

To Our Shareholders

63rd Business Year Semiannual Business Report

April 1, 2008 ▶ September 30, 2008



Minebea

Minebea Co., Ltd.



T. Yamagishi

Takayuki Yamagishi
Representative Director
December 2008

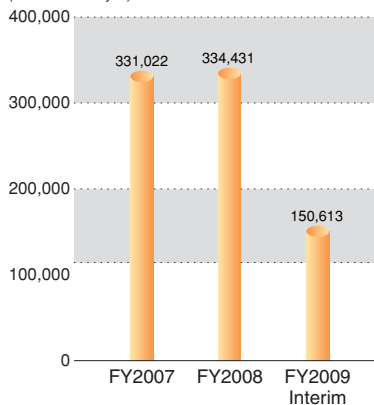
The business results for the 63rd Business Year will be reported at our Ordinary General Meeting of Shareholders scheduled to be held in June 2009. The business results for the FY2009 interim term (April 1, 2008 - September 30, 2008) are as follows.

Overview of the interim term

During the current interim term, the Japanese economy was in tougher conditions. This was principally owing to a significant worsening of business confidence, signs of decline in capital investment, decreased exports, and a slowdown of personal consumption, impacted principally by higher prices for energy and raw materials, as well as the spread of the financial instability originating from the United States. The U.S. economy stagnated principally due to a growing adjustment in the housing market and a serious worsening of the financial environment, and the European economy also saw a further slowdown. In Asia, the Chinese economy's past high growth began to decline, and in other Asian countries also, the economies generally weakened due to growing inflation, etc.

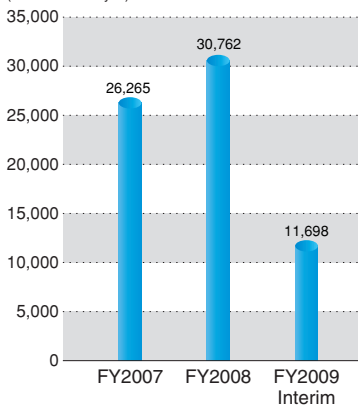
Net Sales

(Unit: millions of yen)



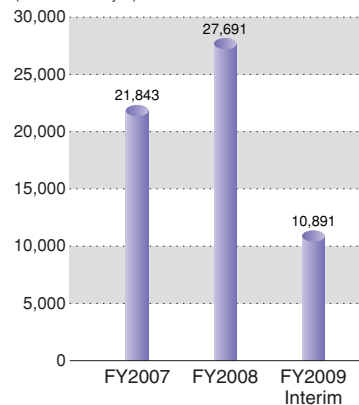
Operating Income

(Unit: millions of yen)



Ordinary Income

(Unit: millions of yen)



Under these management circumstances, although we strove to implement sweeping cost reduction measures, develop new technologies and high value-added products, and promote sales expansion activities, in order to further increase earnings, sales fell principally due to the strong yen, etc. Earnings were in a difficult situation due to this and soaring raw material prices.

As a result, net sales decreased ¥17,634 million (-10.5%) year on year, to ¥150,613 million, operating income fell ¥3,422 million (-22.6%) year on year, to ¥11,698 million, and ordinary income declined ¥2,345 million (-17.7%) year on year, to ¥10,891 million. In addition, net income also decreased ¥1,268 million (-17.0%) year on year, to ¥6,205 million, owing to the reporting of an extraordinary loss of ¥374 million that resulted from transition of retirement benefit plan.

■ Outlook for the current fiscal year

The global economy for the second half of the year is expected to become increasingly difficult, mainly due to concerns about the world's prolonged simultaneous falling stock prices and the deterioration of the real economy, lower corporate earnings and decreased personal consumption, impacted by the expansion of the financial instability from the United States.

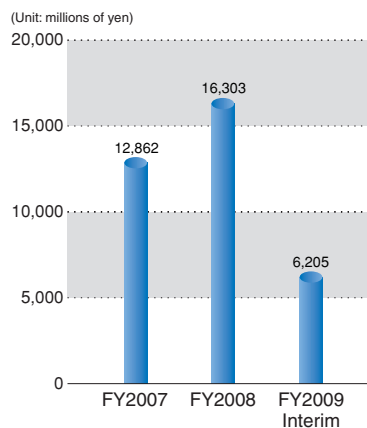
Under this business climate, we will continue to implement a range of measures, such as cost reduction and review of sales prices, and on a consolidated basis for the year, expect to achieve net sales of ¥300,000 million (-10.3% year on year); operating income of ¥25,000 million (-18.7% year on year); ordinary income of ¥23,000 million (-16.9% year on year); and net income of ¥12,500 million (-23.3% year on year), respectively.

The interim dividends will be ¥5 per share.

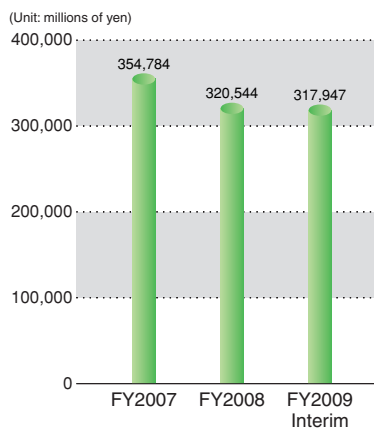
The Company plans to pay a ¥10 per share annual dividend (¥5 for interim dividends and ¥5 for fiscal year-end dividend).

We look forward to your continuous support and guidance.

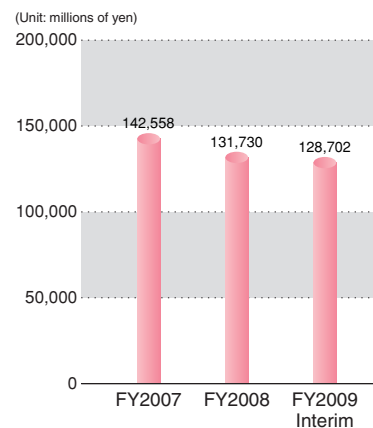
■ Net Income



■ Total Assets



■ Net Assets



Machined Components Business

Net sales and operating income decreased due to negative impacts from currency and higher raw materials costs.

Net sales of the machined components business for the first half of this fiscal year fell ¥5,079 million (-7.0%) year on year, to ¥67,170 million. Our products in this business segment include ball bearings, which are our mainstay product; mechanical components such as rod-end bearings primarily for use in aircraft and pivot assemblies for use in hard disk drives (HDDs); screws for automobiles and aircraft; and defense-related devices and equipment. Compared with a year ago period, in mainstay ball bearings and rod-end bearings, the business was good, but sales fell owing to the strong yen. In pivot assemblies, sales leveled off due to the strong yen, despite an increase in sale volume to the hard disk drive industry, a key sales channel.

Operating income also decreased ¥1,788 million (-13.0%) year on year, to ¥11,916 million. This was due to soaring raw materials prices and the strong Thai and Chinese currencies, although continued cost reduction measures were implemented, in addition to efforts to pursue basic technologies, product technologies and manufacturing techniques being made.

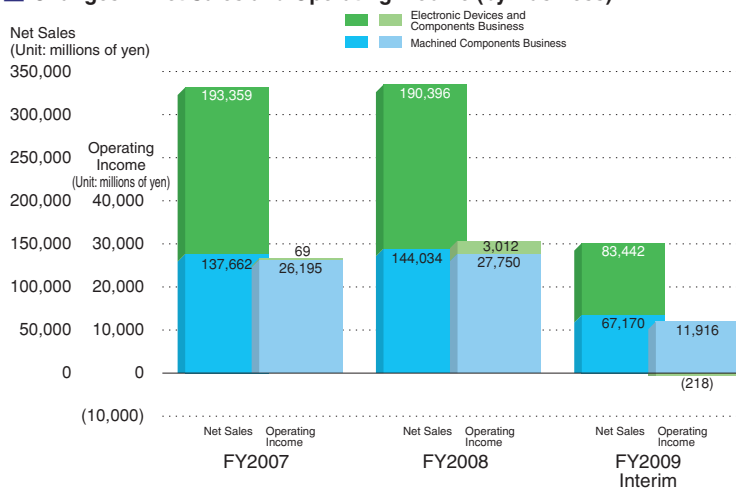
Electronic Devices and Components Business

Despite of our cultivation of new markets, net sales and operating income decreased due to negative impacts from currency and customers' inventory adjustment.

Net sales of the electronic devices and components business for the first half of this fiscal year fell ¥12,556 million (-13.1%) year on year, to ¥83,442 million. Our core products in this business segment include information motors (fan motors, stepping motors, vibration motors and DC brush motors); HDD spindle motors; PC keyboards; speakers; LCD backlights; inverters and measuring components. Compared with a year ago period, sales of measuring components and inverters increased, mainly owing to cultivation of new markets. On the other hand, sales of information motors and other motors fell due to the strong yen. In particular, sales of HDD spindle motors decreased significantly, due to customers' inventory adjustment. There were no sales of FDD heads and MODs owing to their business termination.

Operating income worsened by ¥1,635 million year on year, to a loss of ¥218 million, due to the appreciation of the Thai and Chinese currencies and decreased sales.

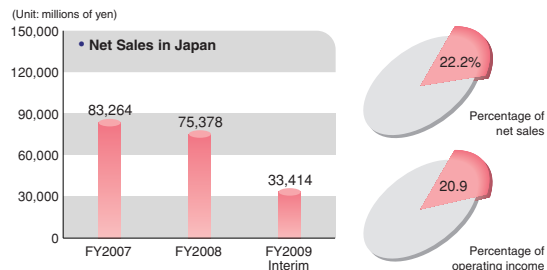
■ Changes in Net Sales and Operating Income (by Business)



Performance by Geographical Segment

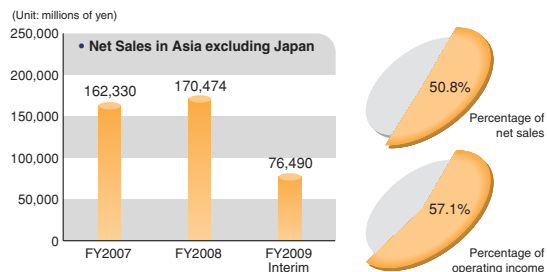
Japan

In Japan, except certain motors and inverters, sales were generally weak. Net sales fell ¥4,568 million (-12.0%) year on year, to ¥33,414 million, while operating income fell ¥2,249 million (-48.0%), to ¥2,438 million.



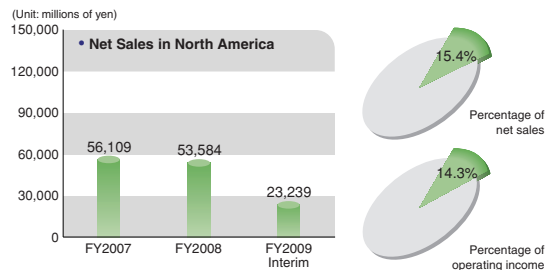
Asia excluding Japan

Asia, excluding Japan, including the Greater China region, is an important manufacturing base for many manufacturers of Japan, Europe, America and other countries. Sales were sluggish, principally owing to the effects of the strong yen and decreased sales of spindle motors. As a result, net sales decreased ¥9,010 million (-10.5%) year on year, to ¥76,490 million, and operating income also fell ¥594 million (-8.2%) year on year, to ¥6,682 million.



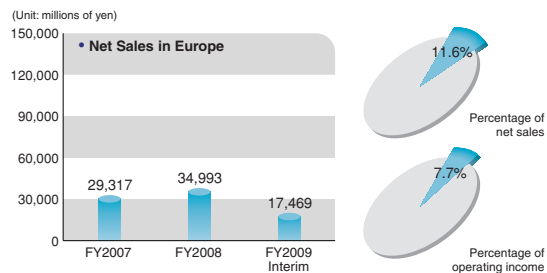
North America

In North America, sales of U.S.-made aircraft ball bearings and rod-end bearings for use mainly in the aircraft-related industries fell year on year, due to the strong yen, although the business remained strong, led by solid demand from the industries. Sales of PC keyboards, specialized in high value-added products, were also weak. As a result, net sales fell ¥4,849 million (-17.3%) year on year, to ¥23,239 million, and operating income declined ¥821 million (-32.9%), to ¥1,677 million.



Europe

In Europe, sales of ball bearings, rod-end bearings and other products were firm as the economy was registering a slowdown. As a result, net sales increased ¥793 million (4.8%) year on year, to ¥17,469 million, and operating income increased ¥240 million (36.4%) year on year, to ¥899 million.



Minebea's Thai subsidiary obtains Nadcap certification

The Mechanical Parts for Aircraft (MPA) Division at the Lop Buri Plant (Lop Buri Province,Thailand) of NMB-Minebea Thai Ltd., obtained Nadcap (National Aerospace and Defense Contractors Accreditation Program) certification for “chemical treatment process” for the manufacture of bearings for aircrafts on May 29, 2008.

The Company's MPA Division obtained Nadcap certification in 2007 for “non-destructive inspection” and “heat treatment process” for manufacturing bearings for aircrafts.

Obtaining certification for the “chemical treatment process” necessary for stainless bearings for aircrafts will enable Thailand to join the UK, The United States and Japan in integrated manufacturing stainless bearings for aircrafts.

With its three centers in Europe, The United States and Asia, Minebea Group is the only manufacturer capable of manufacturing bearings for aircrafts that satisfy the quality demands of the aerospace market. Minebea will continue to obtain certifications for aircraft manufacturing processes in all of our locations, to establish reliable quality control systems, and to further strengthen our supply system.

[Bearings for Aircraft Manufacturing Locations]

United Kingdom : NMB-Minebea UK Ltd., Lincoln Plant (Lincolnshire)

United States : New Hampshire Ball Bearings, Inc., Peterborough Plant and Laconia Plant (New Hampshire)

Japan : Karuizawa Plant (Miyota-machi, Kitasaku-gun, Nagano)

Thailand : NMB-Minebea Thai Ltd., Lop Buri Plant (Lop Buri Province)

[About the National Aerospace and Defense Contractors Accreditation Program (Nadcap)]

Nadcap is a quality assurance, special process auditing and certification system developed in 1990 by the Performance Review Institute (PRI), a certifying organization operated by and for major aircraft and aircraft-engine manufacturers. At present, it is the world's only unified certification program in the aerospace field, and its certification is necessary in order to manufacture aerospace products requiring special processes.

[Nadcap Certification]



Bang Pa-in Plant, Thailand

Commencement of Operations for Cutting and Pressing of Inner and Outer Rings of Ball Bearings

The factory specialized in the cutting and the pressing of inner and outer rings of ball bearings in the Bang Pa-in Plant (Bang Pa-in, Ayutthaya Province, Thailand) was completed in May this year and has commenced operation since July. It was Minebea's intention to not only achieve improved productivity but also create the most energy-efficient factory in the Minebea Group and therefore, the energy conservation measures of this earth-conscious factory had been considered right from the designing stage. Before this factory, each of Minebea's factories for ball bearing production incorporated the full manufacturing process from the manufacturing of parts such as the inner and outer rings through to the final assembly, but this factory—a new-concept factory specializing in the manufacturing of parts—aims to maximize energy efficiency.



Outside view of the new cutting and pressing process factory



Entire view of the Bang Pa-in Plant

Overview of the new Cutting and Pressing Process Factory

Location	: On the premises of Bang Pa-in Plant
Construction period	: November 2007 to May 2008
Building Area	: 7,886 m ²
Items manufactured	: Inner and outer rings of ball bearings and other parts
Amount of investment	: approx. ¥1,500 million

Consolidated Financial Statements

● Consolidated Balance Sheets (unit: millions of yen)

	Fiscal year 2008 Interim (as of September 30, 2007)	Fiscal year 2009 Interim (as of September 30, 2008)	Fiscal year 2008 (as of March 31, 2008)
Assets			
Current assets	162,135	150,217	148,117
Cash and cash equivalents	21,697	24,003	23,281
Notes and accounts receivable	74,692	63,703	64,835
Marketable securities	805	1,183	1,511
Inventories	48,632	45,375	42,400
Deferred tax assets	6,678	7,693	8,498
Others	9,867	8,421	7,791
Allowance for doubtful receivables	(237)	(163)	(202)
Fixed assets	193,980	167,721	172,411
Tangible fixed assets	168,917	148,366	150,609
Intangible fixed assets	11,231	5,883	9,846
Investments and other assets	13,830	13,470	11,956
Deferred charges	27	7	15
Total assets	356,144	317,947	320,544

	Fiscal year 2008 Interim (as of September 30, 2007)	Fiscal year 2009 Interim (as of September 30, 2008)	Fiscal year 2008 (as of March 31, 2008)
Liabilities			
Current liabilities	140,124	108,484	118,321
Notes and accounts payable	30,313	21,607	24,054
Short-term loans payable	55,720	56,559	50,352
Current portion of long-term loans payable	11,000	—	—
Current portion of bonds	15,000	—	15,000
Lease obligations	—	920	—
Accrued income taxes	2,745	3,312	3,517
Accrued bonuses	6,099	5,989	3,871
Allowance for bonuses to directors and corporate auditors	20	54	117
Allowance for business restructuring losses	568	317	347
Others	18,656	19,724	21,060
Long-term liabilities	67,203	80,759	70,492
Bonds	21,500	21,500	21,500
Long-term loans payable	43,000	52,000	46,000
Lease obligations	—	1,227	—
Allowance for retirement benefits	1,923	5,166	1,707
Allowance for retirement benefits to executive officers	62	124	95
Others	716	741	1,189
Total liabilities	207,327	189,244	188,814
Net Assets			
Shareholders' equity	186,256	188,848	191,087
Common stock	68,258	68,258	68,258
Capital surplus	94,756	94,756	94,756
Earning surplus	23,330	25,937	28,169
Treasury stock	(89)	(105)	(97)
Revaluation / Translation differences	(38,235)	(61,479)	(60,512)
Difference on revaluation of other marketable securities	2,208	2,029	1,755
Deferred hedge gains or losses	(0)	(1)	(0)
Foreign currency translation adjustments	(40,443)	(63,506)	(62,268)
Minority interests in consolidated subsidiaries	794	1,333	1,155
Total net assets	148,816	128,702	131,730
Total liabilities and net assets	356,144	317,947	320,544

Note: Amounts less than one million yen have been omitted.

● **Consolidated Statements of Income** (unit: millions of yen)

	Fiscal year 2008 Interim (Apr. 2007 thru Sept. 2007)	Fiscal year 2009 Interim (Apr. 2008 thru Sept. 2008)	Fiscal year 2008 (Apr. 2007 thru Mar. 2008)
Net sales	168,247	150,613	334,431
Cost of sales	127,973	114,003	253,709
Gross profit	40,274	36,609	80,721
Selling, general and administrative expenses	25,153	24,911	49,959
Operating income	15,121	11,698	30,762
Other income	1,283	1,093	2,388
Interest income	397	249	687
Dividends income	64	67	107
Equity income of affiliates	0	–	14
Income from scrap sales	–	527	–
Others	821	248	1,578
Other expenses	3,167	1,901	5,458
Interest expenses	2,494	1,419	4,402
Foreign currency exchange loss	363	266	474
Equity loss of affiliates	–	7	–
Others	309	208	582
Ordinary income	13,236	10,891	27,691
Extraordinary income	61	81	395
Gain on sales of fixed assets	50	32	182
Reversal of allowance for doubtful receivables	11	–	11
Reversal of allowance for business restructuring losses	–	48	201
Extraordinary loss	1,101	869	2,833
Loss on sales of fixed assets	64	13	150
Loss on disposal of fixed assets	289	284	562
Impairment loss	69	2	71
Loss on liquidation of affiliates	14	–	998
Loss on after-care of products	–	–	236
Loss on transition of retirement benefit plan	–	374	–
Special severance payment	131	195	165
Retirement benefit expenses for overseas subsidiaries	–	–	116
Retirement benefits to directors and corporate auditors	531	–	531
Income before income taxes and minority interests	12,196	10,102	25,254
Income taxes current (including enterprise tax)	3,689	3,204	8,496
Adjustment of income taxes	494	274	(591)
Total income taxes	4,184	3,479	7,905
Minority interests in earnings of consolidated subsidiaries	537	417	1,045
Net income	7,474	6,205	16,303

Note: Amounts less than one million yen have been omitted.

● Consolidated Statement of Changes in Net Assets (unit: millions of yen)

For the current interim term (April 1, 2008 through September 30, 2008)

	Shareholders' equity					Revaluation / Translation differences				Minority interests in consolidated subsidiaries	Total net assets
	Common stock	Capital surplus	Earning surplus	Treasury stock	Total sharehold- ers' equity	Difference on revaluation of other marketable securities	Deferred hedge gains or losses	Foreign currency translation adjustments	Total revaluation /translation differences		
Balances at March 31, 2008	68,258	94,756	28,169	(97)	191,087	1,755	(0)	(62,268)	(60,512)	1,155	131,730
Changes											
Decrease in earning surplus due to application of Business Response Report No. 18			(6,442)		(6,442)						(6,442)
Cash dividend from retained earnings			(1,994)		(1,994)						(1,994)
Net income			6,205		6,205						6,205
Purchase of own shares				(8)	(8)						(8)
Sales of own shares		(0)		0	0						0
Changes (net) in non-shareholders' equity items						273	(1)	(1,238)	(966)	178	(788)
Total changes	—	(0)	(2,231)	(8)	(2,239)	273	(1)	(1,238)	(966)	178	(3,027)
Balances at September 30, 2008	68,258	94,756	25,937	(105)	188,848	2,029	(1)	(63,506)	(61,479)	1,333	128,702

Note: Amounts less than one million yen have been omitted.

● Consolidated Statements of Cash Flows (unit: millions of yen)

	Fiscal year 2008 Interim (Apr. 2007 thru Sept. 2007)	Fiscal year 2009 Interim (Apr. 2008 thru Sept. 2008)	Fiscal year 2008 (Apr. 2007 thru Mar. 2008)
Cash Flows from Operating Activities	19,499	17,522	46,893
Cash Flows from Investing Activities	(11,263)	(9,529)	(23,461)
Cash Flows from Financing Activities	(8,225)	(7,448)	(20,604)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(44)	178	(1,277)
Net increase (decrease) in Cash and Cash Equivalents	(34)	721	1,550
Cash and Cash Equivalents at Beginning of Period	21,731	23,281	21,731
Cash and Cash Equivalents at End of Period	21,697	24,003	23,281

Note: Amounts less than one million yen have been omitted.

■ Corporate Data

Trade Name	Minebea Co., Ltd.
Established	July 16, 1951
Capital	¥ 68,258 million
Number of Employees	2,719
Registered Headquarters	4106-73, Oaza Miyota, Miyota-machi, Kitasaku-gun, Nagano 389-0293, Japan Tel: 81-267-32-2200
Head Office and Plants	Tokyo Head Office, Karuizawa Plant, Hamamatsu Plant, Fujisawa Plant, Omori Plant

■ Board of Directors

Representative Director, President, Chief Executive Officer

Takayuki Yamagishi

Directors, Senior Managing Executive Officers

Yoshihisa Kainuma

Koichi Dosho

Hiroharu Katogi

Akihiro Hirao

Eiichi Kobayashi

Directors, Managing Executive Officers

Masayoshi Yamanaka

Hiroataka Fujita

Outside Directors

Kohshi Murakami

Takashi Matsuoka

■ Corporate Auditors

Standing Corporate Auditors

Tosei Takenaka

Akifumi Kamo

Standing Outside Corporate Auditor

Kazuaki Tanahashi

Outside Corporate Auditors

Isao Hiraide

Hiroataka Fujiwara

■ Executive Officers

Senior Managing Executive Officers

Hiroyuki Yajima

Sakae Yashiro

Managing Executive Officers

Susumu Fujisawa

Shunji Mase

Motoyuki Nijijima

Executive Officers

Kunio Shimba

Junichi Mochizuki

Morihiro Iijima

Mamoru Kamigaki

Takashi Aiba

Daishiro Konomi

Tatsuo Matsuda

Gary Yomantas

Tsugihiko Musha

Motoharu Akiyama

Tamio Uchibori

Koichi Takeshita

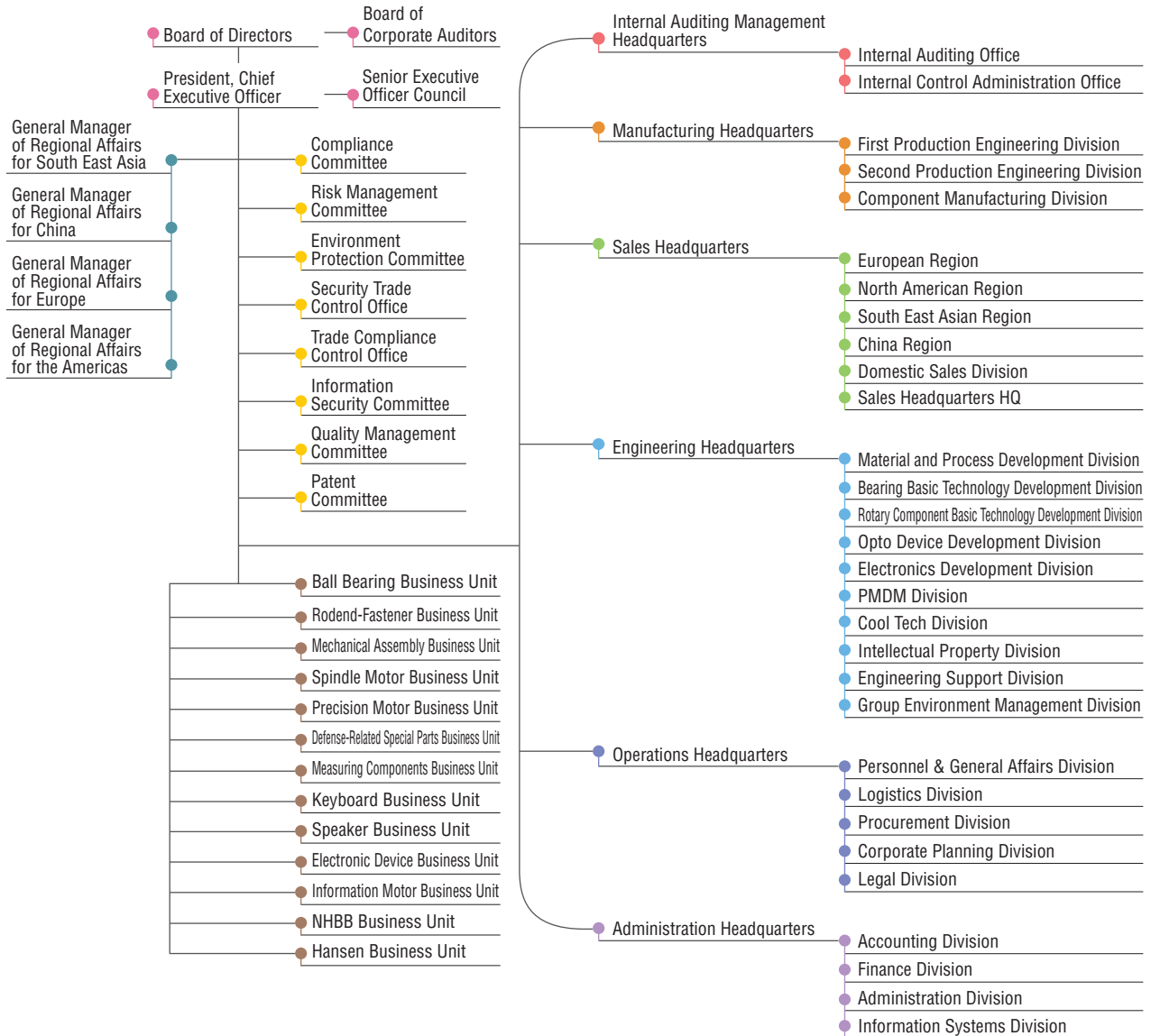
Tetsuya Tsuruta

Shuji Uehara

Takeshi Iida

Shigeru None

Organization Chart



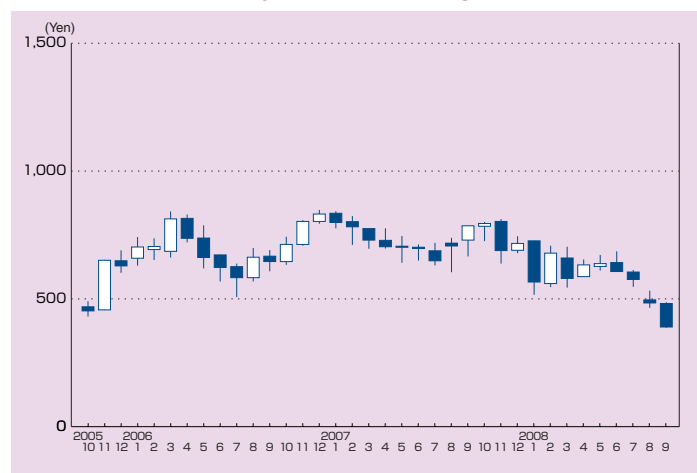
Share Information (as of September 30, 2008)

Total Number of Shares Authorized	1,000,000,000	shares
Number of Shares Issued	399,167,695	shares
Number of Shareholders	21,455	

Major Shareholders (Top 10)

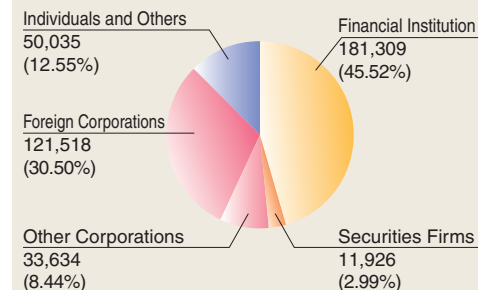
	Number of Shares (shares)	Shareholding Ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	31,542,000	7.90
The Master Trust Bank of Japan, Ltd. (Trust Account)	24,526,000	6.14
Japan Trustee Services Bank, Ltd. (Trust Account 4)	19,948,000	5.00
The Sumitomo Trust & Banking Co., Ltd.	15,349,000	3.85
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	15,142,000	3.79
Keiaisha Co., Ltd.	15,000,000	3.76
Takahashi Industrial and Economic Research Foundation	12,347,330	3.09
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	10,057,839	2.52
Sumitomo Mitsui Banking Corporation	10,000,475	2.51
NikkoCiti Trust and Banking Corporation (Trust Account)	5,349,000	1.34

Stock Price on Tokyo Stock Exchange

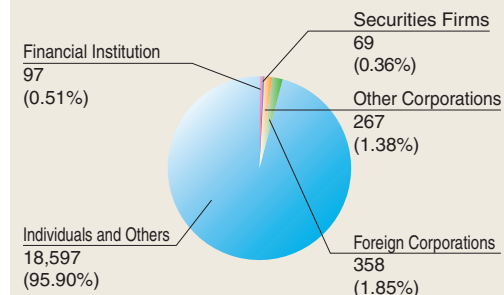


Shareholder Distribution by Unit Shares

Number of Unit Shares (1 unit = 1,000 shares)



Number of Unit Share Holders



Information for Shareholders

Business Year	From April 1 to March 31 of next year	
Ordinary General Meeting of Shareholders	June every year	
Record Date	Ordinary General Meeting of Shareholders Year-end Dividends Interim Dividends	March 31 every year March 31 every year September 30 every year
Agent to Manage Shareholders Registry	5-33, Kitahama 4-chome, Chuo-ku, Osaka The Sumitomo Trust & Banking Co., Ltd.	
Handling Office of Agent to Manage Shareholders Registry	3-1, Yaesu 2-chome, Chuo-ku, Tokyo The Sumitomo Trust & Banking Co., Ltd. Stock Transfer Agency Department	
Delivery Address for Postal Matters	1-10, Nikko-cho, Fuchu-shi, Tokyo 183-8701 The Sumitomo Trust & Banking Co., Ltd. Stock Transfer Agency Department	
Telephone Inquiries	(For Change-of-Address Form and other forms, please call) ☎ 0120-175-417 (For other inquiries, please call) ☎ 0120-176-417	
Web Site	http://www.sumitomotrust.co.jp/STA/retail/service/daiko/index.html	
Intermediary Office	The Sumitomo Trust & Banking Co., Ltd. Head office and branch offices in Japan	
Public Notice	The Nihon Keizai Shimbun	
Common Stock Listings	Tokyo, Osaka and Nagoya	

Organization to notify or inquire to on matters regarding stocks after stock certificate dematerialization

Stock certificates will be dematerialized on January 5, 2009. After that date, you are requested to notify or inquire matters such as change of address to the securities company where your account is held.

For each shareholder who will not have used JASDEC (Japan Securities Depository Center, Inc.) by the stock certificate dematerialization date, the Company will open a transfer account (hereinafter "special account") at The Sumitomo Trust & Banking Co., Ltd., as mentioned above, which serves as agent to manage shareholders registry. You are requested to access the above telephone inquiries about special accounts and notifications of matters such as change of address.

Handling of requests for purchase or sale of less-than-one-unit shares immediately before and after stock certificate dematerialization

Share sale requests

For shareholders assigned to a special account, the receipt of share sale requests will be suspended from the stock certificate dematerialization date (January 5, 2009) to January 25, 2009. If a request is submitted between December 25, 2008 and December 30, 2008, the proceeds from sale of shares will be paid on January 26, 2009 or later.

Share purchase requests

The receipt of share purchase requests will be suspended from December 12, 2008 to January 4, 2009. For shareholders assigned to a special account, the receipt of requests will be suspended from the stock certificate dematerialization date (January 5, 2009) to January 25, 2009.

* For shareholders using JASDEC for the handling of less-than-one-unit shares, methods other than the above shall be applied. Please refer to your securities company for details.

We recommend that you receive your stock dividends at your earliest convenience.

The period within which you can receive your stock dividends by Receipt of Dividends expires on Thursday, January 15, 2009. Please take the Receipt of Dividends to any office or post office of Japan Post Bank and Japan Post Network at your earliest convenience to receive the dividends.

What if you do not receive your stock dividends by Receipt of Dividends within the aforementioned period?

You can no longer receive your stock dividends at Japan Post Bank. The Sumitomo Trust & Banking Co., Ltd., our agent to manage shareholders registry, can handle payment of your stock dividends at its head office and branch offices after the expiry of the receivable period.

What if you have lost your Receipt of Dividends?

Please contact stock transfer agency department of The Sumitomo Trust & Banking Co., Ltd. We will need some time to pay your stock dividends because we need to first confirm the amount of the unpaid dividends and then to arrange for payment.

What do you need to do to sell or buy your less-than-one-unit shares?

Normally, you cannot sell or buy your less-than-one-unit shares (less than 1,000 shares) on the equity market. You can make a request for purchase or sale of necessary number of shares to constitute one share unit or can sell off your less-than-one-unit shares. For inquiries, please contact stock transfer agency department of The Sumitomo Trust & Banking Co., Ltd.

If you are using securities clearing and settlement system, please contact your securities firm.

(Example for purchasing shares)

700 Less-than-one-unit shares that you hold + 300 Less-than-one-unit shares that you purchase = 1 unit share (1,000 shares)

**For inquiries, contact The Sumitomo Trust & Banking Co., Ltd.,
Stock Transfer Agency Department ☎ 0120-176-417**



Recognizing the importance of utilizing domestic wood products and nurturing domestic forests, Minebea Co., Ltd., supports the KIZUKAI-UNDŌH ("Wood Products Utilization Campaign"), which is being promoted by Japan's Forestry Agency. The 3.9 GREENSTYLE mark is one of the campaign's logos. The production of reports such as this contributes to the use of domestic wood in papermaking materials, and thus to the increased absorption of CO₂ by trees grown in Japan.



Minebea Co., Ltd. Tokyo Head Office

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