

I'm glad to report that the first year of our medium-term business plan was smooth sailing. Working against the backdrop of a recovering economy, we were able to achieve significant increases in both earnings and profit. These ups came despite the downs of temporary stagnation due to some controls on demand, the yen rate's record high level at the beginning of the second fiscal half as well as the massive earthquake and tsunami that struck northeastern Japan this past March.

My deepest condolences and sympathy go to all those who have been touched by this devastating event. I have nothing but the greatest admiration for everyone who is working hard toward reconstruction. Although our production bases did not suffer any direct damage from the earthquake, many of our suppliers were hit hard, resulting in an indirect impact on various aspects of our operations. Minebea will extend a hand to work with these suppliers who are doing everything they can to get their operations back on track so we can restore our supply chain and get back to business as usual as soon as possible.

Minebea has also donated money to aid the victims of this tragic disaster and conducted a corporate-wide fund-raising campaign that has been supported by Minebea employees around the globe. While we will continue to do everything we can to help with relief efforts, we feel the greatest contribution we can make is by maintaining a sound business that will provide people with livelihoods and contribute to the public good through taxes. This is the best way we can help Japan move forward toward restoration. We will continually work with this commitment in mind so it serves as a constant source of inspiration that pushes us on to perform even better.

### Consolidated Results of Operations for Fiscal Year Ended March 31, 2011

The lagging world economy gradually picked up pace during the fiscal year ended March 2011. China, which was the main driving force behind global economic growth, expanded domestic demand through increased public spending. Other Asian markets, fueled by exports to China, enjoyed steady growth as well. The downside to these pluses included the negative impact of the strong yen against the US dollar and euro as well as surging energy and resource prices. The catastrophic March 11 earthquake and tsunami sent shock waves throughout Japan that has rippled across the globe. The multiple disasters have shaken business confidence and made it difficult to accurately predict future performance.

In navigating these choppy market waters, the Minebea Group has worked hard to boost sales, cut costs, and improve productivity with an eye to increasing profitability. These efforts have paid off with a net sales increase of ¥40,693 million, or 17.8%, year on



Representative Director, President and Chief Executive Officer  
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year, to total ¥269,139 million. Operating income was also up ¥10,104 million, or 83.8%, year on year for a total of ¥22,163 million.

In the machined components business segment, ball bearing production was running at almost full capacity and exceeded the level where it was before the global economic crisis struck. The recent upturn in the economy has pushed sales up and we have boosted the production capacity for HDD pivot assemblies to meet growing demand. Soaring sales of fasteners and rod-end bearings to the recovering aviation industry have also contributed to steady overall growth.

The rotary components business segment saw net sales increase due largely to the brushless motor business we took over from Panasonic Corporation. Growing HDD spindle motor and fan motor sales also helped drive profitability up. Although the overall deficit for the segment diminished significantly, we were unable to completely turn it around. We look forward to achieving profitability for the fiscal year ending March 2012.

Sales of LED backlights in the electronic devices and components business segment climbed despite a drop in sales of measuring components due to the discontinuation of products for game consoles.

Sales for the other business segment edged up slightly. Overall, the segment returned to profitability due to the upswing in the keyboard business as well as the rising bottom line of the special devices business.

### Management Policies for Fiscal Year Ended March 2011

Minebea has two major goals, the first being to maximize earnings per share in addition to increasing shareholder value and the other is to lay the foundation for our 100th anniversary. To reach these goals, we have been working to strengthen our vertical and horizontal strengths, integrate various technologies, and boost production capacity.

We had been working in the machined components business segment to enhance our existing pivot assembly production facilities in response to the growing HDD market. We decided to build a new facility at the Lop Buri Plant in preparation for boosting pivot assembly production. Last year we announced that we were planning to build a new facility at the Bang Pa-in Plant in Thailand to manufacture ball bearings for pivot assemblies that were to be produced at the Lop Buri Plant's new facility. We also announced a plan to build another new facility at the Lop Buri Plant for producing bearing steel balls. In light of the dark economic clouds that continue to hang over the HDD market, we deemed it best to halt construction of the new facilities for pivot assembly production and instead boost the production capacity of our existing plants.

We had planned to construct a new plant in China to produce standard-size ball bearings. This move would have enabled us to make further inroads into the Chinese market with lower-priced products than ever while meeting growing demand there. Since, suspending construction of the pivot assembly plant (one of the new ball bearing plants which was under construction at the Bang Pa-in Plant) gave us extra production capacity, we decided not to build a new plant in China. Another factor in that decision was the lifting of the tariff on Thailand-made ball bearings exported to China once the ASEAN-China Free Trade Area (ACFTA) agreement goes into effect in January 2012.

We did decide to go ahead with building a new factory in Cambodia for the rotary components business. Assembly of micro actuators and brush DC motors began at a leased facility in April 2011 while construction of our own plant is underway. Slated to go on line as scheduled this December, the plant will be the first large-scale production facility we've launched in a new national market in 17 years. The plant will not employ the integrated production system in use at our existing plants but instead will serve as a satellite facility for assembling parts produced at our plants in Thailand. This is all part of the newly implemented manufacturing model that leverages our network of multiple production locations throughout Asia. As the economies of Thailand and China have advanced, it has become increasingly difficult to secure a manufacturing workforce. That's why we must continue to act quickly and decisively to implement measures needed to keep our operations running on track.

The brushless motor business we took over from Panasonic in April 2010 performed better than we had initially expected and drove rotary components sales and profits up.

The electronic devices and components segment built a new plant in Suzhou, China to meet the growing demand in the LED backlight market. This is our second LED backlight plant to go on line after the opening of our facility in Thailand. The new plant kicked off operations in April 2011. We are now working quickly

to boost production so we can supply more products to the market.

We acquired a stake in DPM Co., Ltd., a manufacturer of precision plastic gear molds via our production support M&A strategy. DPM has acquired extensive know-how in this area after working with some 300 customers. We will leverage DPM's expertise to strengthen our die and mold operations and produce precision parts which will then create added value for our rotary component products.

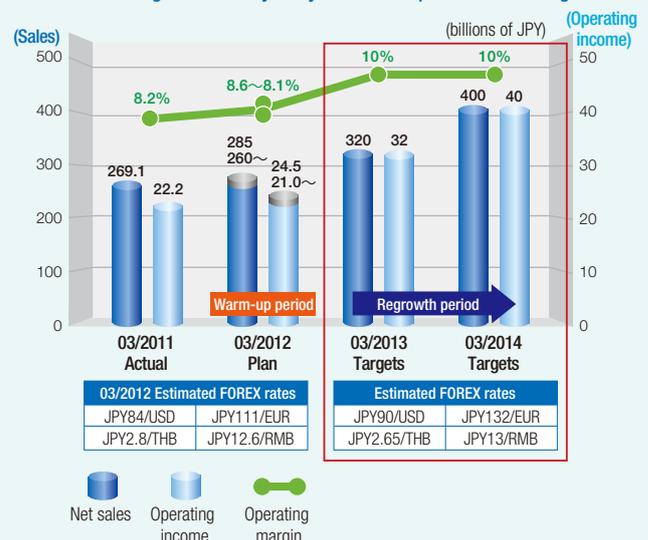
We announced last year that the E-Ship® employee shareholding incentive plan was introduced as part of our management strategy focusing on share price. Since the introduction of the plan, enrollment has been rising, indicating that it is taking root among employees.

### Toward Fiscal Year Ending March 2012

While the disruption in the supply chain caused by the March 11 earthquake has wreaked havoc on manufacturing operations across the industrial sector, it is returning to normal thanks to the tireless efforts of everyone involved. That said, it will still be some time until it is fully restored to the pre-quake level. While both sales and profits are expected to lag behind during the first half of the fiscal year ending March 2012, our suppliers' have aggressive production plans designed to make up for the loss. In light of these efforts we expect our annual performance to end up at the same level it was last fiscal year. Today we find ourselves saddled with the double burden of picking up the pieces left in the wake of the earthquake while weathering a stormy market where the yen is stronger than ever. Rising energy and resource prices, labor costs in Asia, global interest rates, political upheaval in the Middle East, and financial crises in countries of the EU have made it extremely difficult for us to achieve the ¥320 billion sales target set for the second year of our medium-term business plan. Anticipating zero growth for the year ending March 2012, we will extend the three-year plan by one year and use the year ending March 2012 as a jumping off point to reach our target.

### Revised Medium-term Business Plan Targets (Zero Growth This Year)

Extend initial target deadline by one year due to expected market stagnation.



### Policy by Business Segment

The machined components business segment will maintain current production levels in light of the strong demand for ball bearings despite lower-than-projected (in the medium-term business plan) demand for pivot assemblies. We will need to build up our inventory so we can quickly respond to the growing domestic demand for home appliances and other products as we aid reconstruction efforts via a smooth supply of goods. Once the new facility at the Bang Pa-in Plant goes on line, we will pick up the pace of expansion into the Chinese market for standard-size bearings. The new facility will feature an advanced resource-saving design and share back-office operations with existing manufacturing divisions to realize even better cost-efficiency. Since surging oil prices are likely to fuel demand for energy-efficient aircraft, we will boost production capacity for the rod-end bearings and fasteners we supply mainly to the aviation industry in order to keep pace with the growing aviation market.

As part of its restructuring of Thai plant operations during the fiscal year ended March 2011, the rotary components business transferred production lines for micro actuators, stepping motors and HDD spindle motors among different plants in Thailand. This restructuring along with the launch of the Cambodian plant will boost production. The enhanced production capacity will enable us to expand sales. We will move our Cambodian production operations from the current leased facility to our own plant when it is completed in December. Once that happens we will look into producing various types of motors depending on the new plant's production capacity.

The experience of the recent earthquake has prompted us to implement a multi-location production system designed to minimize risk. That's primarily why we are going to leverage our new Cambodian plant for the production of motors, which have traditionally been produced in a single location. We were able to significantly improve HDD spindle motor yield after focusing a good deal of our resources on the HDD spindle motor business. Although demand has temporarily declined due to the broken supply chain in the wake of the March earthquake and tsunami, we will implement measures to boost production efficiency. The streamlined operations will enable us to turn the HDD spindle motor business around once demand picks up again.

The electronic components and devices business segment has seen a sharp increase in LED backlight sales. Widespread use of smartphones has increased the demand for backlights that require advanced optical design and production technology. Orders are pouring in due to our ability to meet these requirements. Since the Suzhou Plant (which went on line in April 2011) has given us a much larger production capacity, we will work toward cultivating higher sales.

Although there had been a delay in the mass production of our COOL LEAF line, it was successfully launched in May 2011. We plan to expand the scope of COOL LEAF applications to cover a wider range of areas. Minebea is moving ahead with an eye to expanding hybrid product operations, including COOL LEAF and HMSM (Heat Management System Module) products. We integrated the Circuit Components Business Unit, the HMSM Business Unit and the EMS (Electro Mechanics Solutions) Department to establish the EMS Business Unit as of April 1,

2011. The manufacturing of medical equipment has also been added to the primary "purpose of the company" as outlined in the Minebea articles of incorporation. This addition is designed to expand our EMS operations.

We also plan to tap into specific markets as we explore new commercial opportunities for our other business segment. This will include marketing our high power micro speakers for use in thin TVs as well as special device products for commercial applications.

We will strengthen Minebea's sales network in emerging markets such as Brazil, China and India. Since Brazil is expected to be a major driving force behind global economic growth, we will steadily make inroads into the growing Brazilian market. We will shift our focus in the Chinese market from exporting products from China to marketing products in China as economic growth there drives consumer spending up. We will also work to build a strong sales foundation in India that will support its expanding market.

#### Strengthen sales network in emerging markets

	<b>Brazil</b>	Local sales company launched in April, 2011
		Dispatch staff to control existing business and develop the South American market from Brazil in growth phase
	<b>China</b>	Increase sales offices and personnel
		9 offices including new sales offices in Chengdu, Wuhan and Xian as well as existing offices in Hong Kong, Shenzhen, Shanghai, Dalian, Beijing and Wuhu, with approx. 170 employees
	<b>India</b>	Boost sales force
		Boost sales force in the four locations of Bangalore, Chennai, Delhi, and Pune to cover growing market in India

#### Passion is POWER, Passion is SPEED, Passion is the FUTURE

The earth shattering disasters of March 11 has changed everything for manufacturers. The aftermath has given us pause to rethink Minebea's role as a manufacturer. We must serve as a vital link in the supply chain and maintain the strong bonds needed to keep it from breaking so we can deliver our products to the people who need them. It is this bond that unites each one of us at Minebea as we move forward together with an eye to cultivating the kind of corporate value that will lead to continued growth.

I thank you for your support and look forward to sharing in the growth of the Minebea Group with all of you.

June 29, 2011



Yoshihisa Kainuma  
Representative Director,  
President and Chief Executive Officer