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 the current fiscal year, this segment accounted for 46.9% 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 light-emitting diodes (LED) backlights for liquid crystal displays (LCDs); backlight inverters; speakers; and measuring components. This segment represented 53.1% of consolidated net sales in the current fiscal year.

Our product development efforts are centered in Japan, Germany, Thailand and the United States. Our manufacturing network encompasses bases in Thailand, China, Japan, the United States, Singapore, Malaysia, Slovakia and the United Kingdom. Our largest manufacturing base, in Thailand, accounted for 53.2% of total consolidated production in the current fiscal year, while our manufacturing base in China accounted for 19.3%. Combined production at all our bases in Asia (excluding Japan) represented 79.0% of total production. Production outside of Japan accounted for 92.0% 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, automotive, aerospace and household electrical appliances markets, which accounted for 31.3%, 13.0%, 11.8%, 11.0% and 9.5%, respectively, of the current fiscal year's consolidated net sales. Many of our clients—manufacturers of these products—are expanding production outside Japan, Europe, and the Americas, particularly in China and other parts of Asia, and therefore sales to Asia (excluding Japan) represented 53.1% of consolidated net sales. Our second-largest geographic market is Japan, which currently accounts for 24.1% of consolidated net sales. Remaining sales are to North, Central and South America and to Europe.

In the current fiscal year, the Company underwent organizational changes on June 1, 2009. Business headquarters were established for each product group, to organically link the functions of business departments and headquarters and maximize operational efficiency, as well as clarifying the operational results of each product category and sharing various technologies within similar product groups. Business headquarters are formed for similar business departments, and certain functions previously assumed by the headquarters, including manufacturing, technology, marketing and sales, and procurement, were transferred to the new business headquarters with an expected improvement in operational efficiency. As a result, the Company formed 5 business headquarters and 16 business departments attached to these business headquarters, 4 divisions that support these sectors, 2 divisions created by reorganizing the previous office management headquarters, and 1 main headquarter.

In April 2010, the European Motion Technologies (EMT) department was established, bringing the total to 17 business departments.

Principal Strategy

With the aim of evolving and growing as "a company that leads the competition 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 3 priority tasks: developing new products, cultivating new markets and revolutionizing production technologies.

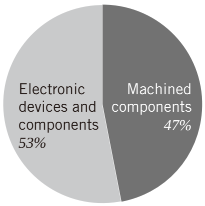
1. Ball bearings: To capitalize on untapped demand, we are taking steps to expand our production capacity and strengthen our development capabilities and production technologies for high-growth miniature ball bearings.
2. In response to the vigorous demand in the HDD-related market, we are pursuing a significant increase in the production of pivot assemblies and ball bearings.
3. Spindle motors: We endeavor to improve business performance by promoting cost reduction through increased production as well as meeting the market demand.
4. Precision components for aircraft applications: In this highly promising business, we are endeavoring to maximize growth by enhancing our existing rod-end bearings business, as well as by pushing forward with our expansion into large mechanical parts for aircraft, which incorporate sophisticated new processing technologies.
5. Fan motors and other precision small motors: We are stepping up efforts to expand our rotary components business into a second pillar of growth, alongside our core bearings and bearing-related products business.
6. 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.
7. We are reinforcing our ability to respond to pricing pressure and customer demands by reorganizing our business portfolio in a manner that enables us to surmount the barriers separating production, sales, technology and development functions to fully utilize our comprehensive strengths.
8. We are stepping up efforts to develop new markets and increase sales through the development of new "composite products" from the integration of technologies in electronic devices and machined components.
9. We are aggressively pursuing cost reduction efforts and strengthening our corporate structure to prepare for future expansion.

Segment Information

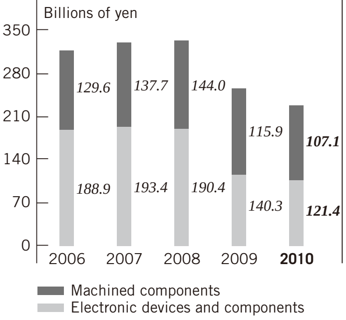
Years ended March 31	2010	2009	2008	2007	2006
	Millions of yen				
Sales to External Customers by Business Segment					
Machined components	**¥107,088**	¥115,872	¥144,034	¥137,662	¥129,595
Electronic devices and components	**121,358**	140,291	190,397	193,360	188,851
Total	**¥228,446**	¥256,163	¥334,431	¥331,022	¥318,446
Operating Income (Loss) by Business Segment					
Machined components	**¥ 14,235**	¥ 17,469	¥ 27,750	¥ 26,195	¥ 24,556
Electronic devices and components	**(2,176)**	(4,063)	3,012	70	(5,287)
Total	**¥ 12,059**	¥ 13,406	¥ 30,762	¥ 26,265	¥ 19,269
Assets by Business Segment					
Machined components	**¥157,276**	¥162,194	¥189,149	¥216,595	¥205,437
Electronic devices and components	**147,883**	154,893	192,202	224,048	218,790
Eliminations or corporate	**(27,192)**	(31,691)	(60,807)	(85,859)	(74,365)
Total	**¥277,967**	¥285,396	¥320,544	¥354,784	¥349,862
Depreciation and Amortization by Business Segment					
Machined components	**¥ 10,339**	¥ 11,636	¥ 13,635	¥ 12,507	¥ 11,437
Electronic devices and components	**10,801**	12,352	12,808	12,141	12,535
Total	**¥ 21,140**	¥ 23,988	¥ 26,443	¥ 24,648	¥ 23,972
Impairment Loss by Business Segment					
Machined components	**¥ 15**	¥ 2	¥ 31	¥ 31	¥ 388
Electronic devices and components	**16**	21	41	43	579
Total	**¥ 31**	¥ 23	¥ 72	¥ 74	¥ 967
Capital Expenditure by Business Segment					
Machined components	**¥ 5,529**	¥ 10,320	¥ 12,292	¥ 8,423	¥ 12,279
Electronic devices and components	**5,552**	9,866	13,259	9,243	9,929
Total	**¥ 11,081**	¥ 20,186	¥ 25,551	¥ 17,666	¥ 22,208
Sales to External Customers by Geographic Segment					
Japan	**¥ 54,065**	¥ 59,154	¥ 75,378	¥ 83,265	¥ 77,856
Asia (excluding Japan)	**119,333**	129,243	170,474	162,330	155,423
North America	**31,137**	39,687	53,585	56,110	59,468
Europe	**23,911**	28,079	34,994	29,317	25,699
Total	**¥228,446**	¥256,163	¥334,431	¥331,022	¥318,446
Operating Income by Geographic Segment					
Japan	**¥ 2,106**	¥ 1,261	¥ 9,096	¥ 9,770	¥ 1,922
Asia (excluding Japan)	**7,525**	8,248	15,573	11,299	12,843
North America	**2,200**	2,833	4,476	3,730	2,888
Europe	**228**	1,064	1,617	1,466	1,616
Total	**¥ 12,059**	¥ 13,406	¥ 30,762	¥ 26,265	¥ 19,269
Assets by Geographic Segment					
Japan	**¥ 93,663**	¥112,111	¥127,492	¥162,335	¥161,968
Asia (excluding Japan)	**203,617**	180,024	231,262	258,046	247,186
North America	**23,027**	27,880	30,543	35,692	36,864
Europe	**18,189**	21,123	22,143	21,326	19,618
Eliminations or corporate	**(60,529)**	(55,742)	(90,896)	(122,615)	(115,774)
Total	**¥277,967**	¥285,396	¥320,544	¥354,784	¥349,862

Results of Operations

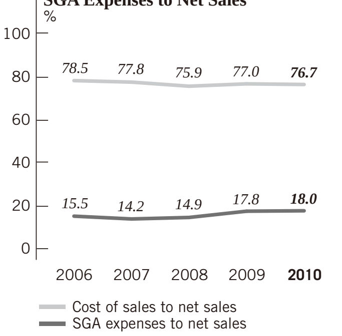
Net Sales by Business Segment



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).

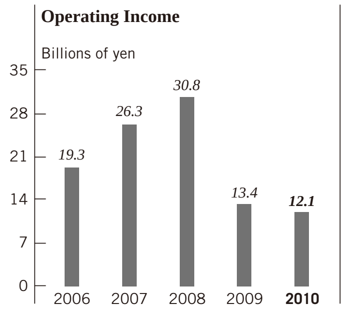
SGA Expenses

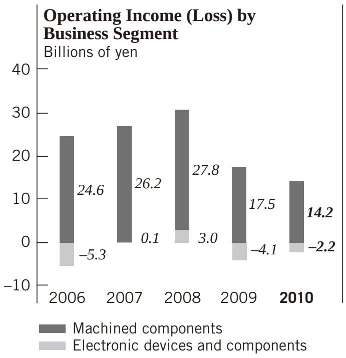
SGA expenses amounted to ¥41,101 million, down 9.9%, or ¥4,518 million. SGA expenses were equivalent to 18.0% of consolidated net sales, a slight increase by 0.2 percentage points compared to the previous fiscal year. The reduced SGA expenses were attributable to the ongoing efforts to reduce cost, as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

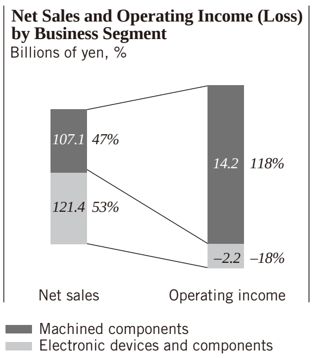
Cost of Sales and SGA Expenses

Millions of yen

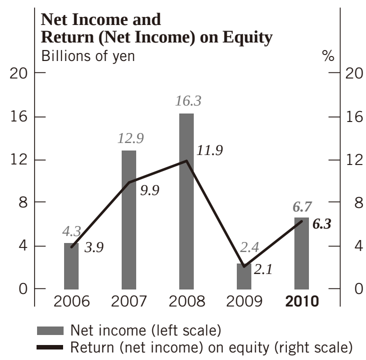
Years ended March 31	**2010**	2009	2008	2007	2006
Net sales	**¥228,446**	¥256,163	¥334,431	¥331,022	¥318,446
Cost of sales	**175,286**	197,138	253,710	257,644	249,935
Cost of sales to net sales	**76.7%**	77.0%	75.9%	77.8%	78.5%
Gross profit	**53,160**	59,025	80,721	73,378	68,511
SGA expenses	**41,101**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

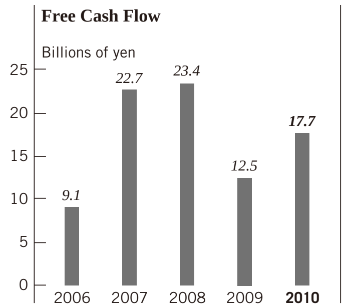
Free cash flow (calculated by adding net cash flows from operating activities and net cash flows from investing activities) totaled ¥17,675 million, an increase of 41.3%, or ¥5,165 million, from the previous fiscal year.

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.

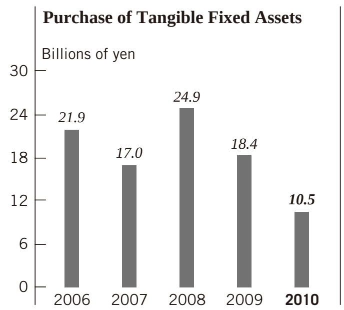


Cash Flows from Financing Activities

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.



Free Cash Flow

Millions of yen

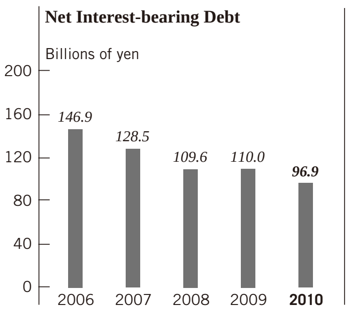
Years ended March 31	**2010**	2009	2008	2007	2006
Net cash provided by operating activities	**¥ 30,408**	¥ 37,064	¥ 46,893	¥ 37,902	¥ 28,237
Net cash used in investing activities	**(12,733)**	(24,554)	(23,461)	(15,180)	(19,120)
Portion of above used in purchase of tangible fixed assets	**(10,495)**	(18,429)	(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.

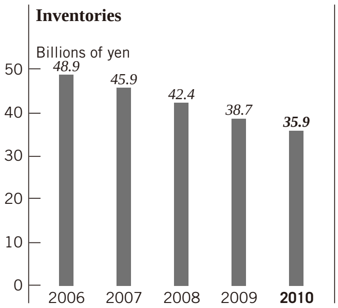
Total net assets came to ¥108,381 million, while the equity ratio was 38.5%, up 1.4 percentage points.

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

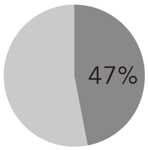
Note: Effective from fiscal 2007, Minebea has applied the Accounting Standard for Presentation of Net Assets in the Balance Sheet and the Implementation Guidance for the Accounting Standard for Presentation of Net Assets in the Balance Sheet. Accordingly, "shareholders' equity," "total shareholders'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

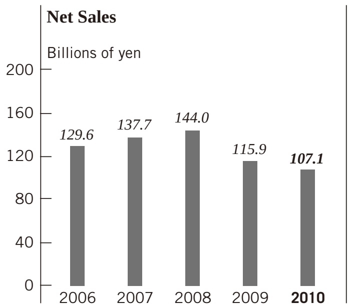
Segment Results

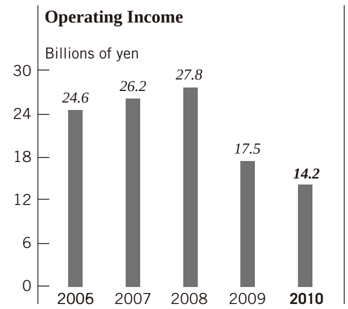
Performance by Business Segment

Machined Components

Percentage of net sales







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 amounted to ¥107,088 million, down 7.6%, or ¥8,784 million, compared to the previous fiscal year. Operating income fell 18.5%, or ¥3,234 million, to ¥14,235 million, and the operating margin, calculated using sales to external customers, declined by 1.8 percentage points, to 13.3%. In spite of our pursuit of basic technologies, product technologies, and manufacturing technologies in the continuous effort to reduce costs, the operating income declined, suffering from the adverse impact on manufacturing costs caused by drastic output cuts undertaken towards the end of the previous fiscal year.

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	60%
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.

Business Activities and Ongoing Efforts

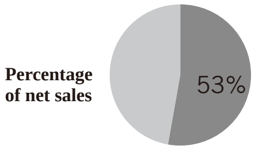
Sales of our mainstay products, i.e. ball bearings, rod-end bearings and spherical bearings, declined in comparison with the previous fiscal year due to deteriorated market conditions in the first half of the current fiscal year. However, in the latter half, sales increased by virtue of a market recovery combined with an efficiency improvement through increased production, contributing to a drastic profit improvement for the major products, notably ball bearings. In the first half of the period, the pivot assemblies segment experienced an increase in sales to the hard disk drive industry, which are our major customers, but sales leveled off due to the appreciation of the yen. However, in the second half of the period, sales increased due to vigorous market demand.

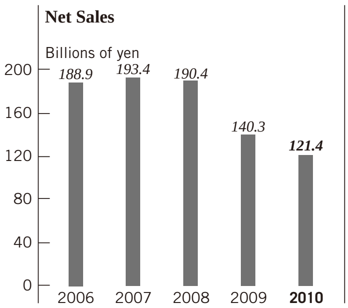
In the miniature and small-sized ball bearings business, we continued to lower manufacturing costs through streamlining and efforts to improve yield. In addition to strengthening this business, in line with the theme of returning to the basics of manufacturing, we sought to reinforce the development of basic technologies. To further reduce fixed costs, in April 2009, we closed the Skegness Plant of NMB-Minebea UK Ltd and shifted production machinery to our Shanghai plant. In the future, we plan to construct a new plant as well as endeavoring to increase production in order to meet the strong demand.

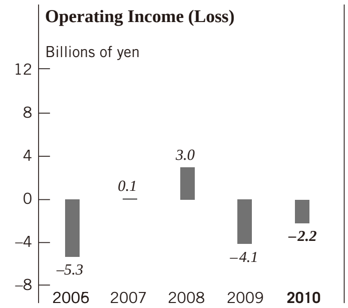
In the rod-end and spherical ball bearings business, we built a new production facility within the Karuizawa Plant and an aircraft part factory (for surface finishing) at the Fujisawa Plant, and commenced their operation, thereby positioning us to respond to the anticipated increase in demand from aircraft manufacturers. In addition to our existing rod-end and spherical bearings products, we are striving to enter the market for engine peripherals and large mechanical parts that incorporate sophisticated processing technologies.

In pivot assemblies, we continue to implement measures aimed at increasing productions and lowering the cost of sales by improving yield. Towards the future, we plan to build a new facility in consideration of the expanding HDD market.

Electronic Devices and Components







Net sales in the Electronic Devices and Components segment fell 13.5%, or ¥18,933 million, to ¥121,358 million, compared to the previous fiscal year. Given the decreasing sales, we implemented cost reduction efforts with a focus on motors. As a result, the segment recorded an operating loss of ¥2,176 million, which is a ¥1,887 million improvement to the operating loss of the previous fiscal year. The operating margin, calculated using sales to external customers, was –1.8%, indicating an improvement of 1.1 percentage points.

Principal Products and Applications and Minebea's Global Market Share

Principal Products	*Principal Applications*	*Global Market Share**
Rotary components		
HDD spindle motors	HDDs	8%
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	2–20%, depending on product
Other electronic devices and components		
PC keyboards	PCs	3%
Lighting devices for LCDs	Cellular phones, digital cameras, portable digital information terminals	10%
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.

Business Activities and Ongoing Efforts

In comparison to the previous fiscal year, the sale of LCD backlights increased due to sales promotions targeting the automobile industry and the recovery of demand in the mobile phone market. On the other hand, the sales of information motors and other motors declined due to the appreciation of the yen and the deterioration of market conditions in the first half of the current fiscal year. Regarding measuring components, sales in the market for game consoles declined.

Our efforts in the area of HDD spindle motors continue to focus on stepping up production and sales of high-growth, high-priced 2.5-inch models. We are also working to improve yields and R&D capabilities.

In the information motors business, we are introducing new products and pursuing synergy. The brushless DC motor products taken over from Panasonic Corporation joined our line of business in April 2010.

In the PC keyboards business, we are developing high-value-added products, lowering costs and enhancing efficiency.

In the electronic devices business, we are expanding our lineup and production of small and medium-sized LED backlights, including LED backlights for in-vehicle LCD.

In the area of speakers, we are working to expand sales and to specialize in high added value products.

In the measuring components business, we are developing new products and markets.

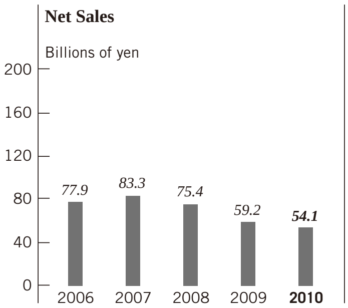
Principal Products

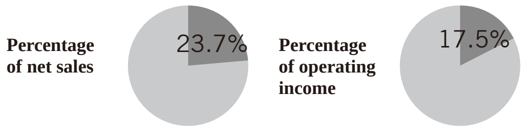
- **Rotary Components**
  - HDD spindle motors
  - Fan motors
  - Hybrid-type stepping motors
  - PM-type stepping motors
  - Brush DC motors
  - Vibration motors
  - VR resolvers
- **Other Electronic Devices and Components**
  - PC keyboards
  - Speakers
  - Electronic devices
    - Color wheels
  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

Performance by Geographic Segment

Japan

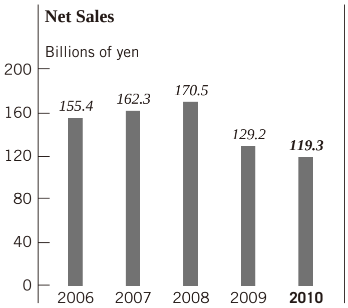
In Japan, the overall demand was stagnant and sales decreased by 8.6%, or ¥5,089 million, to ¥54,065 million. Despite the decline in sales, as a result of our efforts to cut costs and expenses, the operating income recorded an increase of ¥845 million (67.0%), to ¥2,106 million.

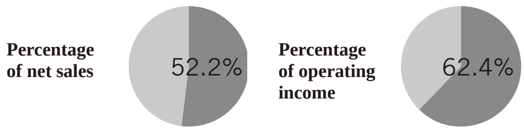




Asia (Excluding Japan)

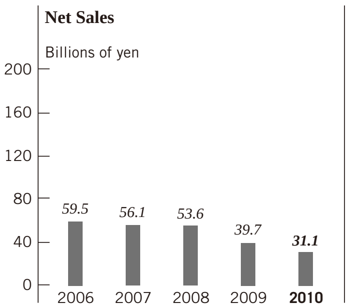
Asia includes the growing Greater China region, an important manufacturing base for many companies in Japan, Europe, and the United States. Impacted by the appreciation of yen and the slump in sales of ball bearings and information motors in the earlier half of the fiscal year, net sales declined 7.7%, or ¥9,910 million, to ¥119,333 million. The operating income fell 8.8%, or ¥723 million, to ¥7,525 million.

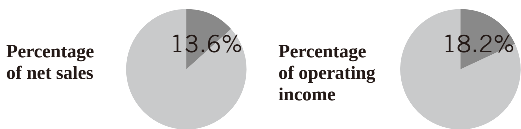




North America

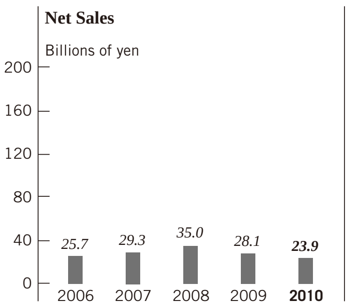
In North America, sales of U.S.-manufactured ball bearings for aircrafts and rod-end bearings for aircraft-related industries were firm, but the appreciation of the yen and decrease in demand that occurred in the second half of the fiscal year pushed down the total sales for the fiscal year. Sales of PC keyboards and speakers, which we aim to specialize in high-value-added products, also declined. As a result, we reported, in North America, net sales of ¥31,137 million, down 21.5%, or ¥8,550 million, and an operating income of ¥2,200 million, a decrease of 22.4%, or ¥633 million.

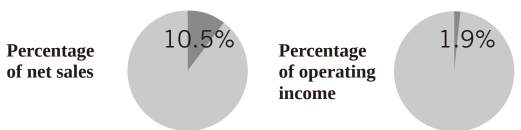




Europe

In Europe, sales of all products slumped due to the global economic downturn. The Electronic Devices and Components segment particularly suffered from the worsened market conditions. Certain markets showed recovery in the second half of the fiscal year, but for the fiscal year as a whole the net sales declined 14.8%, or ¥4,168 million, to ¥23,911 million, and the operating income fell 78.6%, or ¥836 million, to ¥228 million.





Note: Net sales figures represent sales to external customers.

Research and Development

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. Furthermore, the Minebea Group is dedicated to the development of hybrid component products that integrate the element technologies from Machined Components and Electronic Devices and Components. In March 2010, Minebea released “COOL LEAF,” a next generation input device produced through combining technologies cultivated in the process of design and development of keyboards (input devices), lighting devices (backlight module including light guide plate) and measuring components (force sensors).

Minebea has development bases in Japan (Karuizawa Plant and Hamamatsu Plant), Thailand, 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. Our facilities in Karuizawa, Thailand and China have acquired accreditation for the ISO17025 standard and are stepping up efforts within the Minebea Group with regard to analyzing and reducing emissions of hazardous substances targeted by environmental regulations, including those banned by the European Union’s Restriction of Hazardous Substances (RoHS) directive.

In the current fiscal year, R&D costs for the Minebea Group amounted to ¥8,410 million. This included ¥271 million allocated to basic research at material science laboratories in Thailand and China, such as basic materials analysis, and other research that cannot be apportioned to individual business segments.

R&D activities in our two segments in the current fiscal year are outlined below.

Machined Components

R&D in this segment focused on mainstay bearings, that is, on developing basic tribological technologies for materials and lubricants, among others, and on oil fill, electromechanical machining (ECM), diamond-like carbon (DLC) and other processes. Efforts are also emphasized on responding to the requirements of manufacturers in new areas in the IT, home electrical appliances, automobiles and aerospace industries through reliability engineering—aimed at, for example, minimizing particle generation, extending product life and enhancing electroconductivity—and applied engineering.

We are also working to develop ever-smaller miniature ball bearings. We succeeded in developing 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 tie-rod mechanical assemblies, trunnion bearings for main landing gear and a wide range of bearings for flight control systems for new models released by U.S. and European aircraft manufacturers, by applying technology used in our rod-end bearings.

The majority of HDDs now use perpendicular magnetic recording to achieve higher recording densities, and thus ensuring the cleanliness of components has become a crucial consideration. To offer a high level of cleanliness in our mainstay HDD-related products, which include bearing unit, spindle motors and base plates, we have actively developed clean manufacturing technologies.

The R&D cost in the Machined Components segment in the current fiscal year amounted to ¥2,287 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. In the area of stepping motors, we succeed in developing a unit with an external diameter of just 3.2mm–smaller than any other stepping motor in the world. This unit is currently undergoing assessment for a variety of applications. 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 and heat-resistant magnets for use in high-performance motors. We have successfully developed heat management system modules (HMSMs) by conducting R&D combining our motor, fan, electronics and other technologies.

In the area of display-related products, we developed a new high-brightness, high-efficiency LED backlight for LCDs, which we will market to manufacturers of cellular telephones and digital cameras. In addition to our noted ultra precision 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 LCDs have become the preferred type of display.

In electronics-related products, we are developing backlight driving circuits for large-sized LCD TVs. 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.

In the current fiscal year, R&D costs in the Electronic Devices and Components segment totaled ¥5,852 million.

Outlook for the Next Fiscal Year and Risk Management

Outlook for the Next Fiscal Year (Fiscal Year Ending March 2011)
(as of May 2010)

We expect that in the amid of the world economy showing signs of recovery mainly in Asia, the Japanese economy, in tune with U.S. and European economic recoveries, will be on the road to recovery with export improvements despite deflationary concerns. In Asia, we expect that the economies will remain strong despite concerns about the overheated economy in China. In the U.S., the economy is expected to move toward gradual recovery with the financial environment improving and corporate earnings ceasing to fall.

Under these circumstances, we expect net sales of 265,000 million yen, operating income of 23,500 million yen and net income of 12,500 million yen. This is due to expectations of increased sales by the brushless motor business to be newly added by a business acquisition implemented in the fiscal year; sales expansion in steady Asian markets; and increased sales to strong HDD-related markets.

Machined components business, we will continue to aggressively expand sales of mainstay ball bearings to the automobile and information & telecommunications equipment industries. By achieving economies of scale in manufacturing from this sales expansion and further reducing costs, we aim to improve business results further. We expect that sales of ball bearings will increase mainly in Asia due to economic recovery. Also in pivot assemblies, we expect increased sales due to active market demands.

Electronic devices and components business, in the information motor business, we will strive to further enhance results by continuing to improve production efficiency and to make product mix reviews. An increase in sales is expected due to the launch of a new business segment to sell brushless motor as a result of M&A we carried out during the current fiscal year. In the spindle motor business, we will strive to improve results mainly by responding to active market demands, making cost reduction efforts and boosting sales of 2.5" models. Also, in the PC keyboard business, we will aim for earnings improvement by focusing on high-quality, high-priced models and new input device products, etc. In LCD backlight assemblies, inverters, measuring components, etc., we will aim for sales recovery by expanding sales.

Risk Management

Minebea recognizes a variety of risks and uncertainties that have the potential to affect its operating results and/or financial position. On June 29, 2010, 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.

1. 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. Our operating results and financial position are vulnerable to these fluctuations.

2. Foreign exchange risk
A significant portion of our consolidated net sales and production are outside of Japan. Our business is thus vulnerable to risks 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.

3. R&D risk
While we focus on R&D to introduce a constant stream of new, high-quality products, we are subject to the risk that significant R&D expenditures may not be rewarded with successes, as there are no guarantees that R&D efforts will come to fruition.

4. Legal risk
The Legal Department is responsible for managing risk related to lawsuits and other legal actions brought against Minebea Group operations in Japan and/or overseas. 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.

5. Risk related to price negotiations
We continue to face intense competition from lower-priced products made overseas. 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.

6. Risk related to raw materials and logistics costs
We purchase a variety of materials from external suppliers and strive to ensure optimal purchase 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 in the future.

7. 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, our operations overseas are subject to the following risks, any of which may have a negative impact on our operating results and/or financial position:
(a) Unexpected changes to laws or regulations.
(b) Difficulty in attracting and securing appropriate human resources.
(c) Acts of terrorism or war, or other acts that may cause social disruption.