
Net Sales by Business Segment



Net Sales by Business Segment



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



Net Sales

Consolidated net sales in the current fiscal year fell 10.8%, or ¥27,717 million, to ¥228,446 million.

During the period, the Japanese economy experienced a persistent recession in the first half of the fiscal year due to the influence of the financial crisis that originated in the United States in 2008. However, the economic conditions in the latter half of the period showed improvement, despite the deflation concern, owing to the steady increase in exports to Asia and active fiscal policies. The U.S. economy also continued to weaken due to the harsh financial environment, but stabilized in the latter half of the period by virtue of the progress in inventory adjustment. The economies of Europe were also in a depressed state, but showed signs of bottoming out in the latter half of the period. In China, domestic demand steadily improved under the active public spending, while other parts of Asia also experienced an improvement in their economies.

In such a business environment, the Minebea Group has been dedicated to thorough cost reduction, development of high-value-added products and new technologies, and sales promotion activities in order to further increase profitability. Consolidated net sales decreased as compared with the previous fiscal year on account of the deteriorated market environment and drastic fluctuation in exchange rate (appreciation of yen) in the first half of the period.

Cost of Sales

Cost of sales declined 11.1%, or ¥21,852 million, to ¥175,286 million. Cost of sales as a percentage of net sales decreased by 0.3 percentage points, to 76.7%. The cost of sales was reduced owing to stringent cost cutting, declining sales due to worldwide recession, and fluctuations in exchange rates (appreciation of yen), together with the fall of raw material prices (steel).

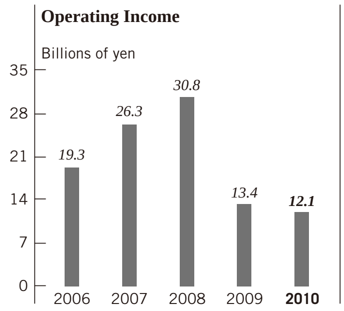
SGA Expenses

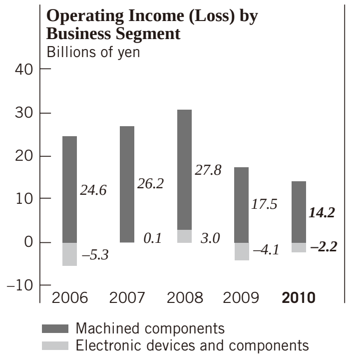
SGA expenses amounted to ¥41,101 million, down 9.9%, or ¥4,518 million. SGA expenses were equivalent to 18.0% of consolidated net sales, a slight increase by 0.2 percentage points compared to the previous fiscal year. The reduced SGA expenses were attributable to the ongoing efforts to reduce cost, as well as to the decline in sales due to the global recession and the fluctuating exchange rates (appreciation of yen).

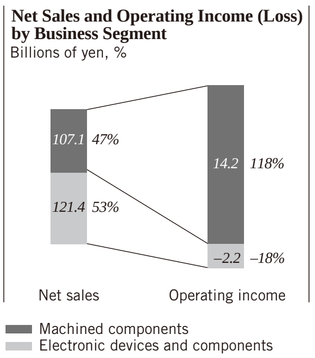
Cost of Sales and SGA Expenses

Millions of yen

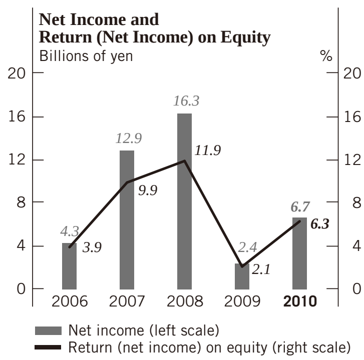
Years ended March 31	**2010**	2009	2008	2007	2006
Net sales	**¥228,446**	¥256,163	¥334,431	¥331,022	¥318,446
Cost of sales	**175,286**	197,138	253,710	257,644	249,935
Cost of sales to net sales	**76.7%**	77.0%	75.9%	77.8%	78.5%
Gross profit	**53,160**	59,025	80,721	73,378	68,511
SGA expenses	**41,101**	45,619	49,959	47,113	49,242
SGA expenses to net sales	**18.0%**	17.8%	14.9%	14.2%	15.5%







Note: Percentages represent contribution by business segment to total.



Operating Income

Operating income fell 10.0%, or ¥1,347 million, to ¥12,059 million. The first half of the fiscal year was impacted by the adverse impact on the manufacturing costs due to major production cutback conducted towards the end of the previous period. Although operating income increased significantly in the second half of the period by virtue of the recovery of demand and improvements in efficiency led by increased production, the overall operating income for the period declined. The operating margin rose 0.1 percentage point, to 5.3%. For more information, refer to “Performance by Business Segment.”

Other Income (Expenses)

The net balance of other income and expenses (net amounts of non-operating profit/loss and extraordinary profit/loss) was expenses, i.e. a loss, of ¥2,798 million, which is ¥3,774 million less than the previous fiscal year. Interest expense declined ¥748 million, to ¥1,898 million, as a consequence of falling interest rates worldwide. Other major items were the product warranty loss of ¥511 million and the loss of ¥212 million on the sale/disposal of fixed assets. This amounted to a drastic decrease compared to the previous fiscal year, which we recorded significant losses on account of plant closure and others.

Income before Income Taxes and Minority Interests

Income before income taxes and minority interests for the current fiscal year totaled ¥9,261 million, an increase by 35.5%, or ¥2,427 million.

Income Taxes

Income taxes declined ¥1,974 million, to ¥2,249 million. This is comprised of current income taxes, that is, corporate, inhabitant and business taxes, of ¥4,051 million, refund of income taxes of ¥1,912 million and deferred income taxes of ¥110 million. The effective income tax rate improved to 24.3% from 61.8% due to the increase in income before income taxes and minority interests, and the effect of dividends income excluded from taxable income, etc.

Minority Interests

Minority interests amounted to ¥350 million, up ¥180 million from the previous fiscal year. This was primarily attributable to the improved earnings performance of the Minebea Motor Manufacturing Corporation joint venture.

Net Income

As a consequence of the aforementioned factors, net income increased to ¥6,662 million, which is a ¥4,221 million increase (172.9%) from the previous fiscal year. Basic net income per share was ¥17.20, up ¥11.02 from ¥6.18 in the previous fiscal year.

Income

Millions of yen

Years ended March 31	**2010**	2009	2008	2007	2006
Operating income	**¥12,059**	¥13,406	¥30,762	¥26,265	¥19,269
Operating margin	**5.3%**	5.2%	9.2%	8.0%	6.0%
Net balance of other income (expenses)	**(2,798)**	(6,572)	(5,508)	(6,742)	(9,649)
Net income	**6,662**	2,441	16,303	12,862	4,257
Net income to net sales	**2.9%**	1.0%	4.9%	3.9%	1.3%
Net income per share (Yen):					
Basic	**17.20**	6.18	40.86	32.23	10.67
Return (net income) on equity	**6.3%**	2.1%	11.9%	9.9%	3.9%
Return on total assets	**2.4%**	0.8%	4.8%	3.7%	1.2%

Financial Condition

Financial Policy and Liquidity

In its various businesses where the Minebea Group operates, product and technological development is accelerating and global competition is intensifying. In such an environment, we recognize the importance of ensuring the flexibility in order to allow prior investment, which enable us to develop products that satisfy diverse customer expectations and lead the market, as well as capital investment promptly responding to demand fluctuations. To support these dynamic corporate activities and facilitate the strengthening of our technological development capabilities, we strive to maintain a sound financial position and a high degree of flexibility in our financing activities.

Under one of our primary management policies, namely the "reinforcement of financial structure," the Minebea Group has pursued shrinkage of assets, controlled capital investment and the reduction of liabilities. Given the uncertain financial conditions that encompass financial risks and increased interest rate burdens, we promoted efforts to expand income, shrink inventories and implemented an effective investment plan that focuses on the efficient use of assets, thereby reducing interest-bearing debt, to avoid these risks. As a result, we attained our midterm goal of keeping the net interest-bearing debt below ¥100,000 million. The net interest-bearing debt was ¥96,893 million as of the current fiscal year-end.

To ensure the agility of our financing efforts, we obtained ratings for short-term debt up to a maximum of ¥10,000 million. 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 of ¥10,000 million.

Debt Ratings

As of May 2010	*Long-term debt*	*Short-term debt*
Moody's Investors Service	Baa2	—
Japan Credit Rating Agency, Ltd.	A	J–1
Japan Rating and Investment Information, Inc.	A–	a–1

Capital Investment

Capital investment in the current fiscal year totaled ¥11,081 million, down 45.1%, or ¥9,101 million, from the previous fiscal year. The breakdown of our capital investment is ¥5,529 million in the Machined Components segment and ¥5,552 million in the Electronic Devices and Components segment.

In the Machined Components segment, investments were made to rationalize production facilities for bearings and other products in Thailand, China, Singapore and the United States, and for facilities aimed at expanding production capacity for pivot assemblies. In the Electronic Devices and Components segment, investments were applied to new facilities for HDD spindle motors and electronic devices in Thailand and for information motors in Thailand, China and other.

Capital investment included investments in the purchase of intangible fixed assets (¥323 million) and in assets acquired through finance leases (¥316 million).

In response to the sharp decline in demand globally, deriving from the worldwide recession, we have strived for efficient investments. However, given the improving demand in the world, we will proactively expand our investments into growing business sectors. For the next fiscal year, we are planning a capital investment of ¥30,000 million, primarily in the businesses of pivot assemblies, spindle motors, LED backlights for LCD, and ball bearings.

Dividends

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

It is also our policy to appropriate surplus earnings for the payment of cash dividends twice annually, at the interim and at the fiscal year-end. The year-end dividend is determined by way of a proposal that is voted on at the ordinary general meeting of shareholders, while the interim dividend is set by the Board of Directors.

In line with this policy, cash dividends for the current fiscal year were declared at ¥7.00 per share, including an interim dividend of ¥3.00 per share. As a result, the consolidated payout ratio for the current fiscal year was 40.7%.

Regarding the application of retained earnings, we will step up efforts to respond to changes in our operating environment by promoting efficient investments aimed at raising our cost competitiveness and reinforcing our technological and product development capabilities, thereby improving our responsiveness to market needs.

Free Cash Flow

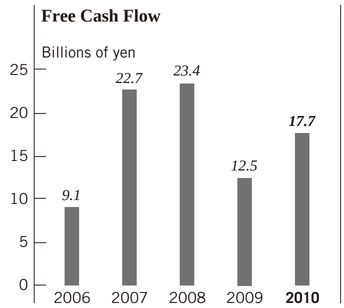
Free cash flow (calculated by adding net cash flows from operating activities and net cash flows from investing activities) totaled ¥17,675 million, an increase of 41.3%, or ¥5,165 million, from the previous fiscal year.

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥30,408 million, down 18.0%, or ¥6,656 million, from the previous fiscal year. This was mainly due to the decrease in trade receivables of ¥9,574 million and depreciation and amortization of ¥21,140 million, which decreased by ¥29,719 million and ¥2,848 million, respectively, from the previous fiscal year. This was partially offset by the increase in trade payables of ¥6,571 million led by increased production and income before income taxes and minority interests of ¥9,261 million, which increased by ¥21,220 million and ¥2,427 million, respectively, from the previous fiscal year.

Cash Flows from Investing Activities

Net cash used in investing activities decreased 48.1%, or ¥11,821 million, to ¥12,733 million. This owes mostly to the fact that there was no payment for purchase of shares in subsidiaries in the current fiscal year, compared to ¥7,265 million in the previous fiscal year, and that the payments for purchase of tangible fixed assets was ¥10,495 million, which was ¥7,934 million less than the previous fiscal year.



Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥20,118 million, which was a ¥13,143 million increase (188.5%) from the previous fiscal year. The main factor behind this change was the net decrease in short-term and long-term debt of ¥14,128 million, decreased by ¥17,336 million from the previous fiscal year.

Cash and Cash Equivalents

The balance of cash and cash equivalents at the end of current fiscal year was ¥24,855 million, a net decrease of ¥3,040 million, due to the free cash flow income falling below the net cash used in financing activities.

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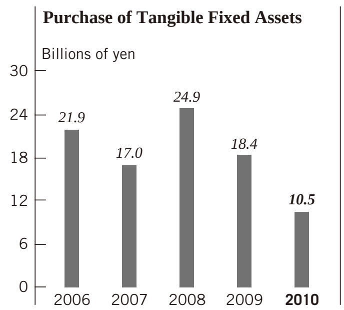


Free Cash Flow

Millions of yen

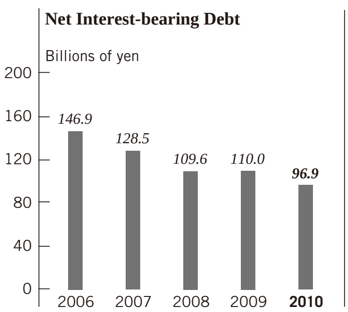
Years ended March 31	**2010**	2009	2008	2007	2006
Net cash provided by operating activities	**¥ 30,408**	¥ 37,064	¥ 46,893	¥ 37,902	¥ 28,237
Net cash used in investing activities	**(12,733)**	(24,554)	(23,461)	(15,180)	(19,120)
Portion of above used in purchase of tangible fixed assets	**(10,495)**	(18,429)	(24,888)	(16,969)	(21,897)
Free cash flow	**17,675**	12,510	23,432	22,722	9,117

Assets, Liabilities and Net Assets

Total assets at the end of the current fiscal year amounted to ¥277,967 million, down 2.6%, or ¥7,429 million, from the end of the previous fiscal year. This was primarily attributable to the reduced tangible fixed assets owing to holding down capital investment, reduced inventory, acquisition of treasury stock, and the reduced value of assets held by affiliates overseas when calculated in yen.

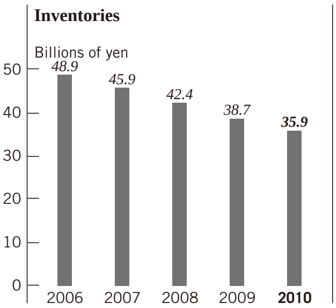
Total net assets came to ¥108,381 million, while the equity ratio was 38.5%, up 1.4 percentage points.

Net interest-bearing debt (total debt minus cash and cash equivalents and time deposits) decreased 11.9%, or ¥13,102 million, to ¥96,893 million. As a consequence, the net debt-to-equity ratio fell to 0.9 times.



Assets

Cash and cash equivalents decreased ¥3,040 million, to ¥24,855 million, compared to the previous fiscal year-end. Notes and accounts receivable–trade were up ¥8,829 million, to ¥52,184 million, reflecting the increase in net sales. Inventories decreased ¥2,825 million, to ¥35,912 million, on account of good sales and company-wide efforts to reduce inventories. Deferred tax assets (short-term) rose by ¥2,635 million, to ¥5,779 million.



As a result, total current assets increased by 6.8%, or ¥8,305 million, to ¥130,004 million.

Total tangible fixed assets amounted to ¥124,228 million, down 8.3%, or ¥11,178 million. Purchase of tangible fixed assets for the current fiscal year totaled ¥10,495 million, while depreciation and amortization amounted to ¥21,140 million.

Total intangible fixed assets totaled ¥9,672 million, down 18.6%, or ¥2,210 million.

Total investments and other assets were ¥14,063 million, down 14.3%, or ¥2,346 million, owing to a ¥1,196 million increase of investments in securities due to acquisition of preferred stock, etc. and a ¥3,056 million decrease in deferred tax assets (long-term).

Consequently, total fixed assets amounted to ¥147,963 million, a decrease of 9.6%, or ¥15,734 million.

Liabilities

Notes and accounts payable–trade were ¥16,464 million, an increase of ¥6,800 million compared to the previous fiscal year-end, due to increase of purchase led by increased production. Short-term loans payable decreased by ¥7,235 million, to ¥51,655 million. The current portion of long-term debt fell by ¥9,000 million, to ¥13,100 million. On the other hand, ¥10,000 million of bonds were transferred to current liabilities. Owing to such factors, total current liabilities amounted to ¥102,961 million, down 8.3%, or ¥9,351 million.

Long-term debt increased by ¥1,745 million, to ¥58,645 million, by virtue of new borrowings. As a result, total long-term liabilities increased by 0.5%, or ¥303 million, to ¥66,625 million.

Net Assets

Total net assets increased by 1.5%, or ¥1,619 million, to ¥108,381 million, owing to a ¥5,330 million increase in retained earnings, despite the increase in treasury stock by ¥3,315 million. Minority interests in consolidated subsidiaries increased by 50.6%, or ¥499 million, to ¥1,485 million.

Financial Position

Millions of yen

As of March 31	**2010**	2009	2008	2007	2006
Total assets	**¥277,967**	¥285,396	¥320,544	¥354,784	¥349,862
Cash and cash equivalents	**24,855**	27,895	23,281	21,731	24,385
Time deposits	**1,652**	—	—	—	—
Total current assets	**130,004**	121,699	148,117	156,059	153,564
Inventories	**35,912**	38,737	42,401	45,904	48,914
Total current liabilities	**102,961**	112,312	118,321	131,155	150,886
Working capital	**27,043**	9,387	29,796	24,905	2,678
Interest-bearing debt	**123,400**	137,890	132,852	150,261	171,272
Net interest-bearing debt	**96,893**	109,995	109,571	128,530	146,887
Total net assets	**108,381**	106,762	131,730	142,558	118,209
Equity ratio	**38.5%**	37.1%	40.7%	40.1%	33.6%
Debt-to-equity ratio (Times)	**1.1**	1.3	1.0	1.1	1.5
Net debt-to-equity ratio (Times)	**0.9**	1.0	0.8	0.9	1.2
Net assets per share (Yen)	**279.87**	271.93	327.25	356.75	294.65

Note: Effective from 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.