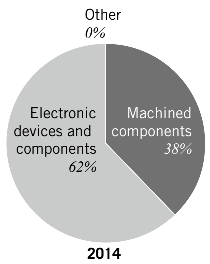
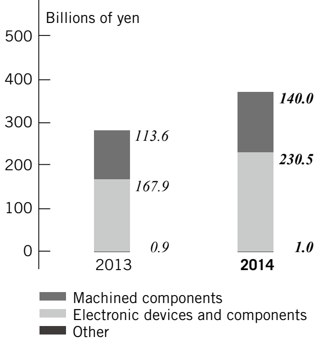
Financial Review

Results of Operations

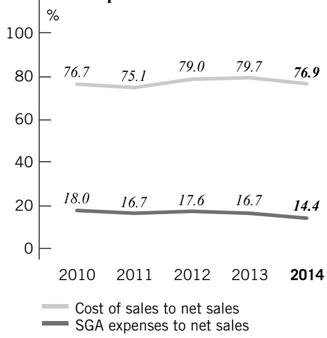
Ratio of Net Sales by Segment



Net Sales by Segment



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



Net Sales

The Japanese economy during the year under review remained upbeat as government initiatives and the Bank of Japan's monetary easing policy coupled with the weak yen in the foreign exchange market boosted corporate earnings, capital expenditures, and employment while consumer spending remained steady. In the U.S., the economy remained on a steady recovery track fueled by strong domestic demand while new construction picked up and unemployment improved due to its monetary easing policy. Despite the prolonged sovereign debt crisis and unemployment rates that remained high in Greece, Spain and other European countries, the economy in the Eurozone, especially Germany and the U.K., saw a gradual comeback. However, the Ukrainian political crisis that erupted in February 2014 has cast a dark shadow over the economic horizon. In Asia, although China lost momentum in the first quarter due to declining exports and investments, the economy gradually picked up steam again and exports increased during the rest of the fiscal year. While ASEAN economies were affected by weak currencies as well as low stock and bond prices during the second quarter, they eventually got back on track towards gradual recovery.

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 ¥89,134 million (31.6%) year on year to reach ¥371,543 million, hitting a record high.

Cost of Sales

Cost of sales was up ¥60,654 million (26.9%) from the previous fiscal year to total ¥285,768 million in the year under review. Cost of sales as a percentage of net sales dropped by 2.8 percentage points year on year to reach 76.9% due to our products' rising sales volumes which were buoyed by the global economic recovery as well as currency depreciation in Thailand, our primary production base.

SGA Expenses

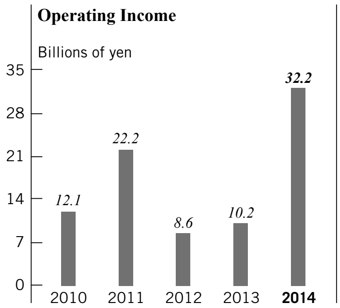
SGA expenses amounted to ¥53,576 million, up ¥6,450 million (13.7%) year on year. SGA expenses as a percentage of net sales dropped 2.3 percentage points to 14.4%.

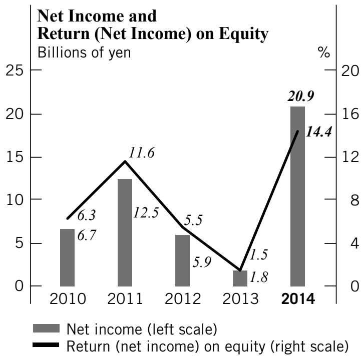
Cost of Sales and SGA Expenses

Millions of yen

Years ended March 31	**2014**	2013	2012	2011	2010
Net sales	**¥371,543**	¥282,409	¥251,358	¥269,139	¥228,446
Cost of sales	**285,768**	225,114	198,506	202,145	175,286
Cost of sales to net sales	**76.9%**	79.7%	79.0%	75.1%	76.7%
Gross profit	**85,775**	57,295	52,852	66,994	53,160
SGA expenses	**53,576**	47,126	44,253	44,831	41,101
SGA expenses to net sales	**14.4%**	16.7%	17.6%	16.7%	18.0%

*Segment classification has changed from the fiscal year ended March 31, 2014, due to organizational changes.





Operating Income

Operating income was up ¥22,030 million (216.6%) year on year to total ¥32,199 million. The factors behind this huge jump include the recovery in net sales as well as the positive effect of the weak yen and Thai baht. The operating margin rose 5.1 percentage points to 8.7%. 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 a loss of ¥5,388 million, which was ¥101 million higher than the previous fiscal year.

The exclusion of Hysonic from the scope of consolidation has resulted in gains on sales of investments in subsidiaries and affiliates totaling ¥1,230 million, and equity in net loss of affiliates totaling ¥777 million. We also posted a loss of ¥548 million associated with the explosion accident at NHBB's Peterborough facility and related insurance income totaling ¥329 million. Other losses included an impairment loss of ¥964 million from our fan motor business as well as losses due to the restructuring of our inverter business and U.S. subsidiary, etc. which came to ¥750 million.

Income before Income Taxes and Minority Interests

All of the above-mentioned factors brought income before income taxes and minority interests for the year under review up ¥21,929 million (449.2%) year on year to total ¥26,811 million.

Income Taxes

Income taxes increased ¥2,784 million year on year to total ¥6,434 million. Income taxes included current income taxes (i.e. corporate, inhabitant and business taxes) totaling ¥4,609 million and deferred income taxes of ¥1,825 million. The effective income tax rate dropped to 24.0% from 74.8% in the previous fiscal year. This decline was due to the better performance we enjoyed during the year under review for our operations outside Japan, where tax rates are lower, compared to the previous fiscal year when the restructuring of our rotary components business segment brought our group companies' bottom lines down.

Minority Interests (Losses)

Minority losses amounted to ¥501 million, ¥71 million smaller than the previous fiscal year.

Net Income

As a consequence of the aforementioned factors, net income jumped ¥19,074 million year on year to reach a record high of ¥20,878 million. Basic net income per share was ¥55.94, up ¥51.11 from ¥4.83 in the previous fiscal year.

Income

Millions of yen

Years ended March 31	**2014**	2013	2012	2011	2010
Operating income	**¥32,199**	¥10,169	¥8,599	¥22,163	¥12,059
Operating margin	**8.7%**	3.6%	3.4%	8.2%	5.3%
Net balance of other income (expenses)	**(5,388)**	(5,287)	(3,048)	(3,507)	(2,798)
Net income	**20,878**	1,804	5,922	12,465	6,662
Net income to net sales	**5.6%**	0.6%	2.4%	4.6%	2.9%
Net income per share (Yen):					
Basic	**55.94**	4.83	15.63	32.61	17.20
Diluted	**53.14**	4.65	15.54	—	—
Return (net income) on equity	**14.4%**	1.5%	5.5%	11.6%	6.3%
Return on total assets	**5.6%**	0.5%	2.0%	4.4%	2.4%

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 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. 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 2014	*Long-term debt*	*Short-term debt*
Japan Credit Rating Agency Ltd. (JCR)	A	J–1
Rating and Investment Information, 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. Capital investments made during the year under review totaled ¥20,679 million. This amount includes ¥3,867 million for the machined components segment, ¥8,646 million for the electronic devices and components segment, ¥1,393 million for the other segment, and ¥6,773 million for corporate.
Investments in the machined components segment were mainly made on equipment for manufacturing bearings and HDD pivot assemblies in Thailand. Investments in the electronic devices and components segment focused on spindle motor manufacturing equipment in Thailand, equipment for making LED backlights and related parts in Thailand, Cambodia and China, as well as manufacturing equipment for special devices in Japan (Matsuida Plant).

Capital investments included purchases of intangible fixed assets (¥860 million) and assets acquired through new finance lease agreements (¥307 million).

Our plan for the next fiscal year calls for ¥21.5 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 8 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 14.3%.

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 Flows

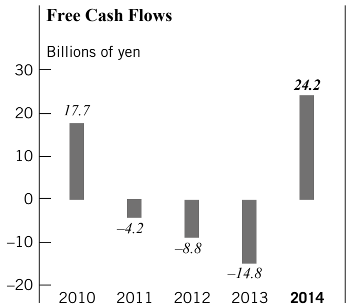
Free cash flows (calculated by adding net cash flows from operating activities and net cash flows from investing activities) totaled ¥24,216 million, an increase of ¥39,039 million from the previous fiscal year.

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥49,173 million, up 113.9% from the previous fiscal year. Inflows mainly consisted of income before income taxes and minority interests totaling ¥26,811 million, depreciation and amortization costs totaling ¥23,740 million, as well as a ¥9,425 million increase in notes and accounts payable–trade. Outflows included a ¥8,039 million increase in notes and accounts receivable–trade and a ¥1,140 million increase in inventories.

Cash Flows from Investing Activities

Net cash used in investment activities decreased 34.0% year on year to total ¥24,957 million. This mainly included an outflow of ¥18,343 million for the payments for purchases of tangible fixed assets as well as an outflow of ¥1,888 million for the payments for acquisition of shares in subsidiaries.

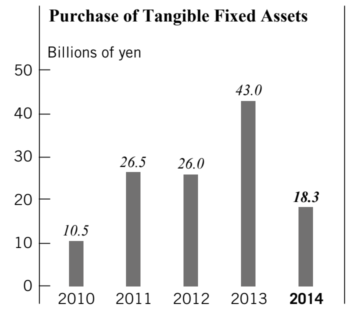


Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥25,233 million, which was ¥42,642 million higher than the previous fiscal year. Major cash outflows included ¥22,480 million for the repayment of short- and long-term loans (net) as well as ¥2,613 million for the payment of dividends.

Cash and Cash Equivalents

The balance of cash and cash equivalents in the year under review totaled ¥29,031 million, up ¥808 million year on year.



Free Cash Flows

Millions of yen

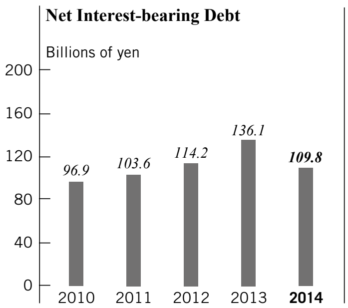
Years ended March 31	**2014**	2013	2012	2011	2010
Net cash provided by operating activities	**¥49,173**	¥22,990	¥20,233	¥24,439	¥30,408
Net cash used in investing activities	**(24,957)**	(37,813)	(29,018)	(28,631)	(12,733)
Portion of above used in purchase of tangible fixed assets	**(18,343)**	(42,963)	(25,961)	(26,517)	(10,495)
Free cash flows	**24,216**	(14,823)	(8,785)	(4,192)	17,675

Assets, Liabilities and Net Assets

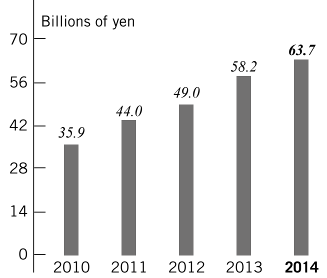
Total assets at the end of the year under review were up ¥18,473 million (5.1%) from the end of the previous fiscal year to total ¥381,278 million. The major factor behind this increase was a ¥17,473 million increase due to foreign currency fluctuations and increase in net sales.

Net assets came to ¥163,463 million while shareholders' equity totaled ¥157,863 million. This led to a 5.2 percentage point increase in equity ratio compared with the end of the previous fiscal year, bringing it up to 41.4%.

Net interest-bearing debt (total debt minus cash and cash equivalents and time deposits) decreased ¥26,366 million (19.4%) from the end of the previous fiscal year to total ¥109,782 million. The net debt-to-equity ratio was down 0.3 points from the end of the previous fiscal year to 0.7 times.



Inventories



Assets

Cash and cash equivalents increased ¥808 million over the previous year-end's total to reach ¥29,031 million. Time deposits increased ¥3,644 million to reach ¥9,685 million. Notes and accounts receivable–trade were up ¥11,694 million, to ¥74,340 million due to the increase in net sales as well as the effect of foreign currency fluctuations. Inventories increased ¥5,418 million year on year to total ¥63,652 million due to the effect of foreign currency fluctuations. Deferred tax assets (short-term) declined by ¥1,450 million year on year to reach ¥4,199 million. Other current assets totaled ¥6,854 million, down ¥1,675 million from the end of the previous fiscal year.

As a result, total current assets increased by ¥18,661 million (10.9%) from the previous year-end to reach ¥189,638 million.

Tangible fixed assets amounted to ¥166,900 million, down ¥3,863 million (2.3%) compared to the end of the previous fiscal year. Purchases of tangible fixed assets for the year under review totaled ¥18,343 million, while depreciation and amortization amounted to ¥23,740 million.

Intangible fixed assets increased ¥662 million (13.6%) from the previous year-end to total ¥5,530 million.

Investments and other assets totaled ¥19,173 million, up ¥3,027 million (18.7%) from the previous year-end. Factors behind this increase included a ¥1,906 million increase in investments in non-consolidated subsidiaries and affiliates, a ¥1,199 million increase in investment securities and a ¥543 million increase in deferred tax assets (long-term), despite a ¥819 million decrease in other assets.

Consequently, total fixed assets amounted to ¥191,603 million, a decrease of ¥174 million (0.1%) from the previous year-end.

Liabilities

Notes and accounts payable–trade came to ¥29,898 million, an increase of ¥9,500 million compared to the previous fiscal year-end due to the increase in production. Short-term debt decreased ¥17,172 million from the end of the previous fiscal year to reach ¥48,794 million. The current portion of long-term debt fell by ¥3,987 million, to ¥15,250 million. Due to these factors, total current liabilities amounted to ¥120,937 million, down ¥7,547 million (5.9%).

Long-term debt dropped ¥755 million from the previous year-end to total ¥84,454 million. Total fixed liabilities were up ¥415 million (0.4%) from the previous year-end to reach ¥96,878 million.

Net Assets

Total net assets increased by ¥25,605 million (18.6%) from the previous year-end to total ¥163,463 million. This increase was due to a ¥18,265 million increase in retained earnings and a ¥9,277 million increase in foreign currency translation adjustments compared to the end of the previous fiscal year. Minority interests in subsidiaries decreased ¥996 million from the end of the previous fiscal year to total ¥5,483 million.

Financial Position

Millions of yen

As of March 31	**2014**	2013	2012	2011	2010
Total assets	**¥381,278**	¥362,805	¥306,772	¥291,092	¥277,967
Cash and cash equivalents	**29,031**	28,223	23,366	27,622	24,855
Time deposits	**9,685**	6,041	4,964	1,969	1,652
Total current assets	**189,638**	170,977	157,787	144,178	130,004
Inventories	**63,652**	58,234	49,025	43,998	35,912
Total current liabilities	**120,937**	128,484	115,713	116,863	102,961
Working capital	**68,701**	42,493	42,074	27,315	27,043
Interest-bearing debt	**148,498**	170,412	142,544	133,213	123,400
Net interest-bearing debt	**109,782**	136,148	114,214	103,622	96,893
Total net assets	**163,463**	137,858	109,777	109,967	108,381
Equity ratio	**41.4%**	36.2%	35.7%	37.1%	38.5%
Debt-to-equity ratio (Times)	**0.9**	1.2	1.3	1.2	1.1
Net debt-to-equity ratio (Times)	**0.7**	1.0	1.0	0.9	0.9
Net assets per share (Yen)	**422.62**	351.65	288.74	282.03	279.87