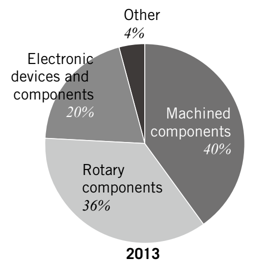
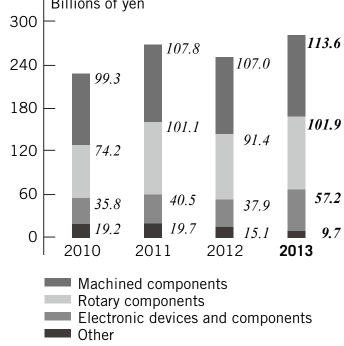
Financial Review

Results of Operations

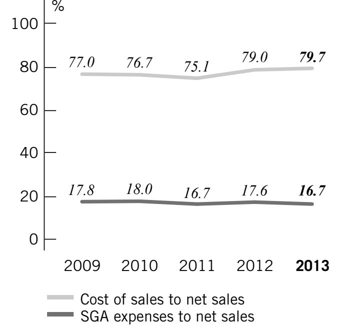
Ratio of Net Sales by Segment



Net Sales by Segment



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



Net Sales

In the year under review, the Japanese economy continued to face challenges. Although domestic demand remained firm owing to the demand arising from reconstruction in the wake of the Great East Japan Earthquake, exports declined and capital investment fell sharply due to the effects of a slowing global economy, a rising yen, and increasingly strained relations between Japan and China. Even so, entering the fourth quarter there were signs of improvement in the economy as a result of the emergency economic stimulus package that was pushed by the Liberal Democratic Party of Japan (LDP) government that came into power at the end of last year and the alleviation of the strong yen. In the United States, consumer spending remained firm and the housing market continued to improve, but the unemployment rate has been slow to improve. Europe remained mired in a slump. The German economy remained firm even as the sovereign debt crisis dragged on, but the unemployment rate worsened and economic recovery was delayed elsewhere in the eurozone, causing the gap among countries to widen. In Asia, Chinese growth slowed and India also weakened due to the decrease in exports that resulted from the European economic slump as well as stagnating domestic demand; however, the ASEAN countries remained on solid footing thanks mainly to domestic demand.

In this business climate, in order to further enhance profitability, Minebea focused its efforts on rigorous cost-cutting, higher valued-added products, the development of new technologies, and marketing initiatives. As a result, net sales increased ¥31,051 million (12.4%) from the previous year to ¥282,409 million.

Cost of Sales

In the year under review, cost of sales increased ¥26,608 million (13.4%) from the previous year to ¥225,114 million. The cost of sales to net sales ratio rose 0.7 points from the previous year to 79.7% due to decline in output which was caused by sales volume decline and inventory adjustment due to the effects of the global economic slowdown and a deteriorating HDD market starting in the second quarter.

SGA Expenses

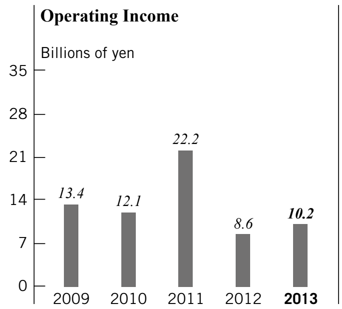
SGA expenses increased ¥2,873 million (6.5%) from the previous year to ¥47,126 million in the year under review. The SGA expense ratio decreased 0.9 points from the previous year to 16.7%. The primary factors of the increase in SGA expenses were the inclusion of the figures from newly acquired MOATECH CO., LTD. starting in the second quarter of the fiscal year, the expenses associated with the relocation of the Tokyo headquarters, and the effects of the weaker yen.

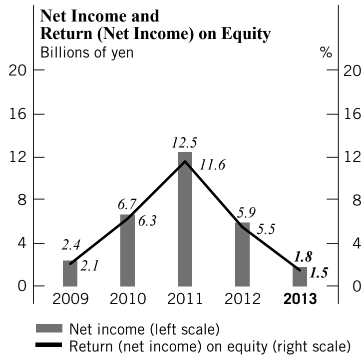
Cost of Sales and SGA Expenses

Millions of yen

Years ended March 31	**2013**	2012	2011	2010	2009
Net sales	**¥282,409**	¥251,358	¥269,139	¥228,446	¥256,163
Cost of sales	**225,114**	198,506	202,145	175,286	197,138
Cost of sales to net sales	**79.7%**	79.0%	75.1%	76.7%	77.0%
Gross profit	**57,295**	52,852	66,994	53,160	59,025
SGA expenses	**47,126**	44,253	44,831	41,101	45,619
SGA expenses to net sales	**16.7%**	17.6%	16.7%	18.0%	17.8%

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





Operating Income

Operating income increased ¥1,570 million (18.3%) from the previous year to ¥10,169 million. Although the weaker yen and stronger currencies in other Asian countries had an effect on operating income, it grew as sales rebounded. Operating margin rose 0.2 points to 3.6%. See "Segment Information" for details.

Other Income (Expenses)

The net balance of other income and expenses (the net of non-operating profit (loss) and extraordinary profit (loss)) was a loss of ¥5,287 million, ¥2,239 million larger than the previous year. We recorded other income of ¥4,304 million on the gain on sale of the Omori Plant and ¥2,572 million in partial insurance claim payments associated with the widespread flooding in Thailand. We also recorded other expenses of ¥4,905 million on the restructuring and associated impairment charges of the rotary components segment, interest expenses of ¥2,651 million, ¥1,642 million in expenses associated with the partial settlement of a defined benefit pension plan at U.S. subsidiaries, and ¥955 million on the restructuring and the associated provision for doubtful receivables of the speaker business.

Income before Income Taxes and Minority Interests

As a result of the above, net income before income taxes and minority interests decreased ¥669 million (12.1%) from the previous year to ¥4,882 million.

Income Taxes

Income taxes increased ¥2,392 million from the previous year to ¥3,650 million. Income taxes included current income taxes (i.e. corporate, inhabitant and business taxes) totaling ¥4,058 million and deferred income taxes (benefit) of ¥408 million. The effective tax rate increased from 22.7% in the previous year to 74.8%. This is attributable to the fact that the previous year included special factors that served to depress taxes, such as a special exemption on the insurance claim payments received due to the flooding in Thailand and recognition of deferred tax assets associated with the downsizing of the keyboard business, and the fact that in the year under review earnings at various group companies deteriorated due to measures such as the restructuring of the rotary components segment.

Minority Interests (Losses)

Minority interests (losses) totaled ¥572 million, ¥1,057 million smaller than the previous year mainly due to the improved profitability of the Minebea Motor Manufacturing Corporation joint venture.

Net income

As a result of the above, net income decreased ¥4,118 million (69.5%) from the previous year to ¥1,804 million. Basic net income per share was ¥4.83, down ¥10.80 from ¥15.63 in the previous year.

Income

Millions of yen

Years ended March 31	**2013**	2012	2011	2010	2009
Operating income	**¥10,169**	¥8,599	¥22,163	¥12,059	¥13,406
Operating margin	**3.6%**	3.4%	8.2%	5.3%	5.2%
Net balance of other income (expenses)	**(5,287)**	(3,048)	(3,507)	(2,798)	(6,572)
Net income	**1,804**	5,922	12,465	6,662	2,441
Net income to net sales	**0.6%**	2.4%	4.6%	2.9%	1.0%
Net income per share (Yen):					
Basic	**4.83**	15.63	32.61	17.20	6.18
Diluted	**4.65**	15.54	—	—	—
Return (net income) on equity	**1.5%**	5.5%	11.6%	6.3%	2.1%
Return on total assets	**0.5%**	2.0%	4.4%	2.4%	0.8%

Financial Condition

Financial Policy and Liquidity

Products and technologies are being developed faster and faster in the various areas in which Minebea Group operates, and the global competition among companies is intensifying. In this environment, we must make the upfront investments needed to develop new products that meet our customers' needs and to develop the products that keep us one step ahead of the market, while also ensuring that we have the sort of flexibility in capital spending that will allow us to immediately cope with changes in demand. We are endeavoring to maintain and strengthen our financial position and agility in financing so that we can support this kind of dynamic corporate activity and forge ahead on "strengthening our technological development capabilities".

We have made "strengthening our financial position" one of our key management policies and our medium-term objective is to keep net interest-bearing debts to the ¥100 billion level (¥136,148 million at of the end of the year under review). With respect to capital spending, we intend to proactively expand investments in growth businesses while at the same time rigorously ensuring the efficient deployment of assets by use of an effective investment plan, allowing us to shrink total assets, control capital spending, and reduce liabilities.

Furthermore, in order to ensure our flexibility in financing, we have obtained a rating for up to ¥10 billion in short-term debt from a ratings institution. In order to maintain and reinforce the stability of our financing base, we have maintained good relationships with financial institutions inside and outside of Japan, while at the same time we are building a framework to manage liquidity risk that includes our entering into an agreement for commitment lines of ¥10 billion.

Debt Ratings

As of May 2013	*Long-term debt*	*Short-term debt*
Japan Credit Rating Agency Ltd. (JCR)	A	J–1
Rating and Investment Information Center Inc. (R&I)	A–	a–1

Capital Investment

With respect to capital investment, we endeavor to proactively expand our investments in growth businesses while at the same time making efficient investments that allow us to address changes in demand. In the year under review capital investments totaled ¥43,687 million, comprising ¥9,100 million for the machined components segment, ¥11,974 million for the rotary components segment, ¥2,262 million for the electronic devices and components segment, ¥763 million for the other segment, and ¥19,588 million for unallocated corporate capital investments.

Investments in the machined components segment mainly consisted of investments to boost output and streamline facilities for bearings and HDD pivot assemblies in Thailand. Investments in the rotary components segment mainly consisted of equipment for making HDD spindle motors in Thailand and equipment for making information motors in Cambodia and China. In the electronic devices and components segment, we invested mainly in equipment for manufacturing LED backlights and components in Thailand and China. The unallocated corporate capital investments were mainly related to the acquisition of our Tokyo headquarters building.

The figure of capital investments includes ¥893 million in intangible fixed assets and a ¥143 million increase in assets associated with new finance lease agreements.

Our plan for the next fiscal year calls for ¥20.9 billion in capital investments.

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.

Our policy is to distribute dividends from surplus two times each year in the form of an interim dividend and a year-end dividend.

The body that determines the year-end dividend from surplus is the annual general meeting of shareholders, while the interim dividend is determined by the Board of Directors.

Pursuant to the above policy, our dividend for the year under review is 7 yen per share, which includes an interim dividend of 3 yen per share. The resulting consolidated-basis dividend payout ratio for the year under review is 144.9%.

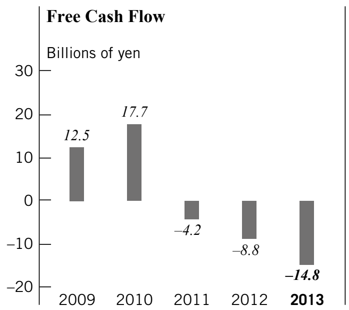
We intend to use our retained earnings to expand globally, while at the same time becoming even more cost-competitive and reinforcing our technology and manufacturing development platform so that we can address market needs, thereby allowing us to accommodate anticipated changes in our business environment.

Free Cash Flow

In the year under review, we recorded negative free cash flow (defined as the aggregate of cash flows from operating activities and cash flows from investing activities) of ¥14,823 million, a decrease of ¥6,038 million from the previous year.

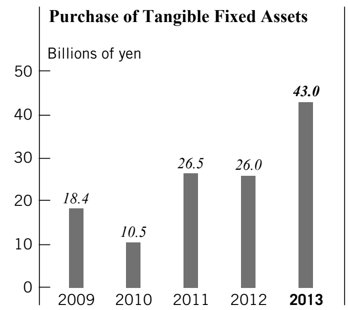
Cash Flows from Operating Activities
We generated cash flows from operating activities of ¥22,990 million, up ¥2,757 million (13.6%) from the previous year. Inflows consisted mainly of the ¥4,882 million in income before income taxes and minority interests and ¥20,800 million in depreciation & amortization, while outflows consisted mainly of a ¥6,499 million decrease in trade payables and a ¥4,399 million gain on sales and disposals of fixed assets.

Cash Flows from Investing Activities
Cash flows from investing activities totaled outflow of ¥37,813 million, up ¥8,795 million (30.3%) from the previous year. Inflows consisted mainly of ¥5,845 million in proceeds from sales of tangible fixed assets. Outflows consisted mainly of ¥42,963 million in payments for purchase of tangible fixed assets.



Cash Flows from Financing Activities
Cash flows from financing activities amounted to inflow of ¥17,409 million, an increase of ¥12,648 million (265.7%) from the previous year. Inflows consisted mainly of a net increase of ¥22,036 million in short- and long-term borrowing, while outflows consisted mainly of ¥2,634 million for the payments of cash dividends and ¥2,156 million for the payments for purchase of treasury stock.

Cash and Cash Equivalents
Because free cash flow outlays were less than the inflows from financing activities, cash and cash equivalents increased ¥4,857 million from the previous year to ¥28,223 million at the end of the year under review.



Free Cash Flow

Millions of yen

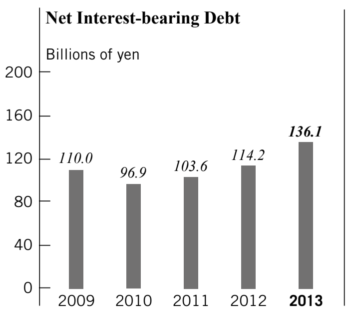
Years ended March 31	**2013**	2012	2011	2010	2009
Net cash provided by operating activities	**¥22,990**	¥20,233	¥24,439	¥30,408	¥37,064
Net cash used in investing activities	**(37,813)**	(29,018)	(28,631)	(12,733)	(24,554)
Portion of above used in purchase of tangible fixed assets	**(42,963)**	(25,961)	(26,517)	(10,495)	(18,429)
Free cash flow	**(14,823)**	(8,785)	(4,192)	17,675	12,510

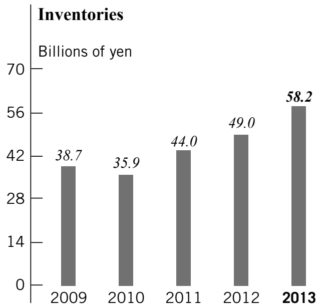
Assets, Liabilities and Net Assets

Total assets increased ¥56,033 million (18.3%) from the previous year-end to ¥362,805 million at the end of the year under review. This is mainly from the effect of foreign exchange rates, and increases in fixed assets associated with capital investment in the rotary components segment and machined components segment and the purchase of a new Tokyo headquarters building.

Net assets totaled ¥137,858 million and shareholders' equity totaled ¥131,327 million, resulting in a shareholders' equity ratio of 36.2%, up 0.5 points from the previous year.

Net interest-bearing debt (defined as total debt after subtracting cash and cash equivalents and time deposits) increased ¥21,934 million (19.2%) from the previous year to ¥136,148 million. The net debt-to-equity ratio was 1.0x, unchanged from the previous year-end.





Assets

Cash and cash equivalents increased ¥4,857 million from the previous year-end to ¥28,223 million. Notes and accounts receivable–trade increased ¥3,851 million from the previous year-end to ¥62,646 million due to the effects of foreign exchange rates. Notes and receivables–other decreased ¥4,349 million to ¥1,796 million due to the receipt of insurance claim payments associated with the widespread flooding in Thailand. Inventories increased ¥9,209 million from the previous year-end to ¥58,234 million due to the effects of foreign exchange rates.

As a result of the above, total current assets increased ¥13,190 million (8.4%) from the previous year-end to ¥170,977 million.

Tangible fixed assets increased ¥43,724 million (34.4%) from the previous year-end to ¥170,763 million due to the capital investment in the rotary components segment and machined components segment, and the purchase of a new Tokyo headquarters building. In the year under review, purchases of tangible fixed assets totaled ¥42,963 million and depreciation & amortization totaled ¥20,800 million.

Intangible fixed assets decreased ¥611 million (11.2%) from the previous year-end to ¥4,868 million.

Investments and other assets decreased ¥256 million (1.6%) from the previous year-end to ¥16,146 million.

As a result of the above, total fixed assets increased ¥42,857 million (28.8%) from the previous year-end to ¥191,777 million.

Liabilities

Notes and accounts payable–trade decreased ¥2,938 million from the previous year-end to ¥20,398 million. Short-term debt increased ¥12,517 million from the previous year-end to ¥65,966 million. The current portion of long-term debt increased ¥4,079 million to ¥19,237 million. As a result of the above, total current liabilities increased ¥12,771 million (11.0%) from the previous year-end to ¥128,484 million.

Long-term debt increased ¥11,272 million from the previous year-end to ¥85,209 million, and total long-term liabilities increased ¥15,181 million (18.7%) from the previous year-end to ¥96,463 million.

Net Assets

Total net assets increased ¥28,081 million (25.6%) from the previous year-end to ¥137,858 million mainly due to a ¥23,753 million increase associated with the foreign currency translation of assets in overseas subsidiaries. Minority interests in subsidiaries increased ¥6,095 million from the previous year-end to ¥6,479 million, mainly due to the inclusion of Moatech Co., Ltd. within the scope of consolidation.

Financial Position

Millions of yen

As of March 31	**2013**	2012	2011	2010	2009
Total assets	**¥362,805**	¥306,772	¥291,092	¥277,967	¥285,396
Cash and cash equivalents	**28,223**	23,366	27,622	24,855	27,895
Time deposits	**6,041**	4,964	1,969	1,652	—
Total current assets	**170,977**	157,787	144,178	130,004	121,699
Inventories	**58,234**	49,025	43,998	35,912	38,737
Total current liabilities	**128,484**	115,713	116,863	102,961	112,312
Working capital	**42,493**	42,074	27,315	27,043	9,387
Interest-bearing debt	**170,412**	142,544	133,213	123,400	137,890
Net interest-bearing debt	**136,148**	114,214	103,622	96,893	109,995
Total net assets	**137,858**	109,777	109,967	108,381	106,762
Equity ratio	**36.2%**	35.7%	37.1%	38.5%	37.1%
Debt-to-equity ratio (Times)	**1.2**	1.3	1.2	1.1	1.3
Net debt-to-equity ratio (Times)	**1.0**	1.0	0.9	0.9	1.0
Net assets per share (Yen)	**351.65**	288.74	282.03	279.87	271.93