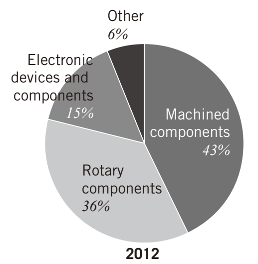
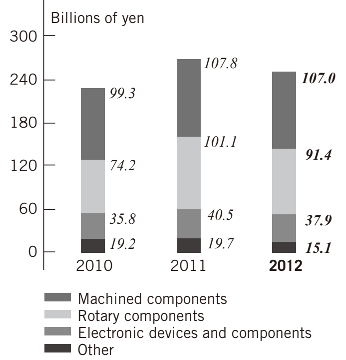
Financial Review

Results of Operations

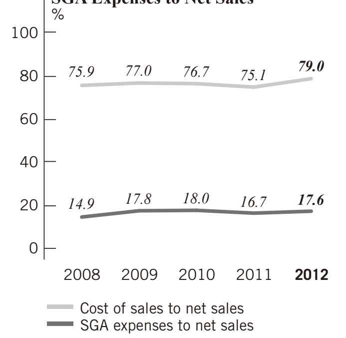
Ratio of Net Sales by Segment



Net Sales by Segment



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



Net Sales

Although the Japanese economy in the current fiscal year plummeted significantly affected by the Great East Japan Earthquake and the subsequent nuclear power plant accident, it has recovered sharply by last summer. After that, export was down due to slowdown of European economy caused by the public debt crisis in Europe and the yen's appreciation against other currencies, which led to almost zero growth although we saw a recovery sign of domestic demand. In the U.S., it has taken a long period of time to adjust the demand-supply balance of the real estate market that is the largest structural problem in the U.S. However, we can now see a recovery of labor market that supports a gradual economic growth in conjunction with improving personal consumption and capital investment. In Europe, personal consumption and capital investment by private companies decreased affected by expanding public debt problem. Rigid austerity measures taken by each country negatively contributed. In Asia, although Thailand suffered from the damage caused by the large scale flood, Chinese economy expanded mainly supported by the domestic demand and other Asian countries also enjoyed a moderate recovery. However, in the second half of the year, the slowdown of economy in Europe was clearer and the speed of recovery slowed down.

Against this backdrop, the Minebea Group has been actively working to cut costs, create high-value-added products, develop new technologies, and enhance its marketing approach in order to further increase profitability. The large scale flood in Thailand that occurred when we finally managed to settle serious large negative impact on our production and sales by the Great East Japan Earthquake damaged two production sites among five. Fortunately, our major three sites were not damaged by the flood. Although we have recovered sharply from the negative effect of the large scale flood month by month, sales were down 6.6%, or ¥17,781 million to ¥251,358 million from the previous fiscal year due to the damage on production and sales as well as the yen's appreciation.

Cost of Sales

Cost of sales declined 1.8%, or ¥3,639 million from the previous fiscal year to ¥198,506 million. Production decreased as sales declined due to the Great East Japan Earthquake, the large scale flood in Thailand and the yen's appreciation. Ratio to the total sales was up by 3.9 percentage points on year on year basis to 79.0% due to the decline in sales and increase in material cost such as rare earth material prices.

SGA Expenses

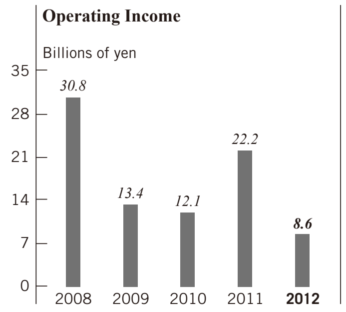
In the current fiscal year, SGA expenses amounted to ¥44,253 million, down 1.3%, or ¥578 million year on year. SGA expenses as a percentage of net sales increased by 0.9 percentage points, to 17.6%. SGA expenses were down from the previous fiscal year thanks to our efforts for thorough cost reduction in response to the decrease of production and sales.

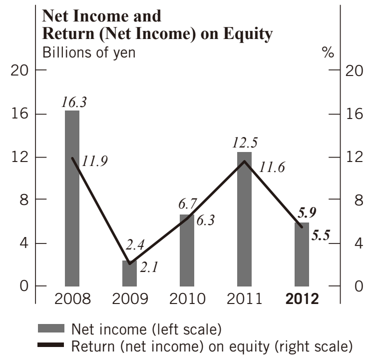
Cost of Sales and SGA Expenses

Millions of yen

Years ended March 31	**2012**	2011	2010	2009	2008
Net sales	**¥251,358**	¥269,139	¥228,446	¥256,163	¥334,431
Cost of sales	**198,506**	202,145	175,286	197,138	253,710
Cost of sales to net sales	**79.0%**	75.1%	76.7%	77.0%	75.9%
Gross profit	**52,852**	66,994	53,160	59,025	80,721
SGA expenses	**44,253**	44,831	41,101	45,619	49,959
SGA expenses to net sales	**17.6%**	16.7%	18.0%	17.8%	14.9%

*Segment classification has changed from the fiscal year ended March 31, 2011, due to the revision of accounting standards.





Operating Income

Operating income was down 61.2%, or ¥13,564 million, year on year to total ¥8,599 million. Operating income was significantly down, due to sales decline caused by the Great East Japan Earthquake, the large scale flood in Thailand, and the effect of yen's appreciation and the rise of material prices including rare earth. The operating margin declined 4.8 percentage points to 3.4%. For more information see: "Segment Information."

Other Income (Expenses)

The net balance of other income and expenses (net amounts of non-operating profit/loss and extraordinary profit/loss) amounted to loss, of ¥3,048 million, which was ¥459 million less than the previous fiscal year. Major contributors were part of insurance claim received due to the flood in Thailand of ¥9,614 million, loss due to the natural disaster of ¥7,844 million, interest paid of ¥2,321 million, business restructuring loss due to the shrinkage of keyboards business of ¥1,603 million yen, evaluation loss of securities for investment purpose of ¥831 million, and impairment loss of 291 million.

Income before Income Taxes and Minority Interests

Net income before income taxes and minority interests for the current fiscal year totaled ¥5,551 million, a large decrease by 70.2%, or ¥13,105 million.

Income Taxes

Income taxes decreased ¥4,286 million year on year to total ¥1,258 million. Income taxes included current income taxes (i.e. corporate, inhabitant and business taxes) totaling ¥2,621 million and deferred income taxes (benefit) of ¥1,363 million. When we look at the effective income tax rate, as we enjoyed the special exemption on the insurance claim received due to the flood in Thailand and we recorded the deferred tax asset following the downsizing of keyboard business, it declined to 22.7% from 29.7% in the previous fiscal year.

Minority Interests (Losses)

Minority interests (losses) amounted to ¥1,629 million, down ¥2,276 million from the previous fiscal year. This was primarily attributable to the deteriorated earnings performance of the Minebea Motor Manufacturing Corporation joint venture.

Net income

As a consequence of the aforementioned factors, net income decreased 52.5%, or ¥6,543 million to ¥5,922 million, compared to the previous fiscal year. Basic net income per share was ¥15.63, down ¥16.98 from ¥32.61 in the previous fiscal year.

Income

Millions of yen

Years ended March 31	**2012**	2011	2010	2009	2008
Operating income	**¥8,599**	¥22,163	¥12,059	¥13,406	¥30,762
Operating margin	**3.4%**	8.2%	5.3%	5.2%	9.2%
Net balance of other income (expenses)	**(3,048)**	(3,507)	(2,798)	(6,572)	(5,508)
Net income	**5,922**	12,465	6,662	2,441	16,303
Net income to net sales	**2.4%**	4.6%	2.9%	1.0%	4.9%
Net income per share (Yen):					
Basic	**15.63**	32.61	17.20	6.18	40.86
Diluted	**15.54**	—	—	—	—
Return (net income) on equity	**5.5%**	11.6%	6.3%	2.1%	11.9%
Return on total assets	**2.0%**	4.4%	2.4%	0.8%	4.8%

Financial Condition

Financial Policy and Liquidity

In the various businesses the Minebea Group operates, product and technological development is accelerating as global competition intensifies. We must continually look ahead as we sow the seeds of development with capital investments that will enable us to stay ahead of the pack as we reap a wide range of innovative solutions designed to answer our customers' needs. Maintaining a sound financial position and a high degree of flexibility in our financing activities will enable us to engage in these dynamic corporate activities and facilitate the strengthening of our technological development capabilities.

The Group sets the "Enhancement of Financial Condition" as one of the major management policies and targets in a mid-term basis to maintain the net interest-bearing debts at the level of ¥100 billion (¥114,214 million as of the end of the current fiscal year). For the capital investments, while we actively make an investment for business expansion in areas that have growth potential, we will reduce the total net assets, limit the capital investments, and reduce the debts supported by an effective investment plan and efficient use of assets.

Seeking to ensure financing agility, we obtained ratings for short-term debt up to a maximum of ¥10 billion. As we work to create a stronger, more stable structure for fund procurement, we are striving to maintain solid relationships with key financial institutions in Japan as well as overseas. We have taken significant steps to manage liquidity risks, including signing agreements to set up commitment lines of ¥10 billion.

Debt Ratings

As of May 2012	*Long-term debt*	*Short-term debt*
Japan Credit Rating Agency, Ltd.	A	J–1
Japan Rating and Investment Information, Inc.	A–	a–1

Capital Investment

We continually strive to make effective investments in light of changes in demand while proactively expanding our investments into growing business sectors. Capital investments totaled ¥27,306 million, down 0.1%, or ¥29 million, from the previous fiscal year. The breakdown of capital investment includes ¥8,501 million for the machined components segment, ¥7,462 million for the rotary components segment, ¥2,647 million for the electronic devices and components segment, ¥471 million for the other segment, and ¥8,225 million for corporate.

Investments in the machined components segment were designed to boost production capacity and streamline production facilities for bearings and other products in Thailand. We also invested in pivot assembly production facilities to increase production capacity. Investments in the rotary components segment included the investment for recovery of HDD spindle motors production in Thailand that was damaged by the flood as well as production equipment for information motors in Cambodia, China and other areas. Investments in the electronic devices and components segment focused on manufacturing equipment used to produce LED backlights and component production facilities in Thailand and China.

Capital investments included purchases of intangible fixed assets (¥383 million) and assets acquired through new finance leases (¥348 million).

As we intend to make investments for production expansion in the growth areas in addition to the investments for recovery from the flood on a full-fledged basis from the next fiscal year, the total investment amount is planned at ¥36 billion.

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 a stable and continuous distribution of profits.

We have decided to use surplus earnings to pay cash dividends twice a year, once mid-year and again at the end of the fiscal year.

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.

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 44.8%.

We will make effective use of retained earnings to invest in initiatives designed to respond to changes in our operating environment, increase cost competitiveness as well as reinforce our technological and product development capabilities with an eye to responding to market needs.

Free Cash Flow

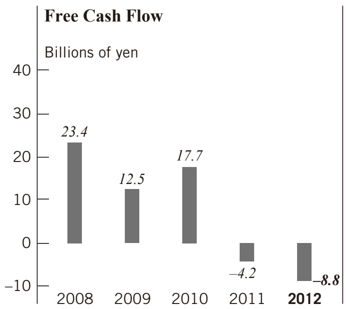
Free cash flow (calculated by adding net cash flows from operating activities and net cash flows from investing activities) totaled an outflow of ¥8,785 million, a decrease of ¥4,593 million, from the previous fiscal year.

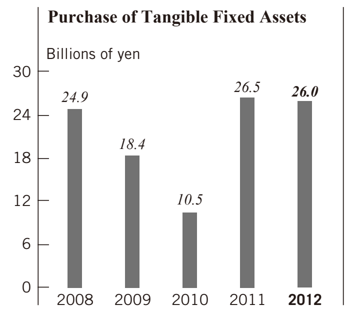
Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥20,233 million, down 17.2%, or ¥4,206 million, from the previous fiscal year. This result was mainly due to the fact that increase of inventories was ¥5,539 million (outflow was down by ¥4,468 million from the previous fiscal year), increase of trade receivable was ¥3,651 million (outflow was down by ¥3,490 million from the previous fiscal year), and increase of trade payables was ¥4,929 million (inflow was up by ¥2,022 million from the previous fiscal year), although income before income taxes and minority interests was ¥5,551 million (inflow was significantly down by ¥13,105 million from the previous fiscal year).

Cash Flows from Investing Activities

Net cash used in investment activities increased 1.4%, or ¥387 million, to total ¥29,018 million. Although transfers to time deposits were ¥7,677 million, up ¥3,924 million from the previous fiscal year, proceeds from withdrawal from time deposits were ¥4,870 million, up ¥1,555 million from the previous fiscal year and payments for purchase of tangible fixed assets were ¥25,961 million, down by ¥556 million from the previous fiscal year. Furthermore, payments for acquisition of shares in subsidiaries were ¥85 million, down ¥1,243 million from the previous fiscal year.





Cash Flows from Financing Activities

Net cash provided by financing activities amounted to ¥4,761 million, down 40.4%, or ¥3,223 million from the previous fiscal year. This was due to the fact that net increase in short-term and long-term debt was down ¥1,436 million from the previous fiscal year to ¥9,377 million, and the payments for the purchase of treasury stocks increased ¥1,988 million from the previous fiscal year to ¥2,011 million.

Cash and Cash Equivalents

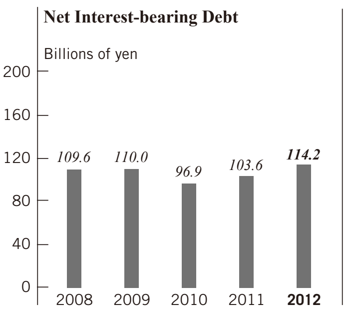
The balance of cash and cash equivalents at the end of current fiscal year was ¥23,366 million, a net decrease of ¥4,256 million, resulting from outflow of free cash flow exceeding net cash provided by financing activities.

Free Cash Flow

Millions of yen

Years ended March 31	**2012**	2011	2010	2009	2008
Net cash provided by operating activities	**¥20,233**	¥24,439	¥30,408	¥37,064	¥46,893
Net cash used in investing activities	**(29,018)**	(28,631)	(12,733)	(24,554)	(23,461)
Portion of above used in purchase of tangible fixed assets	**(25,961)**	(26,517)	(10,495)	(18,429)	(24,888)
Free cash flow	**(8,785)**	(4,192)	17,675	12,510	23,432

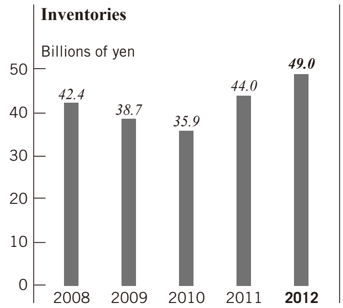
Assets, Liabilities and Net Assets



Total assets at the end of the current fiscal year amounted to ¥306,772 million, up 5.4%, or ¥15,680 million, from the end of the previous fiscal year. The main reasons were the increase of buildings and structures due to the plant facility expansion in Thailand and Cambodia, rise of other accounts receivable resulting from the insurance receivable from the large scale flood in Thailand, and increase of inventories due to the recovery of production and sales after the flood.

Net assets were ¥109,777 million while equity totaled ¥109,393 million. This led to an equity ratio drop of 1.4 percentage points year on year, falling to 35.7%.

Net interest-bearing debt (total debt minus cash and cash equivalents and time deposits) increased 10.2%, or ¥10,592 million, to total ¥114,214 million. The net debt-to-equity ratio rose to 1.0 times.



Assets

Cash and cash equivalents decreased ¥4,256 million, to ¥23,366 million, compared to the end of the previous fiscal year. Notes and accounts receivable–trade were up ¥2,774 million, to ¥58,795 million, reflecting the recovery of sales in the fourth quarter. Notes and accounts receivable–other were up ¥3,972 million, to ¥6,145 million due to the insurance receivable relating to the large scale flood in Thailand. Inventories increased ¥5,027 million year on year to total ¥49,025 million due to additions to inventories necessary to fill increasing orders.

As a result, total current assets increased by 9.4%, or ¥13,610 million, to ¥157,787 million.

Total tangible fixed assets amounted to ¥127,039 million, up 2.4%, or ¥2,943 million. Purchase of tangible fixed assets for the current fiscal year totaled ¥25,961 million, while depreciation and amortization amounted to ¥19,588 million.

Total intangible fixed assets totaled ¥5,479 million, down 26.3%, or ¥1,951 million.

Investments and other assets increased 6.6% or 1,014 million, to ¥16,402 million from the end of the previous fiscal year, as deferred tax assets (long-term) increased ¥567 million.

Consequently, total fixed assets amounted to ¥148,920 million, an increase of 1.4%, or ¥2,006 million.

Liabilities

Notes and accounts payable–trade were ¥23,336 million, an increase of ¥4,705 million compared to the end of the previous fiscal year, due to increase of purchase led by increased production after the large scale flood in Thailand. Short-term debt increased by ¥1,211 million to ¥53,449 million. Current portion of long-term debt was down ¥8,974 million to ¥15,158 million, as repayment of loans payable of ¥12,632 million and redemption of bonds payable of ¥11,500 million occurred, although borrowings of ¥15,158 million were transferred from long-term liabilities. Owing to such factors, total current liabilities amounted to ¥115,713 million, down 1.0%, or ¥1,150 million.

Long-term debt increased by ¥17,094 million to ¥73,937 million, from the end of the previous fiscal year due to the issuance of bonds payable of ¥10,000 million and convertible bond-type bonds payable with stock acquisition rights of ¥7,700 million. Owing to such factors, total long-term liabilities amounted to ¥81,282 million, up 26.5%, or ¥17,020 million from the end of the previous fiscal year.

Net Assets

Net assets totaled ¥109,777 million, down 0.2%, or ¥190 million from the end of the previous fiscal year, as treasury stocks increased ¥1,502 million and the translation losses of assets held by overseas affiliate companies by ¥757 million, despite the increase in retained earnings by ¥3,254 million. Minority interests in consolidated subsidiaries decreased by 81.3%, or ¥1,665 million, to ¥384 million.

Financial Position

Millions of yen

As of March 31	**2012**	2011	2010	2009	2008
Total assets	**¥306,772**	¥291,092	¥277,967	¥285,396	¥320,544
Cash and cash equivalents	**23,366**	27,622	24,855	27,895	23,281
Time deposits	**4,964**	1,969	1,652	—	—
Total current assets	**157,787**	144,178	130,004	121,699	148,117
Inventories	**49,025**	43,998	35,912	38,737	42,401
Total current liabilities	**115,713**	116,863	102,961	112,312	118,321
Working capital	**42,074**	27,315	27,043	9,387	29,796
Interest-bearing debt	**142,544**	133,213	123,400	137,890	132,852
Net interest-bearing debt	**114,214**	103,622	96,893	109,995	109,571
Total net assets	**109,777**	109,967	108,381	106,762	131,730
Equity ratio	**35.7%**	37.1%	38.5%	37.1%	40.7%
Debt-to-equity ratio (Times)	**1.3**	1.2	1.1	1.3	1.0
Net debt-to-equity ratio (Times)	**1.0**	0.9	0.9	1.0	0.8
Net assets per share (Yen)	**288.74**	282.03	279.87	271.93	327.25