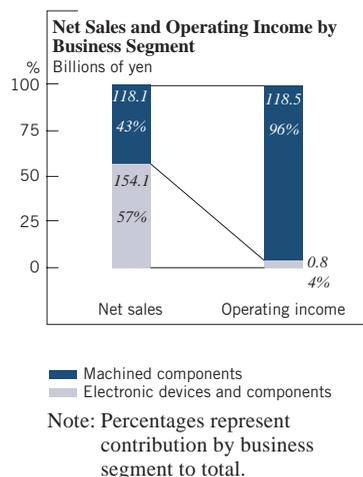


Results of Operations

Net Sales

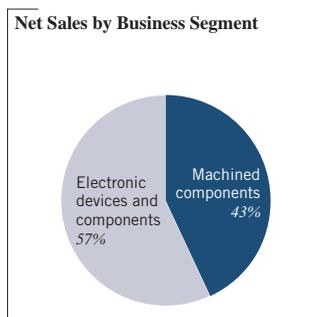


Consolidated net sales of Minebea amounted to ¥272,202 million in fiscal 2003, a decline of 2.6%, or ¥7,142 million, from fiscal 2002. Our strategic emphasis during the period was on accelerating efforts to reinforce our bearings business and expand our small motors business. Specifically, we set forth a new, aggressive growth strategy aimed at building a stronger foundation for our ball bearings operations. In precision small motors and PC keyboards, we focused on developing new products and raising competitiveness by lowering costs through enhanced marketing and production efficiency—efforts that enabled us to achieve significant sales gains for both products despite flagging conditions in core markets for PCs and other information and telecommunications equipment. Nonetheless, net sales were hampered by flagging demand for other electronic products, particularly from PC manufacturers, and heightened pricing competition. In November, we withdrew from the FDD subassembly business. The completion of our withdrawal from wheel and consumer businesses in the previous period resulted in net sales declines of approximately ¥1,300 million and ¥1,000 million, respectively, in the period under review.

Net sales of machined components totaled ¥118,118 million, down 3.2%, or ¥3,907 million. Bearings and bearing-related products, the largest component of this business segment, registered sales of ¥97,938 million, a decline of 2.2%, or ¥2,176 million. Sales of mainstay miniature and small-sized ball bearings rose, supported by expanded marketing efforts and brisk sales to customers in the household electrical appliances and information and telecommunications industries in China and Southeast Asia. In contrast, stagnant demand for aircraft drove down sales of certain ball bearings and of rod-end and spherical bearings. Sales of other machined components declined 7.9%, or ¥1,731 million, to ¥20,180 million, primarily owing to our withdrawal from the wheel business in fiscal 2002.

Net sales of electronic devices and components edged down 1.4%, or ¥2,219 million, to ¥154,084 million. Sales of rotary components rose 3.6%, or ¥2,748 million, to ¥79,188 million, as brisk demand for fan motors for game machines and CPUs and a resultant increase in Minebea's market share spurred a sharp rise in sales, offsetting a decrease in sales of stepping motors that reflected a trend toward increasingly compact models and a change in our product mix. Higher market shares also boosted sales of HDD spindle motors and PC keyboards. Sales of other electronic devices and components fell 6.2%, or ¥4,967 million, to ¥74,896 million, a consequence of the Company's decision to withdraw from the FDD subassembly business—sales of which declined approximately ¥4.0 billion—and declining sales of speakers.

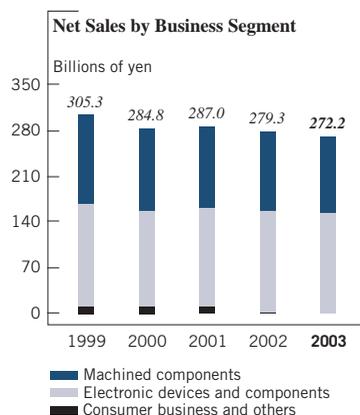
Minebea's overseas sales continued to reflect the impact of the shift by major customers in Japan, North and South America, and Europe, to mass production in Asia. Despite expanded marketing efforts, sales in Japan fell 11.1%, or ¥9,186 million, to ¥73,835 million, owing to declining private-sector capital investment, weak private consumption and sluggish exports. Sales to Asia (excluding Japan) advanced 10.5%, or ¥10,184 million, to ¥106,942 million, underscoring the region's rising importance as a manufacturing base for PC and household electrical appliance manufacturers. Sales to North and South America declined 6.0%, or ¥3,630 million, to ¥57,130 million, reflecting the impact of sagging conditions in the aerospace market. Slowing economic growth contributed to a decline in sales to Europe of 11.6%, or ¥4,510 million, to ¥34,322 million.



## Net Sales by Business Segment

Millions of yen

Years ended March 31	2003	2002	2001	2000	1999
<b>Machined components</b>					
Bearings and bearing-related products	¥ 97,938	¥100,114	¥101,096	¥101,847	¥109,535
Other machined components	20,180	21,911	23,365	25,887	27,272
	<b>118,118</b>	<b>122,025</b>	<b>124,461</b>	<b>127,734</b>	<b>136,807</b>
<b>Electronic devices and components</b>					
Rotary components	79,188	76,440	73,603	63,758	64,789
Other electronic devices and components	74,896	79,863	78,307	82,375	92,814
	<b>154,084</b>	<b>156,303</b>	<b>151,910</b>	<b>146,133</b>	<b>157,603</b>
<b>Consumer business and others</b>	—	1,016	10,674	10,890	10,914
<b>Net sales</b>	<b>¥272,202</b>	<b>¥279,344</b>	<b>¥287,045</b>	<b>¥284,757</b>	<b>¥305,324</b>



Note: Owing to the divestiture of a subsidiary, the Company withdrew from the consumer business and others business segment effective from fiscal 2003.

## Performance by Business Segment

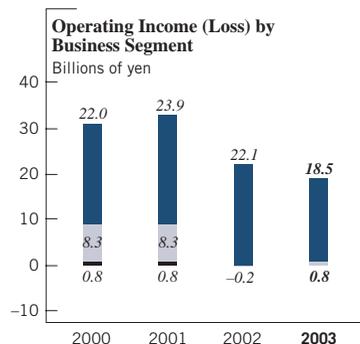
Millions of yen

Year ended March 31, 2003	Machined Components	Electronic Devices and Components	Total before Eliminations	Eliminations	Total
Sales to external customers	¥118,118	¥154,084	¥272,202	¥ —	¥272,202
Internal sales	7,637	—	7,637	(7,637)	—
Total sales	125,755	154,084	279,839	(7,637)	272,202
Operating expenses	107,235	153,252	260,487	(7,637)	252,850
Operating income	18,520	832	19,352	—	19,352
Assets	191,793	204,489	396,282	(76,213)	320,069
Depreciation and amortization	10,378	12,448	22,826	—	22,826
Capital expenditure	4,750	11,853	16,603	—	16,603

## Overseas Sales

Millions of yen

Year ended March 31, 2003	To Asia (excluding Japan)	To North and South America	To Europe	Total
Overseas sales	¥106,942	¥57,103	¥34,322	¥198,367
Total sales				¥272,202
Percentage of total sales	39.3%	21.0%	12.6%	72.9%

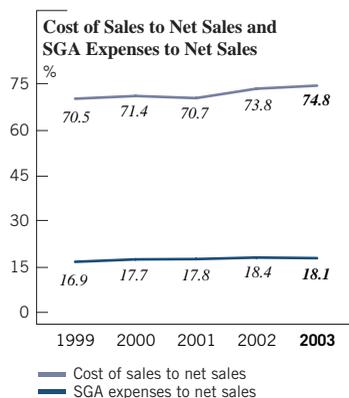


Note: Owing to the divestiture of a subsidiary, the Company withdrew from the consumer business and others business segment effective from fiscal 2003.

## Cost of Sales and SGA Expenses

Cost of sales declined 1.2%, or ¥2,561 million, to ¥203,500 million. Notwithstanding improvements in production and marketing efficiency, cost of sales as a percentage of net sales rose 1.0 percentage point, to 74.8%, as harsh pricing competition drove down product prices and increased sales of low-margin products.

Selling, general and administrative (SGA) expenses declined 3.8%, or ¥1,961 million, to ¥49,350 million, equivalent to 18.1% of net sales, down 0.3 percentage point from fiscal 2002, as efforts by the Company's Business Reform Committee, established in fiscal 2002, contributed to a decline in administrative costs, countering increases in certain costs related to shipping and transport.



## Costs of Sales and SGA Expenses

Years ended March 31	Millions of yen				
	2003	2002	2001	2000	1999
Net sales	<b>¥272,202</b>	¥279,344	¥287,045	¥284,757	¥305,324
Cost of sales	<b>203,500</b>	206,061	202,928	203,223	215,163
Cost of sales to net sales	<b>74.8%</b>	73.8%	70.7%	71.4%	70.5%
Gross profit	<b>68,702</b>	73,283	84,117	81,534	90,161
SGA expenses	<b>49,350</b>	51,311	51,140	50,465	51,615
SGA expenses to net sales	<b>18.1%</b>	18.4%	17.8%	17.7%	16.9%

## Income

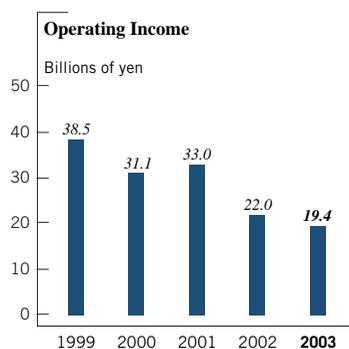
Operating income fell 11.9%, or ¥2,620 million, to ¥19,352 million. Accordingly, the operating margin slipped 0.8 percentage point, to 7.1%.

Operating income in the machined components business segment fell 16.3%, or ¥3,615 million, to ¥18,520 million, and accounted for 15.7% of net sales, down 2.4 percentage points. Lower operating income in this segment was primarily attributable to flagging sales of rod-end bearings, reflecting sluggish aerospace demand, and declining profitability for pivot assemblies, owing to falling prices, which countered stable profitability for ball bearings.

In the electronic devices and components business segment, operating income rose ¥995 million from an operating loss in fiscal 2002, to ¥832 million, supported by brisk sales of fan motors and PC keyboards, which offset declining profitability for HDD spindle motors, electronic devices and switching power supplies. At fiscal year-end, we made the decision to withdraw from switching power supplies and related businesses.

The net balance of other income (expenses) was a loss of ¥18,857 million, ¥9,834 million greater than in fiscal 2002. While efforts to lower interest-bearing debt reduced interest expense ¥908 million, losses on revaluation of marketable and investment securities, owing to the impairment of shares in financial institutions, amounted to ¥4,945 million. Losses on liquidation of subsidiaries and affiliates amounted to ¥1,843 million, owing to a provision for the planned divestiture or liquidation of U.S. solenoid valve manufacturing and sales firm IMC Magnetics Corp., and the creation of an allowance for related liquidation losses; the closure of speaker box manufacturing and sales subsidiary Kuen Dar (M) Sdn. Bhd., in Malaysia; and the planned liquidation of three firms in Europe, part of a reorganization of local operations. With the decision to withdraw from switching power supplies and related businesses at fiscal year-end, the Company also included losses on liquidation of switching power supplies and related businesses of ¥3,144 million. Minebea also registered ¥1,206 million in environment-related expenses incurred by U.S. subsidiaries.

Owing to income taxes, including corporate, residential and business taxes, of ¥4,276 million, and a deferred tax benefit of ¥1,370 million resulting from the introduction of tax effect accounting in fiscal 2000, corporate taxes totaled ¥2,960 million. As a consequence of these and other factors, Minebea recorded a net loss of ¥2,434 million. Net loss per share was ¥6.10, compared with net income per share of ¥13.27 in fiscal 2002.



## Income

Years ended March 31	Millions of yen				
	2003	2002	2001	2000	1999
Operating income	¥ 19,352	¥21,972	¥32,977	¥31,069	¥38,546
Operating margin	7.1%	7.9%	11.5%	10.9%	12.6%
Net balance of other income (expenses)	(18,857)	(9,023)	(10,590)	(37,681)	(20,111)
Net income (loss)	(2,434)	5,298	14,826	(2,677)	11,507
Net income (loss) to net sales	(0.9)%	1.9%	5.2%	(0.9)%	3.7%
Net income (loss) per share (Yen):					
Primary	(6.10)	13.27	37.14	(6.72)	28.94
Fully diluted	(4.85)	12.60	34.10	(5.39)	26.32
Return on shareholders' equity	(2.3)%	5.0%	11.6%	(1.8)%	8.0%
Return on total assets	(0.8)%	1.5%	4.0%	(0.6)%	2.4%

Note: In fiscal 2000, to concentrate resources in its best areas and improve financial strength, the Company made decisions with regard to the transferral of its shares, etc., in Minebea Credit Co., Ltd., a wholly owned subsidiary; the liquidation of different affiliated companies; and other matters. As a result, the Company showed ¥25,782 million in extraordinary losses as losses on liquidation of subsidiaries and affiliates.

### Financial Position

In line with its basic objective of strengthening its financial position, Minebea worked to lower interest-bearing debt by taking decisive steps to enhance productivity for all products, including parts produced for in-house use. These efforts allowed the Company to slash its expenditure for purchase of property, plant and equipment, enabling a reduction in net interest-bearing debt of 9.3%, or ¥15,773 million, to ¥152,947 million. During the period, Minebea paid out ¥13,823 million on convertible bonds that were due and repaid ¥29,794 in long-term debt. At the same time, the Company procured new funds, primarily in the form of new bank loans.

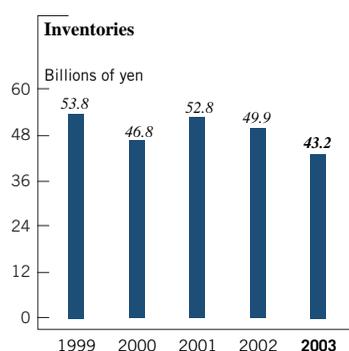
Total assets at fiscal 2003 year-end amounted to ¥320,069 million, down 8.6%, or ¥29,968. This was attributable to such factors as the impact of a stronger yen on the value of assets denominated in U.S. dollars, Thai baht, Singapore dollars and yuan.

Despite a decline in sales and the impact of yen appreciation, notes and accounts receivable rose ¥2,447 million as the Company discontinued the securitization of accounts receivable in the United States. Owing to the strong yen and inventory reduction efforts, inventories declined ¥6,683 million from the fiscal 2002 year-end. As a consequence, total current assets fell 3.1%, or ¥4,101 million, to ¥127,447 million.

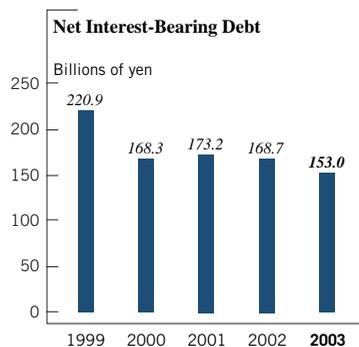
Net property, plant and equipment declined 11.2%, or ¥20,478 million, to ¥162,960 million. Investment focused on the installation of facilities at plants overseas to raise production capacity for HDD spindle motors with fluid dynamic bearings. Net property, plant and equipment was ¥16,382 million, down sharply from ¥26,245 million in fiscal 2002. Depreciation and amortization for the period amounted to ¥22,826 million. The decline in net property, plant and equipment was largely attributable to the strong yen. Decreases in excess of cost over net assets acquired, investments in securities and deferred tax assets pushed net investments and other assets down 15.4%, or ¥5,389 million, to ¥29,662 million.

Total liabilities as of March 31, 2003, were ¥221,587 million, down 6.6%, or ¥15,622 million, from a year earlier. This decline reflected several factors, including a ¥2,153 million decrease in total notes and accounts payable, a consequence of lower sales; the redemption of convertible bonds and repayment of long-term debt, which led to a ¥22,199 million reduction in short-term interest-bearing debt. Accordingly, total current liabilities declined 14.3%, or ¥22,449 million, to ¥134,459 million. New long-term bank loans prompted an increase in long-term debt, increasing total long-term liabilities 8.5%, or ¥6,827 million, to ¥87,128 million.

Total shareholders' equity at fiscal 2003 year-end came to ¥98,213 million, down 12.9%, or ¥14,519 million, as a net loss of ¥2,434 million, a ¥10,941 million increase in foreign currency translation adjustments and ¥2,794 million in cash dividends paid negated a ¥1,682 million decrease in the difference on revaluation of other marketable securities.

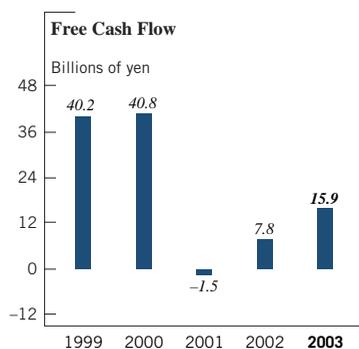


## Financial Position



As of March 31	Millions of yen				
	2003	2002	2001	2000	1999
Total assets	<b>¥320,069</b>	¥350,037	¥346,965	¥403,994	¥473,360
Total current assets	<b>127,447</b>	131,548	137,106	153,658	219,826
Inventories	<b>43,204</b>	49,887	52,764	46,839	53,816
Total current liabilities	<b>134,459</b>	156,908	127,290	124,085	197,071
Working capital	<b>(7,012)</b>	(25,360)	9,816	29,573	22,755
Interest-bearing debt	<b>167,125</b>	182,673	185,160	192,712	271,051
Net interest-bearing debt	<b>152,947</b>	168,720	173,228	168,280	220,864
Total shareholders' equity	<b>98,213</b>	112,732	100,574	154,357	145,705
Total shareholders' equity/Total assets	<b>30.7%</b>	32.2%	29.0%	38.2%	30.8%
Shareholders' equity per share (Yen)	<b>246.08</b>	282.42	251.96	386.71	366.29

## Cash Flows



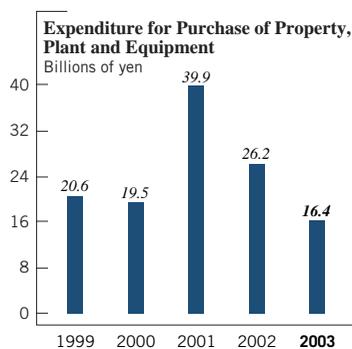
Free cash flow (calculated by subtracting expenditure for property, plant and equipment from net cash provided by operating activities) totaled ¥15,897 million, ¥8,125 million higher than in the previous period, as efforts to restrain expenditure for plant, property and equipment countered the impact of a fall in income before income taxes.

Despite a ¥12,454 million decline in income before income taxes, net cash provided by operating activities amounted to ¥32,279 million, down ¥1,738 million from the previous fiscal year. This decrease reflected a ¥4,070 million increase in notes and accounts receivable, owing to the fact that other expenses during the period primarily comprised losses on revaluation of marketable and investment securities and provisions.

Net cash used in investing activities totaled ¥16,233 million, down ¥8,113 million from the previous period, owing to a ¥9,863 million reduction of expenditure for property, plant and equipment, to ¥16,382 million.

Net cash used in financing activities came to ¥15,471 million, up ¥7,154 million, reflecting a ¥7,337 million increase in outlays for the repayment of long-term debt.

Minebea's operating, investing and financing activities during the period under review and a negative effect of exchange rate changes of ¥350 million—down ¥1,180 million from a positive effect in fiscal 2002—resulted in a net increase in cash and cash equivalents of ¥225 million, increasing cash and cash equivalents at end of year to ¥14,177 million.



## Free Cash Flow

Years ended March 31	Millions of yen				
	2003	2002	2001	2000	1999
Net cash provided					
by operating activities	<b>¥ 32,279</b>	¥ 34,017	¥ 38,332	¥ 60,289	¥ 60,740
Expenditure for purchase of property, plant and equipment	<b>(16,382)</b>	(26,245)	(39,877)	(19,504)	(20,563)
Free cash flow	<b>15,897</b>	7,772	(1,545)	40,785	40,177

Note: Owing to a change in accounting standards, cash flows are shown in a new format in and after fiscal 2000.