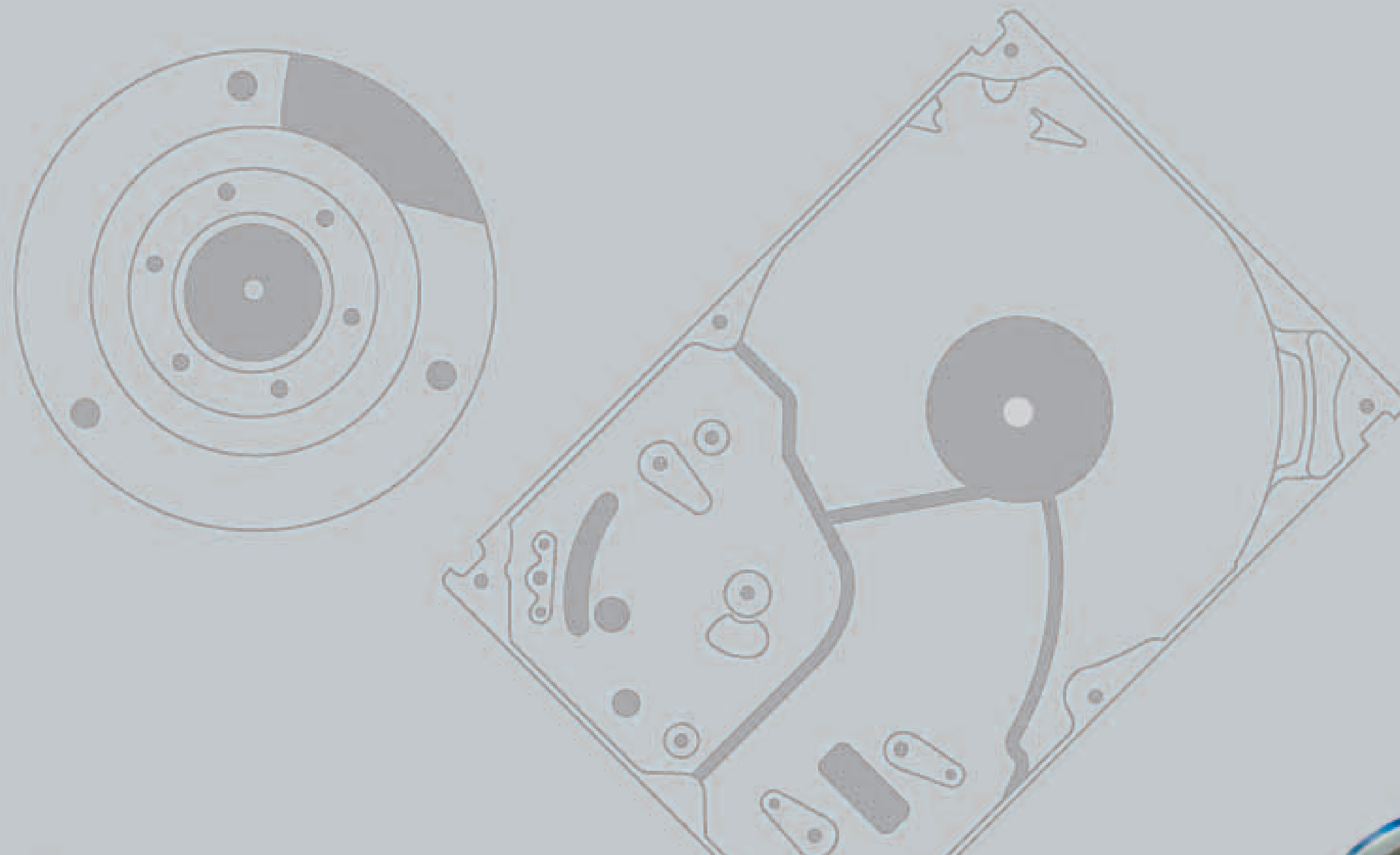
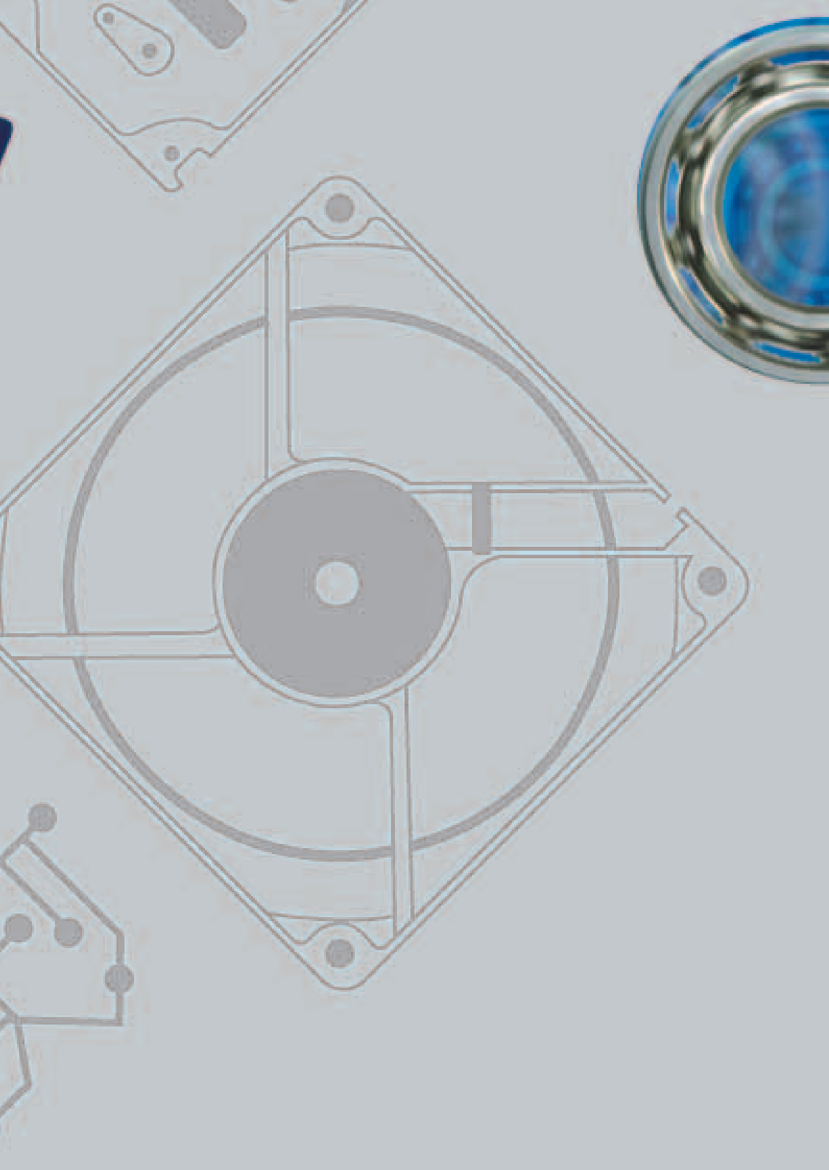


Minebea

Minebea Co., Ltd.

ANNUAL REPORT 2003

Year Ended March 31, 2003



Minebea Co., Ltd., was established in 1951 as Japan's first specialized manufacturer of miniature ball bearings. Today, the Company is the world's leading comprehensive manufacturer of miniature ball bearings and high-precision components, supplying customers worldwide in the information and telecommunications equipment, aerospace, automotive and household electrical appliance industries.

As of March 31, 2003, the Minebea Group encompassed 54 subsidiaries and affiliates in 14 countries. The Group maintains 31 plants and 45 sales offices and employs a total of 43,002 people.

Contents

Disclaimer Regarding Future Projections

In this annual report, all statements that are not historical facts are future projections made based on certain assumptions and our management's judgement drawn from currently available information. Accordingly, when evaluating our performance or value as a going concern, these projections should not be relied on entirely. Please note that actual performance may vary significantly from any particular projection, owing to various factors, including: (i) changes in economic indicators surrounding us, or in demand trends; (ii) fluctuation of foreign exchange rates or interest rates; and (iii) our ability to continue R&D, manufacturing and marketing in a timely manner in the electronics business sector, where technological innovations are rapid and new products are launched continuously. Please note, however, this is not a complete list of the factors affecting actual performance.

For Minebea, competitiveness means ensuring both ultraprecision machining and mass production technologies.

At a Glance

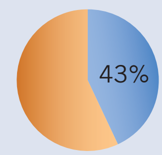
Year ended March 31, 2003

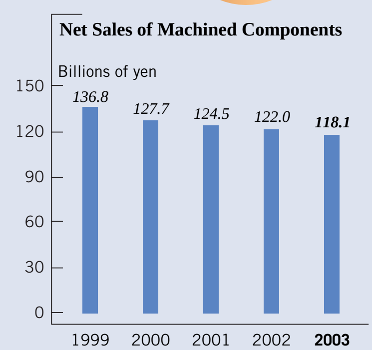
Machined Components

Principal Products

- **Bearings and Bearing-Related Products**
  - Miniature ball bearings
  - Small-sized ball bearings
  - Integrated-shaft ball bearings
  - Rod-end bearings
  - Spherical bearings
  - Roller bearings
  - Journal bearings
  - Pivot assemblies
  - Tape guides
- **Other Machined Components**
  - Aerospace/automotive fasteners
  - Special machined components
  - Magnetic clutches and brakes

Percentage of net sales



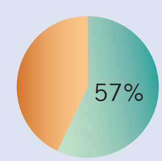


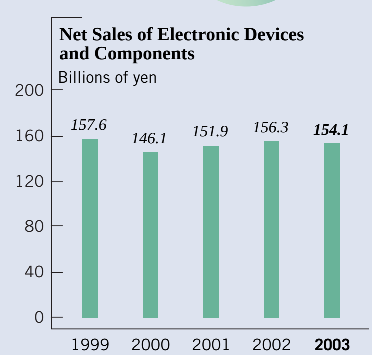
Electronic Devices and Components

Principal Products

- **Rotary Components**
  - Hard disc drive (HDD) spindle motors
  - Fan motors
  - Hybrid-type stepping motors
  - Permanent magnet (PM)-type stepping motors
  - DC brushless motors
  - DC brushless motors for electric power steering systems
  - Variable reductance (VR) resolvers
- **Other Electronic Devices and Components**
  - Personal computer (PC) keyboards
  - Speakers
  - Electronic devices (magnetic heads for floppy disc drives (FDDs), magneto optical disc (MOD) drive subassemblies, lighting devices for liquid crystal displays (LCDs))
  - Power electronic components (backlight inverters, hybrid ICs)
  - Measuring components (strain gauges, load cells)

Percentage of net sales



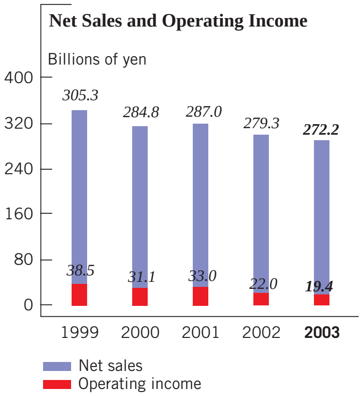


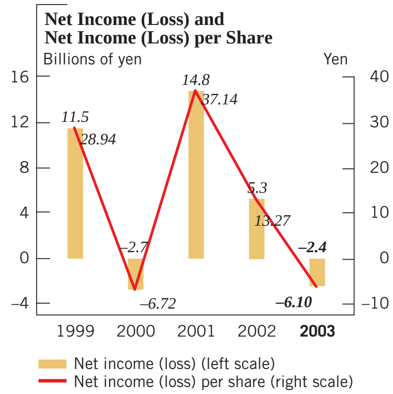
Consolidated Financial Highlights

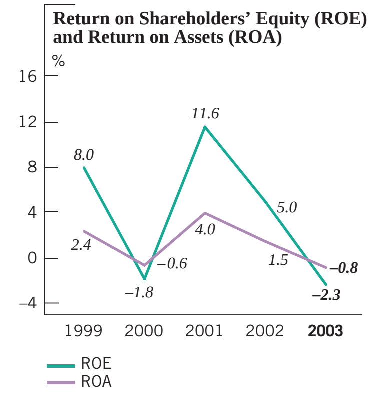
Years ended March 31

	Millions of yen		Percentage change	Thousands of U.S. dollars (Note)
	2003	2002	2003/2002	**2003**
Net sales	**¥272,202**	¥279,344	(2.6)%	**$2,264,576**
Operating income	**19,352**	21,972	(11.9)	**160,998**
Net income (loss)	**(2,434)**	5,298	—	**(20,250)**
Total shareholders' equity	**98,213**	112,732	(12.9)	**817,081**
Total assets	**320,069**	350,037	(8.6)	**2,662,803**
Return on shareholders' equity	**(2.3)%**	5.0%		
	Yen		Percentage change	U.S. dollars (Note)
Per Share Data:				
Net income (loss) (primary)	**¥ (6.10)**	¥ 13.27	—	**$(0.05)**
Shareholders' equity	**246.08**	282.42	(12.9)	**2.05**

Note: U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥120.20=US$1, the approximate rate of exchange on March 31, 2003.







Charting a New Course

Minebea is a company with immense potential. It is also a company with an unchanging commitment to responding to the expectations of its shareholders. Unfortunately, neither of these statements is borne out by our financial performance in recent years. In fiscal 2003, ended March 31, 2003, we again fell considerably short of our initial forecasts. While to a certain extent we can blame this on a harsh operating environment, I believe that Minebea should be able to achieve results that reflect its true potential under any conditions. I also believe that for this to happen, it is imperative that we undertake a fundamental reevaluation of how the Company is managed. Specifically, we must create a management system that facilitates the effective use of resources to achieve greater corporate value. To date, our strategic planning has emphasized reinforcing core competencies and restructuring, merging or divesting all noncore businesses. In line with this focus, we have concentrated product development efforts exclusively in our mainstay high-precision components business. Obviously, however, we have not done enough—if we continue the way we are going now, we are in danger of never being anything more than a passably profitable company locked in a specific business cycle. With this in mind, we have formulated a new strategic plan that is even more ambitious in its measures to reinforce core competencies and build a highly competitive, highly profitable product portfolio, thereby ensuring our place as the world's leading comprehensive manufacturer of miniature ball bearings and high-precision components.

Representative Director,
President and Chief Executive Officer
Tsugio Yamamoto

Direction and Strategy

Our fiscal 2003 results demonstrate clearly the tasks that lie ahead of us. Consolidated net sales declined 2.6% from fiscal 2002, to ¥272,202 million. Operating income fell 11.9%, to ¥19,352 million. We recorded a net loss of ¥2,434 million. This was largely attributable to one-time factors, notably losses on revaluation of marketable and investment securities—primarily shares in financial institutions—of ¥4,945 million; losses on liquidation of switching power supplies and related businesses of ¥3,144 million, resulting from our decision to withdraw from switching power supplies and related businesses at fiscal year-end; and environment-related expenses incurred by U.S. subsidiaries of ¥1,206 million.

In terms of our ability to ensure stable growth in corporate value, the most telling aspect of our performance in fiscal 2003 is the drop in operating income, which was significantly sharper than the decline in net sales. In other words, we succeeded in maintaining or expanding our market shares for mainstay products—evidence that we remain highly competitive—but failed to improve their profitability. Herein lies the real issue: businesses, such as miniature and small-sized ball bearings, which befit our core competencies—ultraprecision machining technologies, a vertically integrated manufacturing system and mass production technologies—continued to yield high profits despite challenging conditions, but businesses largely unrelated to these core competencies were easily swayed by external factors and saw profitability sag. This has been the trend for several years now, and underscores the single most important challenge facing Minebea's management team, that is, the need to build a portfolio of businesses that maximize our core competencies. This involves:

- revamping our product portfolio, thereby positioning ourselves to capitalize on emerging business opportunities,
- further enhancing existing core competencies, and
- cultivating new core competencies that will enable us to thrive in promising new markets.

The principal challenge here is to ensure that the Company is managed in a manner that befits its new direction. We recognize—and again this is supported by fiscal results in recent years—that there are limits to the level of growth we can reasonably expect in a persistently harsh environment if we continue as we are now. We must transform the way Minebea is managed to ensure understanding of our future direction and accelerate its realization. First, we must further tighten our focus on businesses that meet the criteria of our core competencies strategy. Second, we must implement organizational changes that will enhance the strategy's effectiveness. Third, we must substantially reinforce our ability to execute the strategy's various elements. Finally, we must introduce clear standards for evaluating business performance.

Specific Measures

We have formulated and are implementing a variety of specific measures for addressing the tasks outlined above.

■ Further tighten our focus on businesses that meet the criteria of our core competencies strategy

In last year's annual report, I spoke about the need to restructure unprofitable businesses as a crucial task for Minebea, giving switching power supplies as an example. In fiscal 2003, however, we made the decision to withdraw from the switching power supplies business, based on a fair evaluation that indicated the business was unlikely to achieve significant growth in sales or a sufficient recovery in earnings to justify ongoing involvement. In a related move, we subsequently decided to terminate production and sales of a number of other products, including inductors, transformers, soft ferrites and solenoid valves. As a consequence, we have essentially completed efforts to restructure unprofitable operations and will be able to focus on key product areas in which we enjoy specialized expertise.

■ Implement organizational changes that will enhance the strategy's effectiveness

In the period under review, we absorbed our R&D Headquarters into the newly established Engineering Headquarters, a step designed to facilitate technology sharing among Minebea Group companies and forward-looking R&D, as well as to strengthen coordination between R&D and production groups. We integrated the 1st and 2nd Manufacturing Headquarters, which were responsible for the manufacturing of mechanical components and electronic devices, respectively, to promote advanced development and production efforts that fuse our capabilities in these key fields.

■ Substantially reinforce our ability to execute the strategy's various elements

To encourage more open, meaningful discussion and debate of management efforts, we substantially reduced the number of directors on our Board. At the same time, to enhance the speed of execution of business strategies we introduced a new executive officer system. In addition to 23 former members of the Board of Directors, we have chosen eight individuals from among our employees, a move aimed at enhancing and accelerating our responsiveness to the market.

■ Introduce clear standards for evaluating business performance

To improve capital efficiency—thereby raising corporate value—as well as to ensure accurate understanding and assessment of our operating activities and our efforts to selectively focus investment in key areas and efficiently invest resources, in April 2002 we began preparations to implement an economic value added (EVA®)* management system. In April 2003, we began a step-by-step introduction of this system that will culminate with the use of EVA® to evaluate management achievements and capital investment programs. The next step in this process will involve using EVA® to assess the performance of our manufacturing and sales teams. In line with our commitment to building an unparalleled product lineup, we also plan to introduce EVA® to assess the performance of individual products, facilitating effective evaluations, swift decision making and efficient management.

Minebea continues to operate in a difficult environment, reflecting the collapse of the information technology (IT) bubble and the subsequent economic malaise, the plunge into global recession and persistent deflation. While these negative circumstances have hampered our financial results over the short term, we also see them as having provided an invaluable opportunity to chart a new course for growth. Minebea's competitive edge and excellent potential for future growth are the outcome of earnest, tireless efforts to confront difficulties head-on. Accordingly, we are confident that our efforts to clarify the true nature of the challenges we face today, enhance management quality and accelerate the implementation of appropriate strategies will enable us to make a strong start on this new course. As president of Minebea, I recognize that ensuring this happens is my foremost responsibility. In these and all our efforts, I look forward to the continued support of our shareholders.

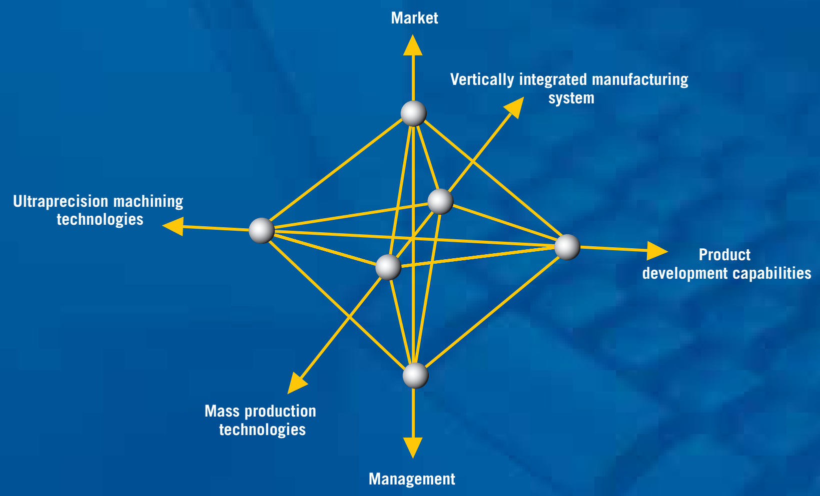
June 27, 2003

T. Yamamoto

Tsugio Yamamoto
Representative Director,
President and Chief Executive Officer

*EVA® is a registered trademark of Stern Stewart & Co.

How is Minebea Charting a New Course?



A Competitive Edge and Excellent Potential

Minebea has worked earnestly and tirelessly to ensure its place as the world's leading comprehensive manufacturer of miniature ball bearings and high-precision components. In the following pages, President Yamamoto responds to questions about the source of Minebea's competitive edge and its excellent potential for future growth.

Enhancing Investor Relations

Minebea has identified responding to the expectations of its shareholders as a key management policy. Our commitment here is twofold, namely, we pledge to enhance corporate value by improving our financial results, as well as to facilitate accurate evaluation of investment value by ensuring fair and open disclosure.

Our medium-term management plan incorporates performance forecasts based on management's assumptions regarding the Company's operating environment at the time the plan was formulated. While we recognize that such forecasts qualify as "future projections," we have nonetheless continued to disclose them in the belief that they are essential information for investors. Going forward, we will step up disclosure of information that responds to the expectations of shareholders.

Kenji Senoue

Director, Senior Managing Executive Officer
Member of the Tokyo Head Office Administration Executive Council, in charge of Strategy Planning

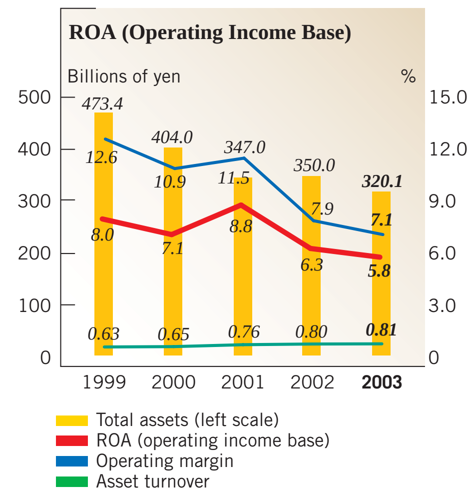
Q: To date, Minebea has always targeted increases in net sales and net income. In today's severe operating environment, do you not feel that strategies aimed exclusively at boosting sales and income are of limited use?

A: We believe that Minebea should be able to achieve growth in sales and income in any operating environment. But strategies aimed exclusively at boosting sales and income are not the way to go, especially in a harsh operating environment, as they are likely to encourage a company to add businesses that generate sales, even if they are not particularly profitable. A portfolio of low-profitability businesses will certainly not support growth or increase corporate value.

In a difficult market, we recognize that many of our businesses will be unable to avoid declines in sales and profitability. Management's task at such a time is to ensure this does not pull down corporate value. In other words, we must prevent a weakening of overall asset profitability. Our key indicator here is ROA, calculated using operating income. If our operating margin exceeds 10%, we will know it is time to reduce assets to optimize asset efficiency, as measured by the asset turnover ratio, believing this would enable us to minimize the impact of market conditions on asset profitability.

Q: Is that why Minebea's ROA, calculated using operating income, has not declined as sharply as its operating margin?

A: Exactly. It is my opinion, however, that we should maintain a stable ROA, calculated using operating income, above 10%, so I am not satisfied with the current level. At the very least, it should not be allowed to fall below 6%, no matter what the circumstances.



Q: Would it not make sense for Minebea to withdraw from remaining unprofitable or low-profitability businesses?

A: No. A company's management is responsible for ensuring corporate value now and in the future. ROA, calculated using operating income, is a useful measure of profitability, but it does not represent absolute corporate value. Accordingly, if we focus too much on raising this percentage we risk squandering potential.

Starting a new business is never easy. It always requires significant investments of time and money before customer credibility and market reputation are achieved. Rebuilding an existing business is far more pragmatic.

All of our businesses were established for well-founded reasons. It is up to management to maintain a firm grip on the potential of each business at all times. Over the past five years, we have reduced Minebea's total assets by a third. This represents our withdrawal from businesses we determined offered no potential. In the case of our switching power supplies and related businesses, for example, our decision to withdraw came only after intensive efforts to uncover latent potential before an internally imposed deadline.

Q: Minebea has repeatedly revised the targets of its medium-term management plan down since the plan's launch. Do you think this has damaged investor confidence?

A: This is an episode I regret deeply. When we initially published numerical targets and subsequently revised them, we explained only how we had formulated the targets and failed to provide a sufficient explanation of our basic motive—namely, to ensure future growth. It is not surprising that investors found it all difficult to comprehend. To prevent this from happening again and to restore investor confidence, we will work to ensure adequate disclosure and enhance our investor relations activities.

Q: What is the philosophy behind Minebea's medium-term management plan?

A: Our results will always be swayed by our operating environment; in fact, the components industry is one of the areas most affected by market forces. To achieve steady growth in corporate value, therefore, it is crucial that we minimize the influence of environmental factors and maximize our ability to increase results independent of operating conditions. Minebea has the potential to do this. Accordingly, we must approach strategic planning from the understanding that we belong to an industry that is highly vulnerable to cyclical fluctuations that vary in intensity and length.

Our task here is the same as it has been to date, namely, to improve our basic profitability, thereby raising overall profits levels and transforming us into a company capable of securing sufficient profits even when demand turns down—a Company capable of ensuring each of its profit troughs is higher than the trough before it. To maximize corporate value, we must

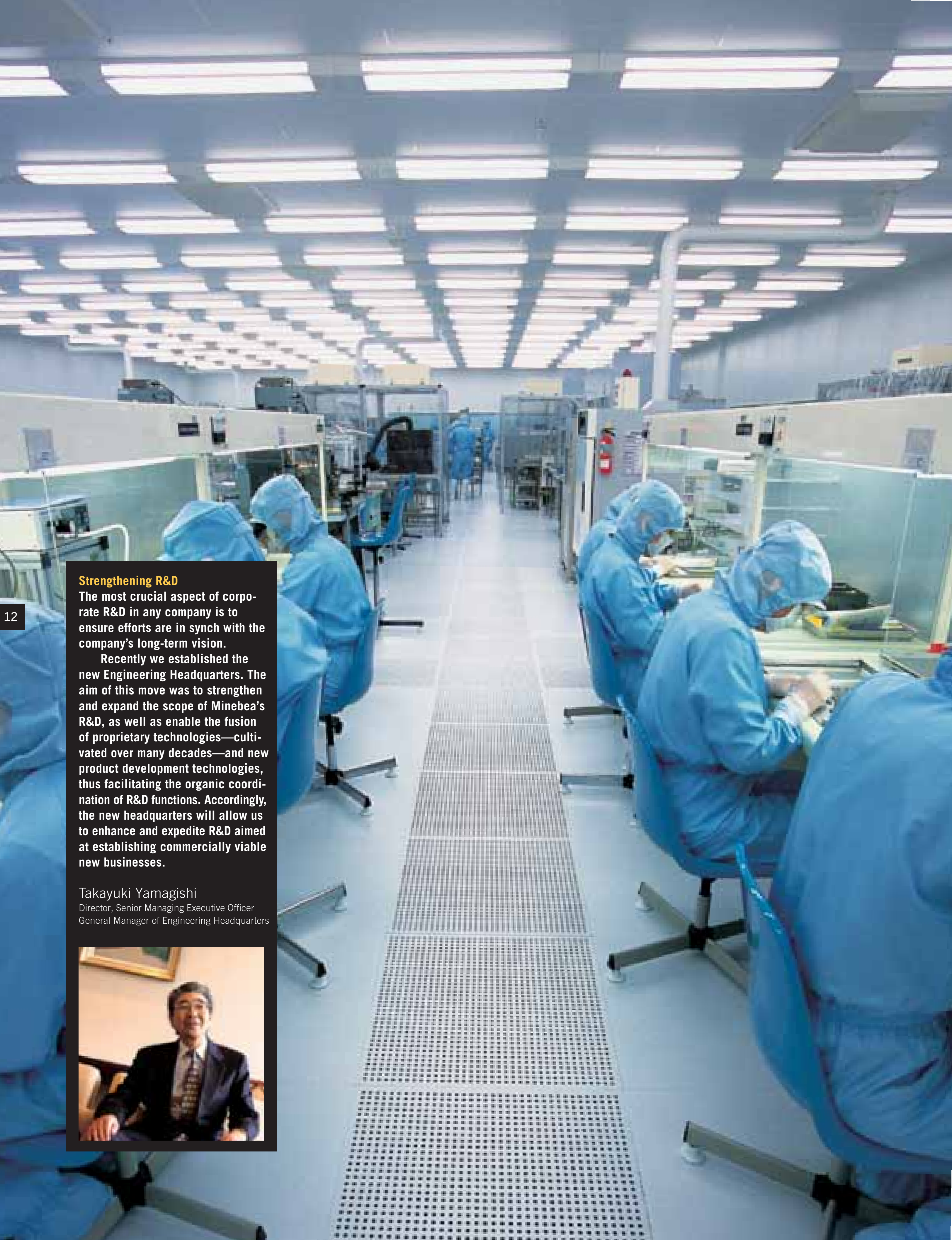
Reinforcing the Parent Plant

Minebea is building on its core competencies—ultraprecision machining technologies, a vertically integrated manufacturing system and mass production technologies—to ensure its place as the world's leading comprehensive manufacturer of miniature ball bearings and high-precision components.

To achieve this goal, the Company must outperform its competitors in terms of quality, cost, speed, supply capabilities and customer service. To these ends, the Company—led by the Karuizawa Manufacturing Unit, which serves as the parent plant for 31 Minebea Group production facilities in 14 countries—is taking decisive steps to further reinforce its core competencies.

Rikuro Obara

Director, Senior Managing Executive Officer
General Manager of Manufacturing Headquarters and Karuizawa Manufacturing Unit



Strengthening R&D

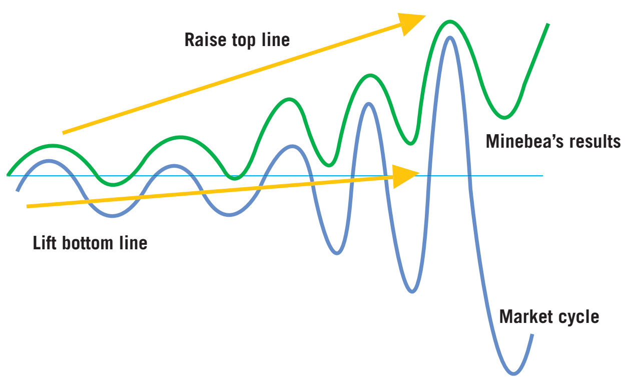
The most crucial aspect of corporate R&D in any company is to ensure efforts are in synch with the company's long-term vision.

Recently we established the new Engineering Headquarters. The aim of this move was to strengthen and expand the scope of Minebea's R&D, as well as enable the fusion of proprietary technologies—cultivated over many decades—and new product development technologies, thus facilitating the organic coordination of R&D functions. Accordingly, the new headquarters will allow us to enhance and expedite R&D aimed at establishing commercially viable new businesses.

Takayuki Yamagishi
Director, Senior Managing Executive Officer
General Manager of Engineering Headquarters

also raise our top line, that is, ensure that each of our profit peaks exceeds the peak preceding it.

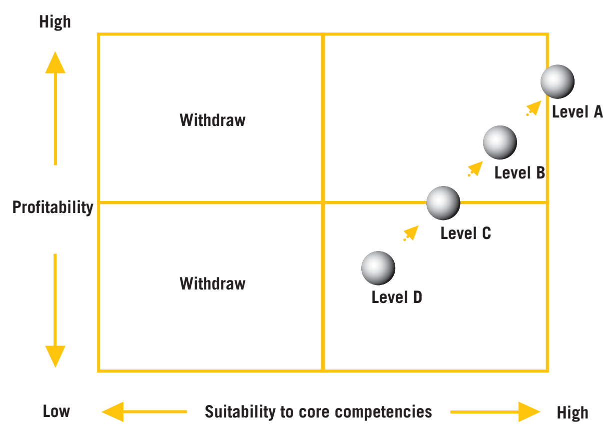
Improvements in basic profitability will be achieved through qualitative improvements to our product portfolio. We will raise our top line by increasing our shares in existing markets, introducing new products and expanding into new markets. The new course Minebea is charting thus comprises two essential objectives, the first being to improve basic profitability and lift our bottom line, and the second to raise our top line.



Q: What do you mean by a "qualitative improvement" in your product portfolio?

A: We have pursued a strategy of selectively focusing resources in businesses that befit our core competencies. As a consequence, we have identified miniature ball bearings and high-precision components as core businesses and withdrawn from other businesses. But we have not done enough. We must conduct a qualitative review of our product portfolio. To this end, we must apply more rigorous criteria in evaluating businesses for suitability to our core competencies.

As the illustration below shows, products in our current product portfolio are categorized into four levels in terms of profitability. Level A comprises miniature and small-sized ball bearings. Level B encompasses rod-end and spherical bearings, fan motors, stepping motors and measuring components. It is important here to note that those products that benefit most from our three core competencies are also the most profitable products in our portfolio. We will endeavor to bolster the profitability of level B, C and D products by promoting closer affinity between products and our core competencies. First, we are endeavoring to raise basic profitability by promoting level C and D products up at least one rank.



Level A: Profitability high regardless of market conditions
Level B: Profitability high when market is favorable, but low when market is unfavorable
Level C: Profitable when market is favorable, but unprofitable when market is unfavorable
Level D: Unprofitable regardless of market conditions

Products identified as unprofitable in 2002—namely, fasteners, speakers and switching power supplies—are or were in level D. The immediate task now is to ascertain whether we can pull fasteners and speakers up to level B. A two-year evaluation led us to conclude there was no chance of pulling switching power supplies up to level B in the near future, hence our decision to withdraw from this business.

Q: Can you tell us more about Minebea's three core competencies?

A: Our three core competencies are our ultraprecision machining technologies, our vertically integrated manufacturing system and our mass production technologies. In terms of importance to our technological edge, ultraprecision machining technologies are foremost, but all three are equally crucial elements of our profitability. No matter how superior or how capable of overcoming fierce competition, none of these core competencies is sufficient on its own to ensure high profitability. Our miniature and small-sized ball bearings, for example, effectively reflect all three core competencies, hence the classification of this business as level A. Our ongoing efforts to boost profitability by lowering costs and promoting higher added value also reflect these three core competencies.

Q: How will you realize growth for Minebea going forward?

A: To ensure Minebea's continued growth as a highly competitive enterprise, we continue to pursue strategies based on these core competencies. They also form the basis of our three basic management directions, which are to:

- further reinforce our mainstay bearings and bearing-related products,
- build our operations in the area of precision small motors and other rotary components into a second pillar of our operations after bearings and bearing-related products, and
- increase the ratio of high-value-added products in mainstay product categories and diversify offerings to serve a broader market.

We will work to strengthen existing core competencies. We will also cultivate new core competencies in key areas where we believe we are lacking, enabling us to realize growth by expanding market share and

Introducing an EVA® Management System

Our objective in introducing an EVA® management system was to improve our ability to evaluate investments, monitor financial performance, selectively cultivate businesses and appropriately allocate management resources, thereby facilitating greater corporate value.

We began a step-by-step introduction of this system in April 2003. Our first step was to commence EVA®-based assessment of consolidated management and capital investment plans. In October 2003, we will begin using EVA® to evaluate our production and sales groups. In April 2004, we will expand this to include EVA®-based assessment of individual products.

Ryusuke Mizukami

Director, Senior Managing Executive Officer
Member of the Tokyo Head Office Administration Executive Council, in charge of Corporate Planning, Information Systems and Environmental Preservation

Enhancing Corporate Governance

Building a harmonious relationship with society at the highest level is essential to increasing corporate value. The Minebea Group works tirelessly to be a responsible corporate citizen, prioritizing environmental concerns and maintaining accountability to the communities in which it operates, as well as to its customers.

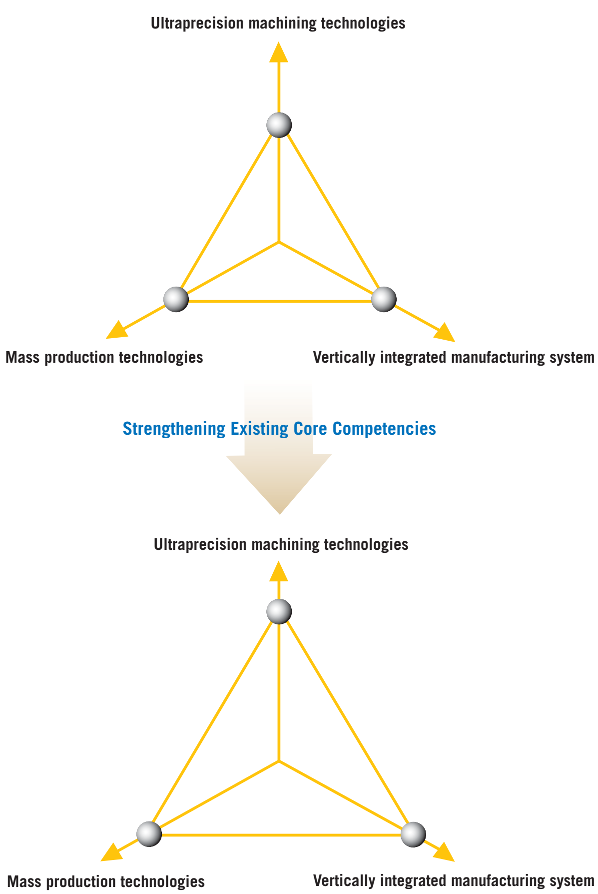
Creating a management system that facilitates swift decision making and execution, as well as compliance with legal requirements, is also imperative to ensuring sound growth in corporate value. To this end, Minebea has not only introduced a new executive officer system, which separates decision making and execution, but also adopted EVA®-based bonus assessment programs, thereby improving the efficiency of management.

Yoshihisa Kainuma
Director, Senior Managing Executive Officer
Member of the Tokyo Head Office Administration Executive Council, in charge of Personnel & General Affairs, Logistics and Procurement

reinforcing profitability for existing products. At the same time, we will continue to broaden applications for both existing and new core competencies.

Q: What do you mean by "strengthen existing core competencies?"

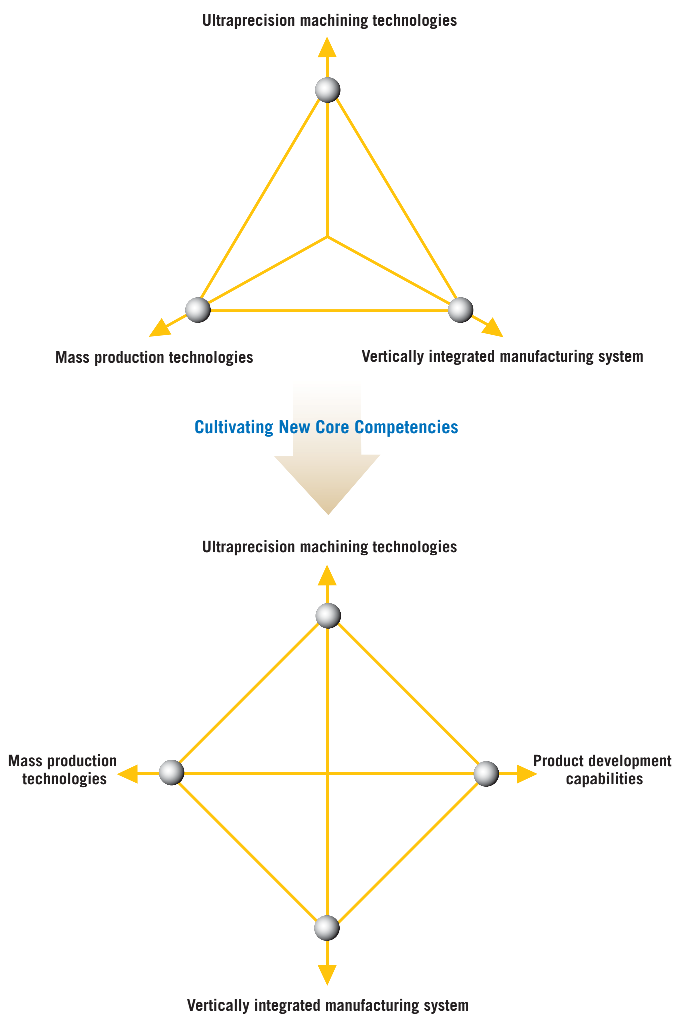
A: Our focus will be not only on ensuring future competitiveness, but also on increasing market shares and expanding into related markets. To use miniature and small-sized ball bearings as an example again, we will endeavor to reinforce application of our three core competencies to maintain level-A profitability, as well as to increase market share. In line with this goal, we plan to boost monthly global production 20%, to 180 million pieces, from 150 million pieces at present. Until now, a 30 million-piece increase in monthly bearing production would have required an investment of approximately ¥30.0 billion. By reinforcing our mass production technologies and our vertically integrated management system, however, we will accomplish this for about 1/6 of that, or about ¥5.0 billion. Specific measures to achieve this increase will focus on minimizing installation of new equipment, maximizing use of existing plant space and maintaining or perhaps even reducing related staff. As part of this effort, we broadened the parent plant functions of the Karuizawa Manufacturing Unit.



Q: What will you do to cultivate new core competencies?

A: The most important new core competency we are cultivating is product development capabilities. Accordingly, we have established the new Engineering Headquarters to facilitate the cultivation of new core competencies and the sharing and effective use of existing intellectual assets. To ensure efforts are closely tailored to business considerations, we appointed the former general manager of the 2nd Manufacturing Headquarters, an individual with extensive experience in production, to head the new organization. To reinforce our already outstanding motor development capabilities, as well as enhance the competitiveness of our rotary components business—thereby facilitating the development of level B and level A products—we will also step up use of the German subsidiary Precision Motors Deutsche Minebea GmbH (PMDM), substantially reinforcing product development capabilities Groupwide.

In the area of HDD spindle motors and fan motors, we reinforced our development capabilities by concluding a strategic alliance with the Motor Company Division of Matsushita Electric Industrial Co., Ltd. To



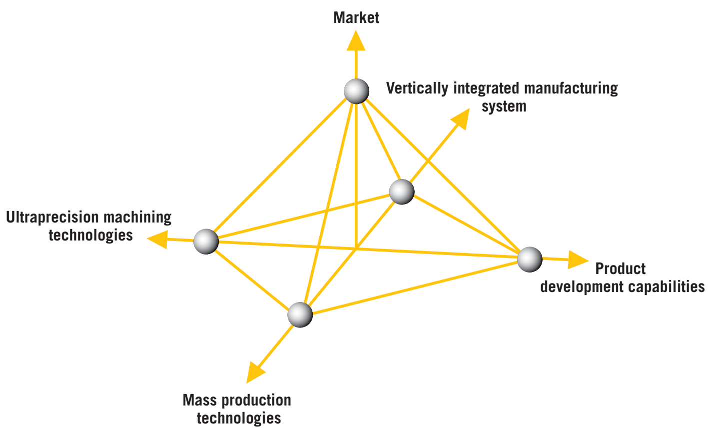
promote such agreements, as well as mergers and acquisitions, we will reinforce the role of our strategy planning department, thereby permitting the development and execution of bold new business strategies.

Q: Has Minebea avoided alliances with other companies to date because it felt that such alliances would slow decision making?

A: The key to strategic planning is the ability to accurately appraise both the immediate and future compatibility of markets and resources. Based on an assessment of opportunities and risks in a market, we must devise an investment method that will enable us to establish a competitive edge. We must also determine the best way to augment management resources in the future so that we can maintain or sharpen that edge. The market imperative thus demands that we reevaluate both our resources and the way the Group is managed.

Minebea has always placed a high priority on prompt and responsive decision making, and has tended to avoid going outside the Group for this reason. If we can be sure our decision-making speed will not be impaired, however, there is no reason we shouldn't consider such alliances, especially those that will enhance management resources. The market imperative also demands a change in perspective and a willingness to procure resources we lack from outside the Group. We should welcome opportunities to form beneficial strategic ties with external firms having core competencies that we need. This conviction is reflected in our aforementioned alliance with the Motor Company Division of Matsushita Electric Industrial Co., Ltd., in the area of HDD spindle motors and fan motors, as well as in an alliance in the area of PC keyboards with the Singapore-based Huan Hsin Group. I expect to see an increase in such alliances in both production and management.

Q: What do you mean when you say you will "broaden applications for existing core competencies?"



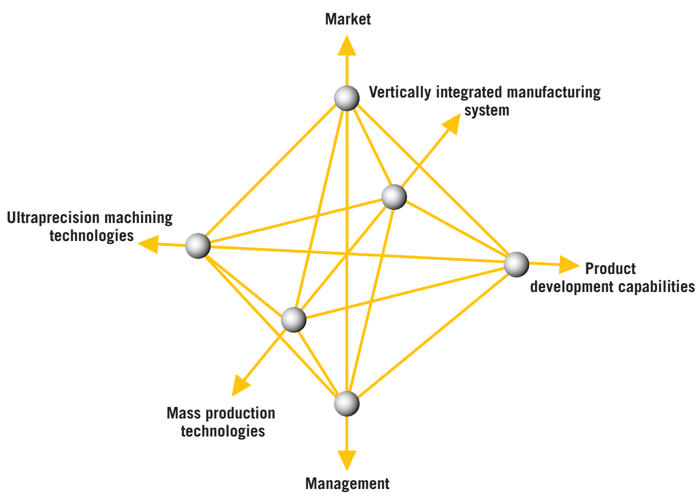
A: Basically, this means that we will not hesitate to enter attractive new markets that are highly compatible with our core competencies. A good example here is HDD spindle motors.

The global market for HDD spindle motors is dominated by a number of key major manufacturers. Our decision to enter this intensely competitive market reflected its outstanding compatibility with our three existing core competencies. Today, we enjoy a global market share of nearly 30%. We are currently broadening applications for our most important new core competency—product development capabilities—in the HDD spindle motor market, primarily through German subsidiary PMDM. Given the size and outstanding growth potential of the HDD spindle motor market, we are convinced that it is highly worthwhile for us to establish a stronger presence.

Q: Will these efforts enable Minebea to chart a new course?

A: One task remains, and that is to enhance the capacity of Minebea's management team to drive the Company forward—a task that demands structural and qualitative improvements. This is a particularly crucial factor in the precision components industry where, as I said earlier, the key to strategic planning is the ability to accurately appraise both the immediate and future compatibility of markets and resources. The implementation of strategies depends on management's ability to boldly address market challenges and take the appropriate steps to ensure sufficient resources.

Unless we can systematize our marketing efforts, thereby ensuring our ability to grasp market needs and respond appropriately, we will find it impossible to truly maximize our core competencies. Without a superior, organized support system, our manufacturing and sales groups will be unable to exercise their full capabilities. The capacity of management to drive the Company also affects the Company's ability to accurately measure corporate value, evaluate its employees, revitalize its organization and effectively allocate funds to ensure effective corporate governance—essential to raising corporate value.



Q: Were structural and qualitative improvements in management your primary objective introducing EVA®?

A: Yes, that is exactly right. As I said earlier, ROA, calculated using operating income, is a crucial management measure, but it is an index, and its usefulness in evaluating asset efficiency and corporate value is thus limited.

In April 2003, we began a step-by-step introduction of an EVA® management system with a view to eventually using EVA® to evaluate not only business units but also individual products. Initially, we have adopted EVA®-based bonus assessment programs for executive officers and management-level employees. We will monitor the progress of this effort and gradually expand application of the system to regular employees. At the same time, we also plan to introduce a business unit- and product-based bonus assessment program. Through these and other efforts, we will work to achieve structural and qualitative improvements in management, ensuring our ability to implement strategies swiftly and effectively and achieve substantial increases in corporate value.

Directors, Auditors and Executive Officers

Representative Director, President and Chief Executive Officer

Tsugio Yamamoto

Directors and Senior Managing Executive Officers

Yoshihisa Kainuma

Director, Senior Managing Executive Officer
Member of the Tokyo Head Office Administration Executive Council, in charge of Personnel & General Affairs, Logistics and Procurement

Takayuki Yamagishi

Director, Senior Managing Executive Officer
General Manager of Engineering Headquarters

Rikuro Obara

Director, Senior Managing Executive Officer
General Manager of Manufacturing Headquarters and Karuizawa Manufacturing Unit

Ryusuke Mizukami

Director, Senior Managing Executive Officer
Member of the Tokyo Head Office Administration Executive Council, in charge of Corporate Planning, Information Systems and Environmental Preservation

Kenji Senoue

Director, Senior Managing Executive Officer
Member of the Tokyo Head Office Administration Executive Council, in charge of Strategy Planning

Tosei Takenaka

Director, Senior Managing Executive Officer
In charge of Asian Region Operations

Director and Managing Executive Officer

Koichi Dosho

Director, Managing Executive Officer
General Manager of Sales Headquarters, European and American Regional Sales Headquarters, European Region Operations

Independent Directors

Atsushi Matsuoka

President and Representative Director, Keiaisha Co., Ltd.

Chanchai Leetavorn

Chairman, Asia Credit Plc.

Standing Corporate Auditors

Shinichi Mori
Yoshinori Amano

Independent Auditors

Mitsuo Ichikawa
Isao Hiraide

Managing Executive Officers

Takashi Yamaguchi
Member of the Tokyo Head Office Administration Executive Council, in charge of Finance and Accounting

Tomohiro Maruta
General Manager of Fujisawa Manufacturing Unit

Executive Officers

Sadao Sawamura
General Manager of Information Systems Dept.

Akihiro Hirao
General Manager of Omori Manufacturing Unit

Sadahiko Oki
In charge of Internal Auditing Office

Takuya Naka
In charge of Legal Affairs and General Manager of Legal Dept.

Yukio Shimizu
Deputy General Manager of Sales Headquarters (in charge of Japan and Asian Region) and General Manager of Japan and Asian Regional Sales Headquarters

Masayoshi Yamanaka
In charge of North and South American Region Operations

Shunji Mase
General Manager of Personnel & General Affairs Dept. and Secretary of Office of Tokyo Head Office Administration Executive Council

Hiroharu Katogi
In charge of Business Administration and Investor Relations

Susumu Fujisawa
In charge of China Operations

Masamitsu Osada
General Manager of Mechatronics Division

Akio Okamiya
General Manager of R&D Center of Karuizawa Manufacturing Unit and General Manager of Chemical Integration Lab

Eiichi Kobayashi
General Manager of Production Technology Center and Tool & Die Dept. of Karuizawa Manufacturing Unit

Motoyuki Niijima
General Manager of Measuring Components Division

Tadahiko Mori
General Manager of Logistics Dept. and Sales Logistics Support Office

Hiroyuki Yajima
General Manager of Bearing Division and Bearing Manufacturing Dept. of Karuizawa Manufacturing Unit

Masao Iwasa
General Manager of Administration Office of Karuizawa Manufacturing Unit

Hirotaka Fujita
General Manager of Hamamatsu Manufacturing Unit, Electro Devices Division, Power Electronics Division and PE Manufacturing Dept.

Kunio Shimba
General Manager of Global Storage Component Product Management

Junichi Mochizuki
General Manager of Global Bearing Product Management

Note: Messrs. Atsushi Matsuoka and Chanchai Leetavorn are external directors as required under Article 188, Paragraph 2, item 7-2 of the Japanese Commercial Code.

Messrs. Mitsuo Ichikawa and Isao Hiraide are external corporate auditors as required under Article 18, Paragraph 1, of the Law For Special Exceptions to the Commercial Code concerning Audit, etc., of Corporations.

(As of June 27, 2003)

URL: http://www.minebea.co.jp/english/

For the latest corporate, product and financial information and more detailed information on Minebea, please visit our corporate Web site.

Product purchasing inquiries and catalog requests:

Sales Headquarters
Tel: 81-3-5434-8711
Fax: 81-3-5434-8700
E-mail: business@minebea.co.jp

Inquiries and comments regarding investor relations and corporate communications:

Corporate Communications/Investor Relations Office
Investor Relations
Tel: 81-3-5434-8643
Fax: 81-3-5434-8603
E-mail: minebeair@minebea.co.jp

Corporate Communications
Tel: 81-3-5434-8637
Fax: 81-3-5434-8607
E-mail: kouho@minebea.co.jp

Inquiries regarding employment opportunities:

Personnel & General Affairs Department
Personnel Office
Tel: 81-3-5434-8643
Fax: 81-3-5434-8603
E-mail: soumujinji@minebea.co.jp

Financial Section

Contents

Eleven-Year Summary

	2003	2002	2001	2000
Statement of Income Data:				
Net sales:	**¥272,202**	¥279,344	¥287,045	¥284,757
Machined components	**118,118**	122,025	124,461	127,734
Percentage of net sales	**43%**	44%	43%	45%
Electronic devices and components	**154,084**	156,303	151,910	146,133
Percentage of net sales	**57%**	56%	53%	51%
Consumer business and others	**—**	1,016	10,674	10,890
Percentage of net sales	**—%**	0%	4%	4%
Gross profit	**¥ 68,702**	¥ 73,283	¥ 84,117	¥ 81,534
Percentage of net sales	**25.2%**	26.2%	29.3%	28.6%
Operating income	**19,352**	21,972	32,977	31,069
Percentage of net sales	**7.1%**	7.9%	11.5%	10.9%
Net income (loss)	**(2,434)**	5,298	14,826	(2,677)
Percentage of net sales	**(0.9)%**	1.9%	5.2%	(0.9)%
Balance Sheet Data:				
Total assets	**¥320,069**	¥350,037	¥346,965	¥403,994
Total current assets	**127,447**	131,548	137,106	153,658
Total current liabilities	**134,459**	156,908	127,290	124,085
Short-term loans payable and current portion of long-term debt	**81,262**	103,461	66,531	68,022
Long-term debt	**85,862**	79,212	118,629	124,690
Working capital	**(7,012)**	(25,360)	9,816	29,573
Total shareholders' equity	**98,213**	112,732	100,574	154,357
Percentage of total assets	**30.7%**	32.2%	29.0%	38.2%
Per Share Data:				
Net income (loss):				
Primary	**¥ (6.10)**	¥ 13.27	¥ 37.14	¥ (6.72)
Fully diluted	**(4.85)**	12.60	34.10	(5.39)
Shareholders' equity	**246.08**	282.42	251.96	386.71
Cash dividends	**7.00**	7.00	7.00	7.00
Other Data:				
Return on shareholders' equity	**(2.3)%**	5.0%	11.6%	(1.8)%
Return on total assets	**(0.8)%**	1.5%	4.0%	(0.6)%
Interest expense	**¥ 4,765**	¥ 5,673	¥ 7,553	¥ 7,897
Net cash provided by operating activities	**32,279**	34,017	38,332	60,289
Expenditure for purchase of property, plant and equipment	**16,382**	26,245	39,877	19,504
Free cash flow	**15,897**	7,772	(1,545)	40,785
Depreciation and amortization	**24,015**	25,577	23,682	25,026
Number of shares outstanding	**399,167,695**	399,167,695	399,167,695	399,150,527
Number of employees	**43,002**	43,729	45,193	42,399

Notes: 1. Owing to significant declines in the prices of stocks listed on major markets, resulting in the impairment of shares in financial institutions, losses on revaluation of marketable and investment securities totaled ¥4,945 million. In line with projected losses resulting from its withdrawal from switching power supplies and related businesses, the Company posted losses on liquidation of switching power supplies and related businesses of ¥3,144 million. The Company also registered ¥1,206 million in environment-related expenses incurred by U.S. subsidiaries.

2. In fiscal 2001, to concentrate resources in its best areas and improve financial strength, the Company transferred its shares in subsidiary Actus Corporation, posting an extraordinary gain of ¥5,215 million in gains on sales of investment securities in affiliates. The Company also showed an extraordinary loss of ¥2,762 million, in line with the projected loss on the withdrawal from the wheel business.

3. 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. The Company also applied tax effect accounting overall, which resulted in ¥6,276 million in deferred income taxes (benefit).

4. In fiscal 1995, the Company divested its consumer financing business and sold shares in its consumer financing subsidiary. This sale generated proceeds of ¥109,368 million, which were applied to the repayment of short-term loans payable and long-term debt. As a consequence, finance receivables and liabilities declined.

						Millions of yen	Thousands of U.S. dollars (Note 9)
1999	1998	1997	1996	1995	1994	1993	**2003**
¥305,324	¥326,094	¥302,886	¥260,537	¥239,133	¥121,586	¥265,165	**$2,264,576**
136,807	142,007	136,147	122,540	113,795	51,835	111,644	**982,679**
45%	43%	45%	47%	48%	42%	42%	
157,603	180,875	165,118	136,519	115,216	61,504	126,653	**1,281,897**
52%	56%	54%	52%	48%	51%	48%	
10,914	3,212	1,621	1,478	10,122	8,247	26,868	**—**
3%	1%	1%	1%	4%	7%	10%	
¥ 90,161	¥107,086	¥ 86,487	¥ 75,152	¥ 63,866	¥ 31,753	¥ 69,430	**$ 571,564**
29.5%	32.8%	28.6%	28.8%	26.7%	26.1%	26.2%	
38,546	58,811	41,901	34,788	27,283	12,706	23,894	**160,998**
12.6%	18.0%	13.8%	13.4%	11.4%	10.4%	9.0%	
11,507	15,144	8,862	7,354	2,570	591	(61,212)	**(20,250)**
3.7%	4.6%	2.9%	2.8%	1.1%	0.5%	(23.1)%	
¥473,360	¥492,210	¥563,220	¥556,787	¥529,959	¥699,475	¥706,790	**$2,662,803**
219,826	213,194	264,368	291,143	287,762	457,402	463,902	**1,060,290**
197,071	246,114	322,966	336,106	308,740	414,075	384,190	**1,118,626**
142,828	178,228	254,243	251,983	249,712	328,082	290,144	**676,056**
128,223	96,882	109,365	97,129	99,208	161,207	198,773	**714,326**
22,755	(32,920)	(58,598)	(44,963)	(20,978)	43,327	79,712	**(58,336)**
145,705	141,843	123,831	116,753	113,276	111,623	111,573	**817,081**
30.8%	28.8%	22.0%	21.0%	21.4%	16.0%	15.8%	

						Yen	U.S. dollars (Note 9)
¥ 28.94	¥ 38.42	¥ 22.76	¥ 18.91	¥ 6.61	¥ 1.52	¥(157.48)	**$(0.05)**
26.32	34.85	21.03	18.68	6.61	1.52	(157.40)	**(0.04)**
366.29	357.77	317.46	300.22	291.33	287.13	287.00	**2.05**
7.00	7.00	7.00	7.00	6.00	3.00	—	**0.06**

						Millions of yen	Thousands of U.S. dollars (Note 9)
8.0%	11.4%	7.4%	6.4%	2.3%	0.5%	(43.7)%	
2.4%	2.9%	1.6%	1.4%	0.4%	0.1%	(7.8)%	
¥12,231	¥16,593	¥19,109	¥17,525	¥17,903	¥ 7,707	¥18,159	**$ 39,642**
60,740	83,878	29,546	26,230	52,951	16,594	1,868	**268,544**
20,563	23,688	50,931	37,434	22,895	8,880	19,452	**136,290**
40,177	60,190	(21,385)	(11,204)	30,056	7,714	(17,584)	**132,255**
28,034	29,616	29,277	22,319	18,634	9,269	17,584	**199,792**
397,787,828	396,470,473	390,076,018	388,892,609	388,824,616	388,761,608	388,758,517	
40,482	38,733	37,096	35,978	29,790	27,821	28,311	

5. In fiscal 1994, the Company changed its fiscal year-end from September 30 to March 31. Accordingly, fiscal 1994 included only six months of operations, beginning in October 1993 and ending in March 1994, whereas other fiscal years consist of 12 months.
6. Net loss in fiscal 1993 includes extraordinary losses totaling ¥59,118 million. As part of a thorough restructuring aimed at strengthening the corporate framework, the Company withdrew from the semiconductor business in March 1993, resulting in a loss of ¥46,792 million. To further strengthen and improve its financial position, the Company changed its method of accounting for marketable securities listed on stock exchanges to the straight-line method, from the market method, resulting in a marketable security revaluation loss of ¥12,326 million.
7. In fiscal 2000, the Company reclassified its operations into three business segments and revised figures in prior years.
8. Owing to a change in accounting standards, cash flows are shown in a new format in and after fiscal 2000.
9. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥120.20=US$1, the approximate rate of exchange on March 31, 2003.

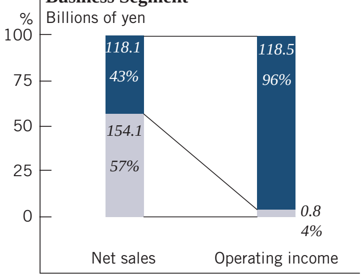
Management’s Discussion and Analysis of Results of Operations and Financial Condition

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 and Operating Income by Business Segment

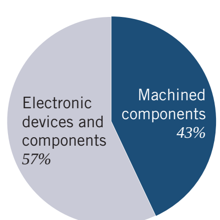


Machined components
Electronic devices and components

Note: Percentages represent contribution by business segment to total.

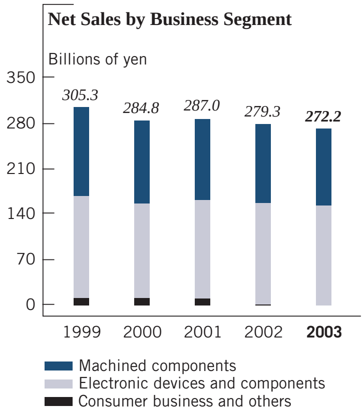
Net sales of machined components totaled ¥118,118 million, down 3.2%, or ¥3,907 million. Bearings and bearing-related products, the largest component of this business segment, registered sales of ¥97,938 million, a decline of 2.2%, or ¥2,176 million. Sales of mainstay miniature and small-sized ball bearings 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 by Business Segment

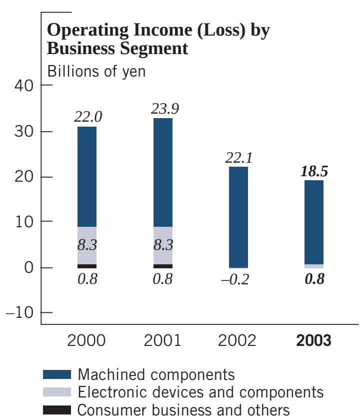


Net sales of electronic devices and components edged down 1.4%, or ¥2,219 million, to ¥154,084 million. Sales of rotary components rose 3.6%, or ¥2,748 million, to ¥79,188 million, as brisk demand for fan motors for game machines and CPUs and a resultant increase in Minebea’s market share spurred a sharp 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.



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



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

Net Sales by Business Segment

Millions of yen

Years ended March 31	**2003**	2002	2001	2000	1999
Machined components					
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
	118,118	122,025	124,461	127,734	136,807
Electronic devices and components					
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
	154,084	156,303	151,910	146,133	157,603
Consumer business and others	**—**	1,016	10,674	10,890	10,914
Net sales	**¥272,202**	¥279,344	¥287,045	¥284,757	¥305,324

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

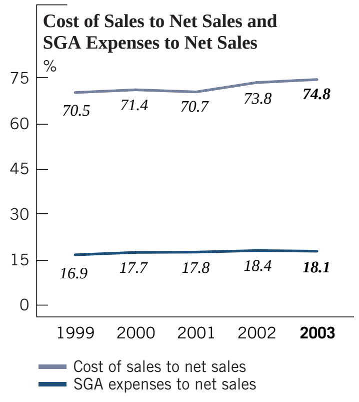
Millions of yen

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%**

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

Millions of yen

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

Income

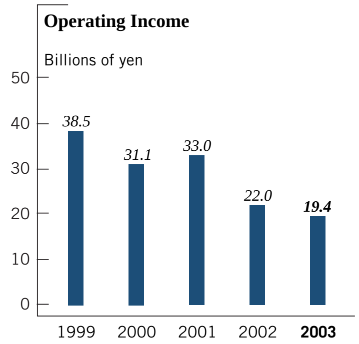
Operating income fell 11.9%, or ¥2,620 million, to ¥19,352 million. Accordingly, the operating margin slipped 0.8 percentage point, to 7.1%.

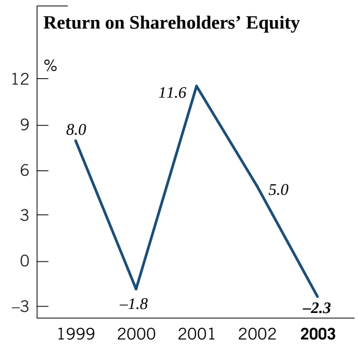
Operating income in the machined components business segment fell 16.3%, or ¥3,615 million, to ¥18,520 million, and accounted for 15.7% of net sales, down 2.4 percentage points. Lower operating income in this segment was primarily attributable to flagging sales of rod-end bearings, reflecting sluggish 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

Millions of yen

Years ended March 31	**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.

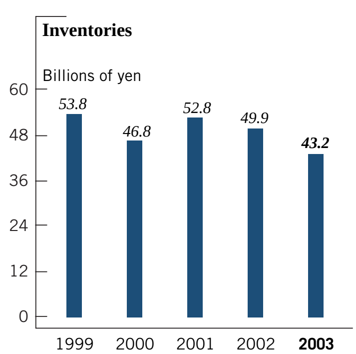
Total assets at fiscal 2003 year-end amounted to ¥320,069 million, down 8.6%, or ¥29,968. This was attributable to such factors as the impact of a stronger yen on the value of assets denominated in U.S. dollars, Thai baht, Singapore dollars and yuan.

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.

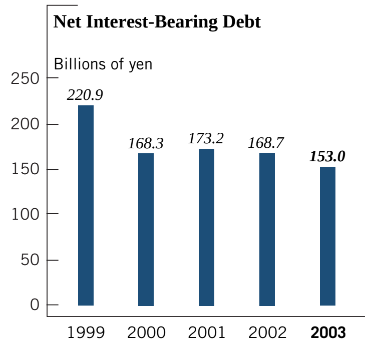
Total liabilities as of March 31, 2003, were ¥221,587 million, down 6.6%, or ¥15,622 million, from a year earlier. This decline reflected several factors, including a ¥2,153 million decrease in total notes and accounts payable, a consequence of lower sales; the redemption of convertible bonds and repayment 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.

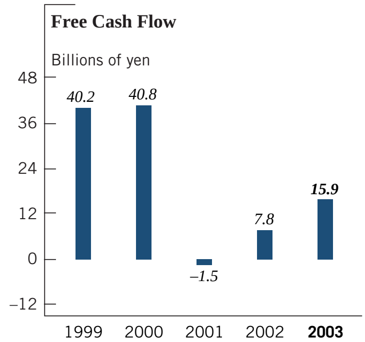


Financial Position

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



Cash Flows



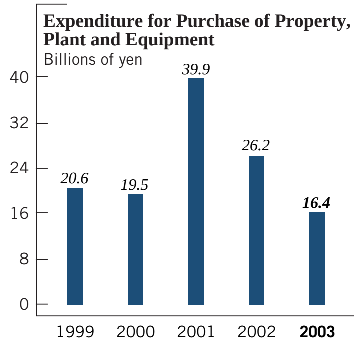
Free cash flow (calculated by subtracting expenditure for property, plant and equipment from net cash provided by operating activities) totaled ¥15,897 million, ¥8,125 million higher than in the previous period, as efforts to restrain expenditure for plant, property and equipment countered the impact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

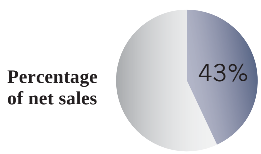


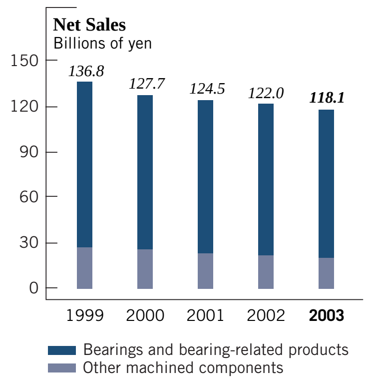
Free Cash Flow

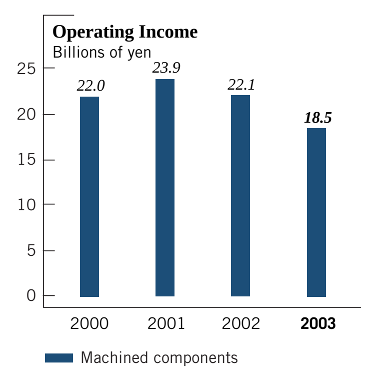
Years ended March 31	2003	2002	2001	2000	1999
					Millions of yen
Net cash provided by operating activities	**¥ 32,279**	¥ 34,017	¥ 38,332	¥ 60,289	¥ 60,740
Expenditure for purchase of property, plant and equipment	**(16,382)**	(26,245)	(39,877)	(19,504)	(20,563)
Free cash flow	**15,897**	7,772	(1,545)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

Machined Components







Global Market Share

Miniature and small-sized ball bearings	60%*
Rod-end and spherical bearings	60%*
Pivot assemblies	70%*

*The world's largest market-share

Highlights of Fiscal 2003

- We set forth an aggressive growth strategy for miniature and small-sized ball bearings, aimed at expanding monthly production and sales to 180 million pieces, up 30 million pieces from the current level. At the same time, we sought to improve productivity by introducing new production methods, thereby reinforcing our cost competitiveness.
- Annual sales of miniature and small-sized ball bearings for sale and in-house use rose 16% from the previous period.
- Our share of the global market for pivot assemblies reached approximately 70%, up close to 10 percentage points from fiscal 2002.

Business Environment

- Private-sector capital expenditures and consumer spending in Japan, North and South America, and Europe flagged.
- Growth in the markets for information and telecommunications equipment, particularly PCs, slowed.
- Sluggish market conditions hampered demand from the aerospace industry.
- The shift of mass production facilities to Asia, particularly China, by customers based in Japan, North America and Europe accelerated.

Issues and Strategies

- We will take steps to reinforce competitiveness in our core bearings and bearing-related products and other machined components businesses.
- The increasing digitization of household electrical appliances, greater use of electric control systems in automobiles and the trend toward more compact information and telecommunications equipment and household electrical appliances, together with the expansion of the Chinese market, are expected to boost demand for miniature and small-sized ball bearings. In response, we will take steps to reinforce the operating foundation of our miniature and small-sized ball bearings business. By the end of December 2003, we plan to raise monthly production capacity to 180 million pieces.
- We will step up marketing of rod-end and spherical bearings, fasteners and special machined components for use in the Airbus 380 and other next-generation aircraft.
- With high growth expected in the HDD market over the medium to long term, we will work to secure a leading global market share for pivot assemblies, which enjoy significant synergies with miniature and small-sized ball bearings and enhance our ability to price competitively.
- We will reinforce in-house parts production capabilities.

Results in Fiscal 2003

Net sales of machined components in fiscal 2003 declined 3.2%, or ¥3,907 million, to ¥118,118 million, while operating income fell 16.3%, or ¥3,615 million, to ¥18,520 billion, and accounted for 15.7% of net sales, down 2.4 percentage points from the previous period. 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. Nonetheless, segment sales were hampered by stagnant demand for aircraft, which drove down sales of certain ball bearings and of rod-end and spherical bearings, and our withdrawal from the wheel business in fiscal 2002, which reduced segment net sales approximately ¥1.3 billion. Lower operating income was primarily attributable to flagging sales of rod-end and spherical bearings, reflecting sluggish aerospace demand, and worsening profitability for pivot assemblies, owing to plunging prices, which countered higher profitability for miniature and small-sized ball bearings.

Principal Products

- **Bearings and Bearing-Related Products**
  - Miniature ball bearings
  - Small-sized ball bearings
  - Integrated-shaft ball bearings
  - Rod-end bearings
  - Spherical bearings
  - Roller bearings
  - Journal bearings
  - Pivot assemblies
  - Tape guides
- **Other Machined Components**
  - Aerospace/automotive fasteners
  - Special machined components
  - Magnetic clutches and brakes

Strategic efforts in this segment focused on reinforcing competitiveness and building a stronger operating foundation.

Bearings and Bearing-Related Products

Sales of bearings and bearing-related products slipped 2.2%, or ¥2,176 million, to ¥97,938 million.

Ball Bearings

During the period under review, we significantly expanded production and sales of miniature and small-sized ball bearings, boosting monthly sales to customers and for in-house use to between 130 million and 150 million pieces—an increase of approximately 20 million pieces, or 16%, from fiscal 2002 and a record for the Company. We stepped up sales to external customers, particularly in the second half of the period, focusing our efforts on customers in the household electrical appliances and information and telecommunications industries with production bases in China and Southeast Asia. In particular, we boosted sales for use in fan motors, an essential component in PCs and other information and telecommunications equipment.

We also increased sales for use in air conditioners and other household electrical appliances in the Chinese market. Sales for use in automobiles registered firm growth, supported by brisk demand from U.S. automakers. Reflecting economic conditions and a shift to production in Asia by many of our customers, sales in Japan, the United States and Europe flagged. Sales in Asia, particularly China, increased. Internal consumption also rose in response to production hikes for pivot assemblies and fan motors. Sales of large special bearings for aerospace use were hampered by flagging demand from U.S. aerospace firms.

We set forth an aggressive growth strategy for the miniature and small-sized ball bearings business, aimed at further enhancing competitiveness and building a stronger foundation. Over the medium to long term, we expect demand for miniature and small-sized ball bearings to continue expanding, supported by the increasing digitization of household electrical appliances, greater use of electrical control systems in automobiles and expansion of the Chinese market, all of which are expected to boost demand. In response, we will take steps to reinforce the operating foundation of our ball bearings business. By the end of December 2003, we plan to raise monthly production capacity by 30 million pieces, to 180 million pieces. The success of efforts to boost productivity in fiscal 2003 contributed to a significant improvement in the profitability of miniature and small-sized ball bearings. Moving forward, we will introduce new manufacturing methods in a bid to further improve productivity and cost competitiveness.

Rod-End and Spherical Bearings

Flagging conditions in the aircraft industry, the principal market for these products, since the September 11, 2001, terrorist attacks in the United States were exacerbated by a tense situation in the Middle East and the outbreak of severe acute respiratory syndrome (SARS). As a consequence, our sales of rod-end and spherical bearings plunged in fiscal 2003. The market is not expected to recover over the next two years. In this challenging environment, we will step up marketing these products for use in the Airbus 380 and other next-generation aircraft.

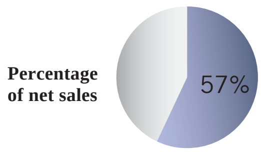
Pivot Assemblies

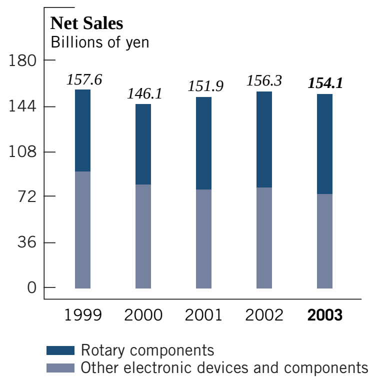
Our share of the global market for pivot assemblies reached approximately 70% in fiscal 2003, up close to 10 percentage points from the previous period. In the fourth quarter, this rose to 75%. With high growth expected in the HDD market over the medium to long term, we will work to secure a leading global market share for pivot assemblies, which enjoy significant synergies with ball bearings and enhance our ability to price competitively. As well, we will revamp production methods in a bid to drastically improve productivity and raise profitability.

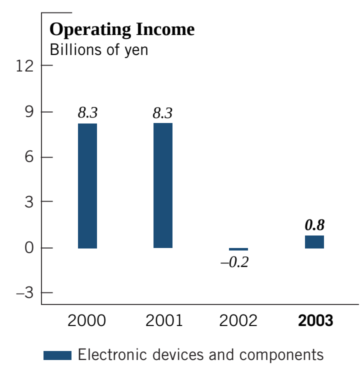
Other Machined Components

Sales of other machined components slipped 7.9%, or ¥1,731 million, to ¥20,180 million, primarily owing to our withdrawal from the wheel business in fiscal 2002. During the period, we reached a decision to divest or liquidate U.S. solenoid valve manufacturing and sales firm IMC Magnetics.

Electronic Devices and Components







Global Market Share

HDD spindle motors	20–25%*

*The world's second largest market-share

Highlights of Fiscal 2003

- The expansion of our global market share was reflected in record-level sales of HDD spindle motors, fan motors and PC keyboards.
- We worked to secure new orders and boost sales of HDD spindle motors with fluid dynamic bearings, in line with a shift in focus in our spindle motor business.
- We concluded an agreement with Matsushita Electric Industrial Co., Ltd., to develop and produce HDD spindle motors with fluid dynamic bearings on consignment and to conduct joint product development in the fan motor field.
- We established a PC keyboard manufacturing joint venture in China with the Singapore-based Huan Hsin Group.
- We decided to withdraw from switching power supplies and related businesses.
- We ceased production of FDD subassemblies.
- We decided to close Malaysian speaker box manufacturing and sales subsidiary Kuen Dar.
- We shifted production of measuring equipment in Thailand from the Ayutthaya Plant to the Lop Buri Plant.
- We expanded our lighting devices business, which centers on backlight assemblies.

Business Environment

- Growth in the markets for PCs and other information and telecommunications equipment slowed.
- Pricing competition intensified in all product areas.
- The shift of mass production facilities to Asia, particularly China, by customers based in Japan, North America and Europe accelerated.

Issues and Strategies

- We will step up efforts to reinforce and expand our mainstay precision small motor and PC keyboard operations.
- In addition to expanding sales of HDD spindle motors with fluid dynamic bearings for 3.5-inch HDDs for high-end servers, we aim to enter the market for HDD spindle motors with fluid dynamic bearings for 2.5-inch HDDs and strive to turn a profit as early as possible.
- We will promote joint development of fan motors with the Motor Company Division of Matsushita Electric Industrial Co., Ltd.
- We will strive to commence operations at our new PC keyboard joint venture in China.
- By capitalizing on our superior technologies, we will expand our lighting devices business.
- We will reinforce in-house parts production capabilities.

Results in Fiscal 2003

Net sales of electronic devices and components edged down 1.4%, or ¥2,219 million, to ¥154,084 million. Operating income rose ¥995 million, from an operating loss in fiscal 2002, to ¥832 million.

Sales of fan motors were bolstered considerably by brisk demand for use in game machines and CPUs. Higher market shares also boosted sales of HDD spindle motors and PC keyboards. In contrast, sales of stepping motors declined as the trend toward increasingly compact models and a change in our product mix pushed down unit prices. Speaker sales were also down, reflecting falling orders from principal customers. Our decision to withdraw from the FDD subassembly business led to a decline in sales of other electronic devices.

Operating income was supported by brisk sales of fan motors and PC keyboards, which offset declining profitability for 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.

Principal Products

- **Rotary Components**
  - HDD spindle motors
  - Fan motors
  - Hybrid-type stepping motors
  - PM-type stepping motors
  - DC brushless motors
  - DC brushless motors for electric power steering systems
  - VR resolvers

- **Other Electronic Devices and Components**
  - PC keyboards
  - Speakers
  - Electronic devices
    - Magnetic heads for FDDs
    - MOD drive subassemblies
    - Lighting devices for LCDs
  - Power electronic components
    - Backlight inverters
    - Hybrid ICs
  - Measuring components
    - Strain gauges
    - Load cells

Rotary Components

Sales of rotary components rose 3.6%, or ¥2,748 million, to ¥79,188 million.

HDD Spindle Motors

Reflecting a rapid shift toward HDD spindle motors with fluid dynamic bearings for 3.5-inch HDDs, our HDD spindle motor business registered a sharp increase in sales. As of the end of the period, HDD spindle motors with fluid dynamic bearings accounted for approximately 80% of our entire HDD spindle motor business and our share of the global market for HDD spindle motors with fluid dynamic bearings, including those for 3.5-inch HDDs, to reach approximately 50%. Moving forward, we will continue to expand sales of HDD spindle motors with fluid dynamic bearings for 3.5-inch HDDs for high-end servers. In the period under review, we concluded an agreement with Matsushita Electric Industrial Co., Ltd., to produce HDD spindle motors with fluid dynamic bearings for 2.5-inch HDDs on consignment, in line with our intention to enter this key market in fiscal 2004. In fiscal 2003, start-up costs related to new product launches and falling unit prices for mainstay models hampered profitability of HDD motors with fluid dynamic bearings.

Fan Motors

Fan motor sales soared to a record high as a sharp increase in our global market share countered flagging markets for information and telecommunications equipment. This achievement was primarily attributable to sharp increases in our shares of the markets for fan motors for game machines and CPUs. We also concluded an alliance with Matsushita Electric Industrial Co., Ltd., in this field. In November 2002, a team of development engineers from the Motor Company Division of Matsushita Electric Industrial Co., Ltd., shifted to our Karuizawa Manufacturing Unit. Mass production of jointly developed products is expected to commence in fiscal 2004. Products developed through this effort are expected to become a core of our fan motor lineup. In fiscal 2003, the profitability of our fan motor business improved substantially thanks to increased production and enhanced productivity.

Stepping Motors

Sales of stepping motors declined as the trend toward increasingly compact models and a change in our product mix pushed down average unit prices. At the end of the period, we decided to consolidate stepping motor production. This decision, which will be implemented in fiscal 2004, will unify production of hybrid- and PM-type stepping motors, enabling us to enhance efficiency and rebuild our stepping motors business. We expect sales of stepping motors for automotive applications to expand.

Other Electronic Devices and Components

Sales of other electronic devices and components fell 6.2%, or ¥4,967 million, to ¥74,896 million.

PC Keyboards

Despite flagging demand for PCs, our superior technological and development capabilities supported an increase in our share of the global PC keyboard market, prompting record-level sales. We also achieved a substantial improvement in productivity. During the period, we established a PC keyboard production facility in China in a joint venture with the Singapore-based Huan Hsin Group. This facility will commence mass production in fiscal 2004, and is expected to contribute to expanded sales of mass-produced models. The facility will also produce general-purpose models, establishing Minebea as a key force in the PC keyboard market.

Electronic Devices

Products in this area to date have included FDD subassemblies, magnetic heads for FDDs, MOD drive subassemblies and lighting devices for LCDs. In fiscal 2003, sales were hampered by flagging PC-related demand. During the period, we terminated production of FDD subassemblies. Lighting devices hold great promise as a future pillar of our electronic devices business.

Our debut in the market for lighting devices for LCDs came with the development of frontlight assemblies. In the period under review, we began promoting advanced backlight assemblies developed to meet market needs. These new products, which reflect our superior product development capabilities and ultraprecision machining and other technologies, offer outstanding brightness and thinness, as well as low production costs. Market response was highly favorable, prompting us to commence mass production at the end of the period. Accordingly, we are targeting sales of lighting devices for LCDs of approximately ¥9.0 billion in fiscal 2004, more than triple the fiscal 2003 level.

Power Electronics

At fiscal 2003 year-end, we made the decision to withdraw from switching power supplies and related businesses. This move will involve terminating production and sales of switching power supplies, inductors, transformers and soft ferrites. Despite a two-year effort to restructure these businesses, we were unable to sufficiently maximize our technological advantages in this field, preventing us from expanding sales of high value-added products. Accordingly, our decision to withdraw reflected our realization that a significant improvement in profitability was unlikely. In fiscal 2003, switching power supplies and related businesses generated sales of ¥11.6 billion and an operating loss of ¥2.3 billion. In fiscal 2004, we will continue to produce these items to complete delivery of outstanding orders and thus anticipate an operating loss of approximately ¥1.5 billion. Production is scheduled to cease in December 2003.

Speakers

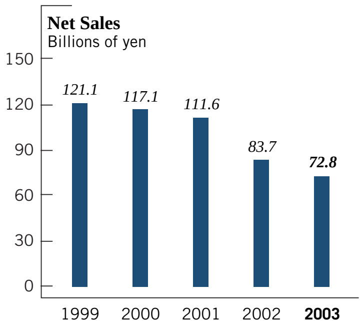
Lower sales to principal customers resulted in a decline in speaker sales in the period under review. In a bid to improve profitability, we closed Malaysian speaker box manufacturing and sales subsidiary Kuen Dar. In addition to promoting sales of middle- and high-grade speakers and PC speakers, we will step up expansion into new markets, including those for speakers for PDP and LCD televisions and cellular phones.

Measuring Components

Sales and operating income in this area remained level with fiscal 2002. In light of solid prospects for medium- and long-term growth in this area, we shifted production in Thailand from the Ayutthaya Plant to the Lop Buri Plant.

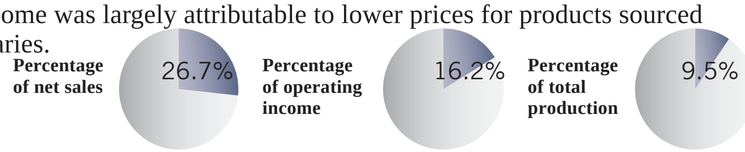
Performance by Region

Japan

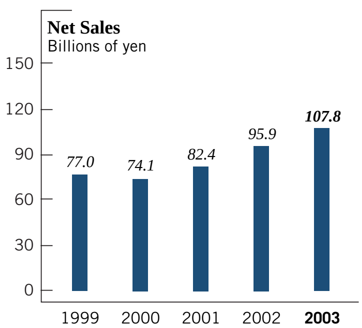


Net sales in Japan in fiscal 2003 fell 13.1%, or ¥10,950 million, from the previous period, to ¥72,755 million, and accounted for 26.7% of consolidated net sales. Domestic operating income increased 308.5%, or ¥2,366 million, to ¥3,133 million, or 16.2% of consolidated operating income. The value of domestic production was ¥25,738 million, equivalent to 9.5% of total production.

Our performance in Japan continued to reflect the shift by major customers to mass production bases in other parts of Asia. Sales declined despite an aggressive sales push to counter declining capital investment, flagging consumer spending and weak exports. The increase in operating income was largely attributable to lower prices for products sourced from overseas subsidiaries.

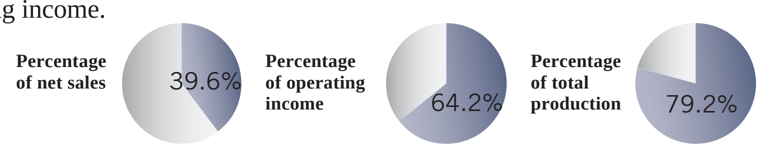


Asia (Excluding Japan)

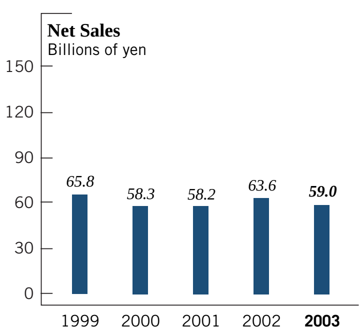


Net sales in Asia (excluding Japan) advanced 12.4%, or ¥11,905 million, to ¥107,789 million, equivalent to 39.6% of consolidated net sales. Operating income in the region totaled ¥12,418 million, down 28.6%, or ¥4,969 million, and represented 64.2% of consolidated operating income. The value of production was ¥215,680 million, and accounted for 79.2% of total production.

Sales gains in Asia (excluding Japan) continued to underscore this region's rising importance as a manufacturing base for PC and household electrical appliance manufacturers. The expansion of local production by these manufacturers has also heightened pricing competition, pushing down operating income.



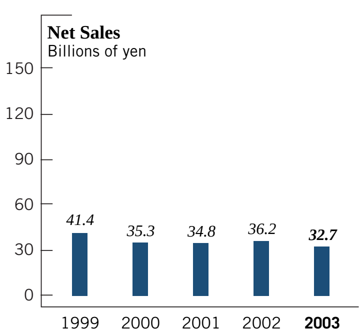
North and South America



Net sales in North and South America decreased 7.2%, or ¥4,571 million, to ¥58,998 million, and represented 21.7% of consolidated net sales. Operating income declined 5.6%, or ¥109 million, to ¥1,859 million, or 9.6% of consolidated operating income. The production value was ¥24,622 million, or 9.0% of total production.

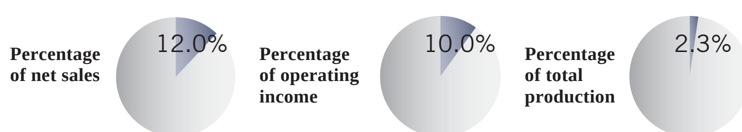
Falling sales in North and South America were largely the result of sagging conditions in the aerospace market on sales of related components, notably rod-end and spherical bearings, which offset firm sales of PC keyboards, speakers, fan motors and other electronic devices. Lower operating income reflected the decline in sales.

Europe



Net sales in Europe were down 9.7%, or ¥3,526 million, to ¥32,660 million, or 12.0% of consolidated net sales. In contrast, operating income rose 5.0%, or ¥920 million, to ¥1,942 million, equivalent to 10.0% of consolidated operating income. The production value was ¥6,162 million, equivalent to 2.3% of total production.

Sales results in Europe primarily reflected slowing economic growth in the region and the shift by major local customers to mass production bases in Asia. Expanded sales efforts supported stable gains for ball bearings and rod-end and spherical bearings, but sales of PC keyboards and other electronic devices were sluggish. Despite decreased sales, operating income rose.



Consolidated Balance Sheets

As of March 31, 2003 and 2002

Assets	Millions of yen 2003	Millions of yen 2002	Thousands of U.S. dollars (Note 3) 2003
Current Assets:			
Cash and cash equivalents (Note 2-c)	¥ 14,177	¥ 13,952	$ 117,945
Notes and accounts receivable (Notes 2-d and 4):			
Trade	54,085	51,281	449,958
Other	2,279	2,636	18,960
	56,364	53,917	468,918
Allowance for doubtful receivables (Note 2-d)	(469)	(501)	(3,902)
Total notes and accounts receivable	55,895	53,416	465,016
Inventories (Note 2-e)	43,204	49,887	359,434
Deferred tax assets (Note 6)	8,593	6,521	71,489
Prepaid expenses and other current assets	5,578	7,772	46,406
Total current assets	127,447	131,548	1,060,290
Property, Plant and Equipment (Note 2-f):			
Land	16,711	17,411	139,027
Buildings and structures	97,395	102,511	810,275
Machinery and/or transportation equipment	238,892	257,486	1,987,454
Construction in progress	438	1,351	3,644
	353,436	378,759	2,940,400
Accumulated depreciation	(190,476)	(195,321)	(1,584,659)
Net property, plant and equipment	162,960	183,438	1,355,741
Investments and Other Assets:			
Excess of cost over net assets acquired (Note 2-i)	12,837	14,595	106,797
Investments in affiliates (Notes 2-g and 4)	216	206	1,797
Investments in securities (Note 2-g)	3,766	5,524	31,331
Long-term loans receivable	188	269	1,564
Deferred tax assets (Note 6)	9,494	11,143	78,985
Other (Note 2-d)	3,644	3,537	30,316
	30,145	35,274	250,790
Allowance for doubtful receivables (Note 2-d)	(483)	(223)	(4,018)
Net investments and other assets	29,662	35,051	246,772
Total Assets	¥ 320,069	¥ 350,037	$ 2,662,803

The accompanying notes to consolidated financial statements are an integral part of these statements.

Liabilities and Shareholders' Equity	Millions of yen 2003	2002	Thousands of U.S. dollars (Note 3) 2003
Current Liabilities:			
Short-term loans payable (Note 5)	¥ 70,475	¥ 61,618	$ 586,314
Current portion of long-term debt (Note 5)	10,787	41,843	89,742
Notes and accounts payable (Note 4):			
Trade	24,025	26,115	199,875
Other	4,609	4,672	38,344
Total notes and accounts payable	28,634	30,787	238,219
Income taxes payable (Note 6)	2,662	4,162	22,146
Accrued expenses and other current liabilities	21,901	18,498	182,205
Total current liabilities	134,459	156,908	1,118,626
Long-Term Liabilities:			
Long-term debt (Note 5)	85,862	79,212	714,326
Other (Note 2-h)	1,266	1,089	10,532
Total long-term liabilities	87,128	80,301	724,858
Minority Interests in Consolidated Subsidiaries	269	96	2,238
Shareholders' Equity (Note 7):			
Common stock			
Authorized 1,000,000,000 shares			
Issued:			
March 31, 2003—399,167,695 shares			
March 31, 2002—399,167,695 shares	68,259	68,259	567,879
Capital reserve	94,757	94,757	788,328
Retained earnings	(454)	4,774	(3,777)
Difference on revaluation of other marketable securities	(37)	(1,719)	(308)
Foreign currency translation adjustments	(64,274)	(53,333)	(534,725)
	98,251	112,738	817,397
Treasury stock	(38)	(6)	(316)
Total shareholders' equity	98,213	112,732	817,081
Contingent Liabilities (Notes 9 and 10)			
Total Liabilities and Shareholders' Equity	¥320,069	¥350,037	$2,662,803

Consolidated Statements of Income

Years ended March 31, 2003, 2002 and 2001

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2003	2002	2001	**2003**
Net Sales (Note 4)	**¥272,202**	¥279,344	¥287,045	**$2,264,576**
Cost of Sales (Note 4)	**203,500**	206,061	202,928	**1,693,012**
Gross profit	**68,702**	73,283	84,117	**571,564**
Selling, General and Administrative Expenses (Note 2-i)	**49,350**	51,311	51,140	**410,566**
Operating income	**19,352**	21,972	32,977	**160,998**
Other Income (Expenses):				
Interest income	**243**	586	360	**2,022**
Equity in income (loss) of nonconsolidated subsidiaries and affiliates	**10**	(21)	4	**83**
Interest expense	**(4,765)**	(5,673)	(7,553)	**(39,642)**
Gains (losses) on sales of marketable securities, investment securities and investment securities in affiliates	**3**	(6)	5,215	**25**
Losses on revaluation of marketable and investment securities	**(4,945)**	(1,466)	—	**(41,140)**
Foreign currency exchange losses (Note 2-b)	**(506)**	(827)	(732)	**(4,210)**
Losses on disposals of inventories	**—**	(1,125)	(1,846)	**—**
Losses on sales and disposals of property, plant and equipment	**(712)**	(612)	(340)	**(5,924)**
Losses on liquidation of subsidiaries and affiliates	**(1,843)**	(937)	(1,943)	**(15,333)**
Losses on liquidation of switching power supplies and related businesses	**(3,144)**	—	—	**(26,156)**
Environment-related expenses incurred by U.S. subsidiaries	**(1,206)**	—	—	**(10,033)**
Other, net	**(1,992)**	1,058	(3,755)	**(16,572)**
	(18,857)	(9,023)	(10,590)	**(156,880)**
Income before Income Taxes	**495**	12,949	22,387	**4,118**
Income Taxes (Note 6):				
Current	**4,276**	4,919	4,160	**35,574**
Deferred (benefit)	**(1,370)**	2,711	3,296	**(11,398)**
	2,906	7,630	7,456	**24,176**
Minority Interests in Earnings of Consolidated Subsidiaries	**23**	21	105	**192**
Net Income (Loss)	**¥ (2,434)**	¥ 5,298	¥ 14,826	**$ (20,250)**

	Yen			U.S. dollars (Note 3)
Per Share Data (Note 8):				
Net income (loss):				
Primary	**¥(6.10)**	¥13.27	¥37.14	**$(0.05)**
Fully diluted	**(4.85)**	12.60	34.10	**(0.04)**
Cash dividends applicable to the year	**7.00**	7.00	7.00	**0.06**

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Shareholders' Equity

Years ended March 31, 2003, 2002 and 2001

Millions of yen

	Number of Shares of Common Stock	Common Stock	Capital Reserve	Legal Reserve (Note 7)	Retained Earnings (Note 7)	Difference on Revaluation of Other Marketable Securities	Foreign Currency Translation Adjustments	Treasury Stock
Balance at March 31, 2000	399,150,527	¥68,251	¥94,749	¥ —	¥ (8,641)	¥ —	¥ —	¥ (2)
Net income	—	—	—	—	14,826	—	—	—
Cash dividends	—	—	—	—	(2,794)	—	—	—
Bonuses to directors and corporate auditors	—	—	—	—	(122)	—	—	—
Transfer to legal reserve	—	—	—	292	(292)	—	—	—
Common stock issued on conversion of convertible bonds	17,168	8	8	—	—	—	—	—
Prior year tax effect adjustment	—	—	—	—	—	—	—	—
Other	—	—	—	(292)	326	(953)	(64,791)	1
Balance at March 31, 2001	399,167,695	68,259	94,757	—	3,303	(953)	(64,791)	(1)
Net income	—	—	—	—	5,298	—	—	—
Cash dividends	—	—	—	—	(2,794)	—	—	—
Bonuses to directors and corporate auditors	—	—	—	—	(66)	—	—	—
Transfer to legal reserve	—	—	—	—	—	—	—	—
Common stock issued on conversion of convertible bonds	—	—	—	—	—	—	—	—
Prior year tax effect adjustment	—	—	—	—	—	—	—	—
Other	—	—	—	—	(967)	(766)	11,458	(5)
Balance at March 31, 2002	**399,167,695**	**68,259**	**94,757**	—	**4,774**	**(1,719)**	**(53,333)**	**(6)**
Net income (loss)	—	—	—	—	**(2,434)**	—	—	—
Cash dividends	—	—	—	—	**(2,794)**	—	—	—
Bonuses to directors and corporate auditors	—	—	—	—	—	—	—	—
Transfer to legal reserve	—	—	—	—	—	—	—	—
Common stock issued on conversion of convertible bonds	—	—	—	—	—	—	—	—
Prior year tax effect adjustment	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	**1,682**	**(10,941)**	**(32)**
Balance at March 31, 2003	**399,167,695**	**¥68,259**	**¥94,757**	**¥ —**	**¥ (454)**	**¥ (37)**	**¥(64,274)**	**¥(38)**

Thousands of U.S. dollars (Note 3)

	Number of Shares of Common Stock	Common Stock	Capital Reserve	Legal Reserve (Note 7)	Retained Earnings (Note 7)	Difference on Revaluation of Other Marketable Securities	Foreign Currency Translation Adjustments	Treasury Stock
Balance at March 31, 2002	**399,167,695**	**$567,879**	**$788,328**	**$ —**	**$ 39,717**	**$(14,301)**	**$(443,702)**	**$ (50)**
Net income (loss)	—	—	—	—	**(20,250)**	—	—	—
Cash dividends	—	—	—	—	**(23,244)**	—	—	—
Bonuses to directors and corporate auditors	—	—	—	—	—	—	—	—
Transfer to legal reserve	—	—	—	—	—	—	—	—
Common stock issued on conversion of convertible bonds	—	—	—	—	—	—	—	—
Prior year tax effect adjustment	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	**13,993**	**(91,023)**	**(266)**
Balance at March 31, 2003	**399,167,695**	**$567,879**	**$788,328**	**$ —**	**$ (3,777)**	**$ (308)**	**$(534,725)**	**$(316)**

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Cash Flows

Years ended March 31, 2003, 2002 and 2001

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2003	2002	2001	**2003**
Cash Flows from Operating Activities:				
Income before income taxes	**¥ 495**	¥ 12,949	¥ 22,387	**$ 4,118**
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	**22,826**	24,385	22,149	**189,900**
Adjustment for consolidation	**1,189**	1,192	1,533	**9,892**
Interest and dividend income	**(292)**	(630)	(444)	**(2,429)**
Interest expense	**4,765**	5,673	7,553	**39,642**
Losses on sales and disposals of property, plant and equipment	**678**	365	234	**5,641**
Losses on liquidation of affiliates	**1,843**	937	1,943	**15,333**
(Increase) decrease in notes and accounts receivable	**(4,070)**	5,691	1,941	**(33,860)**
(Increase) decrease in inventories	**3,972**	5,711	(3,660)	**33,045**
Decrease in notes and accounts payable	**(1,585)**	(4,660)	(4,808)	**(13,186)**
Other adjustments	**11,732**	(8,609)	1,469	**97,603**
Total adjustments	**41,553**	43,004	50,297	**345,699**
Interest and dividends received	**266**	598	444	**2,213**
Accrued interest	**(5,087)**	(4,597)	(7,587)	**(42,321)**
Income tax payable	**(4,453)**	(4,988)	(3,621)	**(37,047)**
Other, net	**—**	—	(1,201)	**—**
Net cash provided by operating activities	**32,279**	34,017	38,332	**268,544**
Cash Flows from Investing Activities:				
Expenditure for purchase of property, plant and equipment	**(16,382)**	(26,245)	(39,877)	**(136,290)**
Proceeds from sales of property, plant and equipment	**662**	1,409	631	**5,507**
Expenditure for purchase of shares in subsidiaries	**—**	(53)	—	**—**
Proceeds from sales of shares in subsidiaries	**—**	0	5,215	**—**
Increase (decrease) in investments and advances	**78**	(19)	992	**649**
Other, net	**(591)**	562	(60)	**(4,916)**
Net cash used in investing activities	**(16,233)**	(24,346)	(33,099)	**(135,050)**
Cash Flows from Financing Activities:				
Repayment of long-term debt	**(12,663)**	(5,326)	(18,189)	**(105,349)**
Cash dividends paid	**(2,794)**	(2,794)	(2,794)	**(23,245)**
Cash dividends paid to minority shareholders	**—**	(31)	(27)	**—**
Other, net	**(14)**	(166)	3,872	**(116)**
Net cash used in financing activities	**(15,471)**	(8,317)	(17,138)	**(128,710)**
Effect of Exchange Rate Changes	**(350)**	668	(597)	**(2,912)**
Net increase (decrease) in cash and cash equivalents	**225**	2,022	(12,502)	**1,872**
Cash and Cash Equivalents at Beginning of Year	**13,952**	11,930	24,432	**116,073**
Cash and Cash Equivalents at End of Year	**¥ 14,177**	¥ 13,952	¥ 11,930	**$ 117,945**

The accompanying notes to consolidated financial statements are an integral part of these statements.

1. Basis of Presenting Financial Statements

The accompanying consolidated financial statements of Minebea Co., Ltd. (the "Company"), and its consolidated domestic and overseas subsidiaries are stated in Japanese yen, the accounts of which are maintained in accordance with generally accepted accounting principles in the respective countries and audited by independent auditors in those countries.

The accompanying consolidated financial statements have been prepared from the consolidated financial statements filed with the Ministry of Finance in Japan as required by the Securities and Exchange Law of Japan, in accordance with accounting principles and practices generally accepted in Japan, which may differ in some material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. For the purpose of this annual report, certain reclassifications have been made and additional information provided to present the accompanying consolidated financial statements in a format that is familiar to readers outside Japan.

2. Summary of Significant Accounting Policies

a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and all significant subsidiaries. All significant inter-company balances, intercompany transactions and unrealized profits have been eliminated in consolidation.

b) Translation of foreign currencies

Monetary assets and liabilities denominated in overseas currencies are translated into yen at the exchange rates prevailing at the balance sheet date, except for certain accounts that were hedged by forward exchange contracts. The resulting exchange losses and gains are charged or credited to income.

Financial statement items of consolidated overseas subsidiaries are translated into yen as follows:

Balance sheet items	Translated at the rates of exchange prevailing at the balance sheet date
Statement of income items	Translated at the average rate of exchange during the fiscal period

c) Cash equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered to be "cash equivalents."

d) Allowance for doubtful receivables

With respect to the Company and its consolidated domestic subsidiaries, an allowance for doubtful receivables is determined by adding the estimated uncollectible amounts to an amount calculated using a set provision rate. Such allowance of consolidated overseas subsidiaries is generally provided for in the amount required for known uncollectible receivables.

Allowance for doubtful receivables applicable to consolidated subsidiary receivables is eliminated on consolidation on the balances of the allowance as of 2003 and March 31, 2002, were sufficient to cover the estimated uncollectible receivables.

e) Inventories

Inventories of the Company and its consolidated domestic subsidiaries are stated primarily at the moving average cost, and those of its consolidated foreign subsidiaries are stated at the lower of first-in, first-out cost or market, or at the lower of moving average cost or market.

Inventories as of March 31, 2003 and 2002, comprised the following:

	Millions of yen		*Thousands of U.S. dollars*
	2003	2002	**2003**
Merchandise and finished goods	**¥21,740**	¥24,339	**$180,865**
Work in process	**9,688**	11,601	**80,599**
Raw materials	**8,843**	10,489	**73,569**
Supplies	**2,933**	3,458	**24,401**
	¥43,204	¥49,887	**$359,434**

f) Property, plant and equipment

Property, plant and equipment is stated at cost. Depreciation of plant and equipment of the Company and its consolidated domestic subsidiaries is computed on the declining balance method based upon the estimated useful lives of the assets, whereas depreciation of plant and equipment of consolidated foreign subsidiaries is computed primarily on the straight-line method based upon the estimated lives of the assets. Maintenance and normal repair expenses are charged against income as incurred, while major renewals and improvements are capitalized.

g) Investments in securities

Investments in securities consist of equity securities of listed and unlisted companies. Securities held by the Company or its subsidiaries with quoted market values are stated at the lower of cost or market, based on the market closing price on March 31, 2003. Resulting valuation gains and losses are included, after the application of tax accounting, in shareholders' equity in the consolidated balance sheets. Those stocks with no quoted market value are stated at cost by the moving average method.

The aggregate cost and market value of securities held by the Company and its consolidated domestic subsidiaries as of March 31, 2003, were as follows:

	Millions of yen
Aggregate cost:	
Current	**¥ —**
Noncurrent	**2,723**
	¥2,723
Aggregate market value:	
Current	**¥ —**
Noncurrent	**2,660**
	¥2,660

h) Accounting for retirement benefits

On April 1, 2000, the Company and its consolidated subsidiaries adopted new accounting standards for retirement benefits. To facilitate the payment of retirement benefits to employees, the Company makes provisions based on the estimated total benefit payments and pension plan assets as of March 31, 2003. The adoption of new accounting standards generated a shortfall in provisions of ¥3,134 million, which will be written off over five years and included as an extraordinary expense in other income (expenses).

Actuarial gains/losses are amortized using the straight-line method over the average remaining service period of employees (5–15 years), from the period subsequent to the period which they are incurred.

Certain of the Company's overseas subsidiaries provide for retirement allowances for employees using defined-benefit pension plans.

i) Excess of cost over net assets acquired

Excess of cost over net assets acquired for business acquisitions was amortized, amounting to ¥1,189 million in fiscal 2003 and ¥1,192 million in fiscal 2002, respectively, on a straight-line basis over a period ranging from five to 40 years.

j) Reclassifications

Certain amounts in the shareholders' equity section of prior years' balance sheets have been reclassified to conform with the fiscal 2003 presentation.

3. Translation into U.S. Dollars

The accompanying financial statements are expressed in Japanese yen and, solely for the convenience of the reader, have also been translated into U.S. dollar amounts at the rate of ¥120.20=US$1, the approximate rate of exchange on March 31, 2003. The translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars.

4. Investments in Affiliates

Summarized financial information for all affiliates as of March 31, 2003 and 2002, and for the years then ended, is as follows:

	Millions of yen		*Thousands of U.S. dollars*
Financial Position	**2003**	2002	**2003**
Assets:			
Current assets	**¥ 664**	¥ 726	**$5,524**
Other assets, including property, plant and equipment	**483**	157	**4,018**
	¥1,147	¥ 883	**$9,542**
Liabilities and shareholders' equity:			
Current liabilities	**¥ 294**	¥ 254	**$2,446**
Long-term liabilities	**205**	11	**1,705**
Shareholders' equity	**648**	618	**5,391**
	¥1,147	¥ 883	**$9,542**

Operations	Millions of yen 2003	2002	Thousands of U.S. dollars 2003
Net sales	¥1,052	¥1,903	$8,752
Cost and expenses	1,019	1,922	8,478
Net income (loss)	¥ 33	¥ (19)	$ 274

Summarized below are the significant transactions of the Company and its consolidated subsidiaries with affiliates for the years ended March 31, 2003 and 2002, and the related account balances as of March 31, 2003 and 2002:

	Millions of yen 2003	2002	Thousands of U.S. dollars 2003
Transactions:			
Sales	¥276	¥239	$2,296
Purchases	0	2	3
Account balances:			
Notes and accounts receivable	53	25	441
Notes and accounts payable	—	1	—

5. Short-Term Loans and Long-Term Debt

Short-term loans outstanding consist of notes payable to banks and commercial paper, principally due in 30 to 180 days. The average annual interest rates for short-term loans were 1.6% and 2.8% for the years ended March 31, 2003 and 2002, respectively. The rate for commercial paper was 0.07%.

The aggregate annual maturities of long-term debt outstanding as of March 31, 2003, are as follows:

	Millions of yen	Thousands of U.S. dollars
2004	¥10,787	$ 89,742
2005	44,574	370,832
2006	5,288	43,993
2007	8,000	66,556
2008 and thereafter	28,000	232,945

The following is a summary of terms of conversion and redemption of convertible bonds and exercise of warrants:

	Exercise or conversion price per share of common stock as of March 31, 2003	*Exchange rate applicable upon conversion*	*Exercise of warrants or redemption at the option of the Company*
0.65% unsecured convertible bonds payable in Japanese yen due 2005	¥ 972.00	—	On or after April 1, 2002, at 103% to 100% of principal amount
1.55% unsecured bonds with warrants payable in Japanese yen due 2005	¥1,350.00	—	Exercisable into common stock between May 20, 2003 and September 30, 2005

Note: Exercise or conversion prices are subject to adjustments in certain events such as stock dividends, free share distributions and combinations or reclassifications of the common stock. If all outstanding bonds, notes and warrants were converted or exercised as of March 31, 2003, 30,820,369 shares of common stock would have been issued.

Long-term debt as of March 31, 2003 and 2002, consisted of the following:

	Millions of yen		*Thousands of U.S. dollars*
	2003	2002	**2003**
0.8% unsecured convertible bonds payable in Japanese yen due 2003	**¥ —**	¥ 13,823	**$ —**
0.65% unsecured convertible bonds payable in Japanese yen due 2005	**27,080**	27,080	**225,291**
2.85% unsecured bonds payable in Japanese yen due 2005	**10,000**	10,000	**83,195**
3.0% unsecured bonds payable in Japanese yen due 2008	**15,000**	15,000	**124,792**
2.0% unsecured bonds payable in Japanese yen due 2003	**10,000**	10,000	**83,195**
0.655% unsecured bonds payable in Japanese yen due 2007	**3,000**	—	**24,958**
1.55% unsecured bonds with warrants payable in Japanese yen due 2005	**4,000**	4,000	**33,278**
0.4% to 7.6% loans from banks, other	**27,569**	41,152	**229,359**
	96,649	121,055	**804,068**
Less current portion	**10,787**	41,843	**89,742**
	¥85,862	¥ 79,212	**$714,326**

6. Income Taxes

The Company and its consolidated domestic subsidiaries are subject to a number of different taxes based on income, which in the aggregate indicate an effective statutory rate of 40% for fiscal 2003 and 2002. Owing to a revision to the Local Tax Law introducing a factor-based system of corporate enterprise taxes effective from the fiscal year beginning April 1, 2004, the standard tax rate used for deferred tax assets and deferred tax liabilities herein is 39% for the fiscal year ended March 31, 2003, and 40% for the fiscal year ended March 31, 2002.

The income taxes of consolidated overseas subsidiaries are generally levied at lower rates than those currently applied in Japan. In addition, consolidated subsidiaries in Thailand are granted a status by the Promotion of Investment Act, whereby earnings derived from the manufacture or sale of qualifying products are fully exempt from Thai income tax for a period of three to eight years.

Also, a consolidated subsidiary in China is granted a status by the Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises, whereby it is exempted from income tax for two years starting from the year in which it begins to make profits, subject to 13.5% income tax rate for the following three years and after that subject to 27% income tax rate.

Provision (credit) has been made for deferred (prepaid) income taxes attributable to timing differences between recognition of income and expenses for financial reporting purposes for the Company's overseas subsidiaries. The income tax effect of these differences is not recognized for the Company and its domestic subsidiaries. However, in fiscal 2000 the Company and consolidated domestic subsidiaries recognized the timing difference because of the adoption of tax effect accounting in Japan. This income tax effect is recognized for timing differences resulting from elimination of inter-company profit and certain adjustments made in the accompanying consolidated financial statements.

The aggregate deferred (prepaid) income taxes of ¥18,087 million and ¥17,664 million as of March 31, 2003 and 2002, respectively, are included in deferred tax assets of current assets and investments and other assets in the accompanying consolidated balance sheets.

7. Shareholders' Equity

The Japanese Commercial Code provides that an amount equivalent to at least 10% of appropriation of retained earnings paid with respect to each financial period be appropriated to the legal reserve until such reserve equals 25% of the common stock. The legal reserve may be used to reduce a deficit or be transferred to the common stock account through suitable shareholder and/or director action. The capital surplus and legal reserve may also be drawn down up to an amount that equals 25% of the common stock. Owing to a change in consolidated accounting procedures in Japan, this reserve has been included in retained earnings (deficit) since fiscal 2003.

Appropriation of retained earnings with respect to cash dividends, bonuses to directors and corporate auditors, and transfer to the legal reserve are subject to the approval of the general shareholders' meeting. The accompanying consolidated financial statements reflect appropriations approved by shareholders subsequent to the fiscal years ended March 31, 2003 and 2002, respectively.

8. Per Share Data

Dividends per share shown in the consolidated statements of income have been presented on an accrual basis and include, in each fiscal year, dividends approved or to be approved after the fiscal year-end but applicable to the fiscal year.

Primary net income per share is based on the weighted average number of shares of common stock outstanding during the respective years.

Fully diluted net income per share is computed using the weighted average number of shares of common stock outstanding increased by the number of shares that would result from the conversion of all outstanding convertible bonds, the conversion of which would have a dilutive effect on net income per share. In calculating fully diluted net income per share, net income is adjusted, net of income taxes, by interest expense on the convertible bonds when such bonds are dilutive.

The number of shares used in calculating net income per share for the years ended March 31, 2003 and 2002, was as follows:

	Thousands of U.S. dollars	
	2003	2002
Primary	**$399,131**	$399,165
Fully diluted	**443,216**	443,249

9. Litigation

As of March 31, 2003, there are no material claims outstanding or threatened against the Company or its consolidated subsidiaries.

10. Contingent Liabilities

The Company and its consolidated subsidiaries had no contingent liabilities as of March 31, 2003.

11. Segment Information

Minebea classifies its operations into two business segments: machined components, which includes bearings and bearing-related products, notably ball bearings, rod-end and spherical bearings and pivot assemblies, as well as other machined components, such as fasteners, and special machined components; and electronic devices and components, encompassing rotary components and other electronic devices and components, primarily PC keyboards, speakers, FDD subassemblies and switching power supplies.

The following table presents certain information regarding the Company's performance by business segment at March 31, 2003, and for the year then ended:

Performance by Business Segment in Fiscal 2003

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**

Performance by Business Segment in Fiscal 2002

Millions of yen

Year ended March 31, 2002	*Machined Components*	*Electronic Devices and Components*	*Consumer Business and Others*	*Total before Eliminations*	*Eliminations*	*Total*
Sales to external customers	¥122,025	¥156,303	¥1,016	¥279,344	¥ —	¥279,344
Internal sales	8,336	—	—	8,336	(8,336)	—
Total sales	130,361	156,303	1,016	287,680	(8,336)	279,344
Operating expenses	108,226	156,466	1,016	265,708	(8,336)	257,372
Operating income (loss)	22,135	(163)	(0)	21,972	—	21,972
Assets	205,920	231,806	745	438,471	(88,434)	350,037
Depreciation and amortization	9,489	14,891	5	24,385	—	24,385
Capital expenditure	7,963	18,485	5	26,453	—	26,453

The following tables present certain information regarding the Company's performance by region at March 31, 2003 and 2002, and for the years then ended:

Performance by Region in Fiscal 2003

Millions of yen

Year ended March 31, 2003	*Japan*	*Asia (excluding Japan)*	*North and South America*	*Europe*	*Total before Eliminations*	*Eliminations*	*Total*
Sales to external customers	**¥ 72,755**	**¥107,789**	**¥58,998**	**¥32,660**	**¥272,202**	**¥ —**	**¥272,202**
Internal sales	**110,133**	**101,269**	**2,613**	**3,306**	**217,321**	**(217,321)**	**—**
Total sales	**182,888**	**209,058**	**61,611**	**35,966**	**489,523**	**(217,321)**	**272,202**
Operating expenses	**179,755**	**196,640**	**59,752**	**34,024**	**470,171**	**(217,321)**	**252,850**
Operating income	**3,133**	**12,418**	**1,859**	**1,942**	**19,352**	**—**	**19,352**
Assets	**175,917**	**185,397**	**37,064**	**20,528**	**418,906**	**(98,837)**	**320,069**

Performance by Region in Fiscal 2002

Millions of yen

Year ended March 31, 2002	*Japan*	*Asia (excluding Japan)*	*North and South America*	*Europe*	*Total before Eliminations*	*Eliminations*	*Total*
Sales to external customers	¥ 83,705	¥ 95,884	¥63,569	¥36,186	¥279,344	¥ —	¥279,344
Internal sales	92,865	107,444	3,508	4,549	208,366	(208,366)	—
Total sales	176,570	203,328	67,077	40,735	487,710	(208,366)	279,344
Operating expenses	175,803	185,941	65,109	38,885	465,738	(208,366)	257,372
Operating income	767	17,387	1,968	1,850	21,972	—	21,972
Assets	195,305	201,541	38,088	25,194	460,128	(110,091)	350,037

The following tables present certain information regarding the Company's overseas sales for the years ended March 31, 2003 and 2002:

Overseas Sales in Fiscal 2003

Year ended March 31, 2003	*To Asia (excluding Japan)*	*To North and South America*	*To Europe*	*Total*
				Millions of yen
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%**

Overseas Sales in Fiscal 2002

Year ended March 31, 2002	*To Asia (excluding Japan)*	*To North and South America*	*To Europe*	*Total*
				Millions of yen
Overseas sales	¥96,758	¥60,733	¥38,832	¥196,323
Total sales				¥279,344
Percentage of total sales	34.6%	21.8%	13.9%	70.3%

12. Subsequent Event

Offer of Voluntary Retirement Package

At a meeting of its Board of Directors on June 19, 2003, Minebea resolved to offer a voluntary retirement package, as follows:

Reasons for offer of voluntary retirement package

On April 10, 2003, Minebea announced its decision to discontinue and withdraw from switching power supplies and related businesses. As a consequence, the Company is seeking to optimize the number of employees at the Hamamatsu Manufacturing Unit, thereby streamlining its operations and enhancing efficiency. The Company is also seeking to reduce fixed costs in its domestic sales operations by reducing surplus manpower.

Eligibility for package

Eligible employees:	Full-time employees of the Hamamatsu Manufacturing Unit (including the consolidated subsidiary Minebea Electronics Co., Ltd.) and employees in domestic sales
Number to whom packages will be offered:	Approximately 170
Application period:	July 15–July 31, 2003
Retirement date:	August 20, 2003
Other:	In addition to its prescribed retirement pay, the Company will provide extra allowances. The Company will also provide placement services to interested employees.

Impact of offer

If the number of applications for this voluntary retirement package are in line with its projections, the Company expects to incur an extraordinary loss of approximately ¥400 million in fiscal 2004.

The Board of Directors
Minebea Co., Ltd.

We have examined the consolidated balance sheets of Minebea Co., Ltd., and its consolidated subsidiaries as of March 31, 2003 and 2002, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended March 31, 2003, all expressed in Japanese yen. Our examinations were made in accordance with generally accepted auditing standards in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of Minebea Co., Ltd., and its consolidated subsidiaries as of March 31, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2003, in conformity with accounting principles generally accepted in Japan.

The accompanying consolidated financial statements as of and for the year ended March 31, 2003, have been translated into U.S. dollars for convenience only. In our opinion, this translation has been made on the basis set forth in Note 3 of the notes to consolidated financial statements.

Tokyo, Japan
June 27, 2003

Shin Nihon & Co.

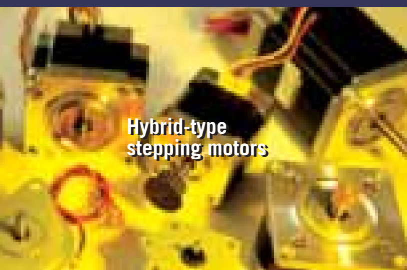
Shin Nihon & Co.
Certified Public Accountants

See Note 1 to the consolidated financial statements, which explains the basis of preparing the consolidated financial statements of Minebea Co., Ltd., under Japanese accounting principles and practices.

Minebea Up Close

Electronic Devices and Components
Rotary Components


HDD spindle motors

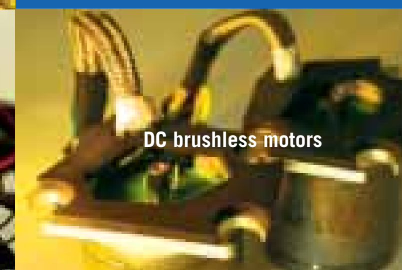

Hybrid-type stepping motors

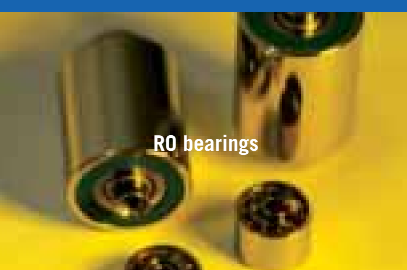

PM-type stepping motors

Machined Components
Bearings and Bearing-Related Products


Ball bearings

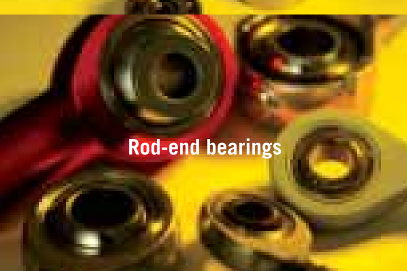

Fan motors

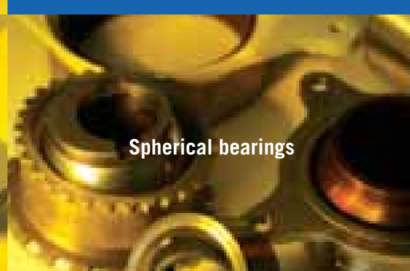

DC brushless motors


RO bearings


Pivot assemblies


VR resolvers


Rod-end bearings


Spherical bearings

Other Electronic Devices and Components


PC keyboards


Journal bearings


Roller bearings


Speakers


Lighting devices for LCDs

Other Machined Components


Fasteners


HDD drive subassemblies


Magnetic clutches and brakes


Measuring components (strain gauges, load cells)

Principal Products

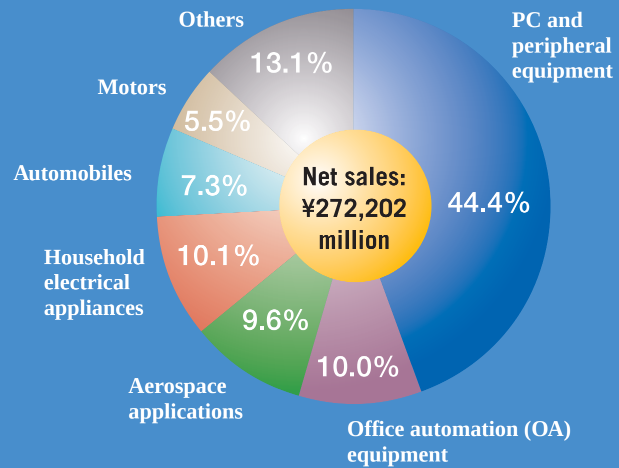
Applications

Minebea is the world's largest manufacturer of small ball bearings, up to 22mm in external diameter, and has a global market share in excess of 60%. The Company also manufactures a broad range of small motors and other electronic components for which it also enjoys a significant competitive advantage.

Bearings, the core product group in Minebea's Machined Components business segment encompasses standard ball bearings; integrated-shaft ball bearings and RO bearings, for high-end applications; and fluid dynamic bearings, which deliver outstanding quietness and robustness. The Company is positioned to respond swiftly and accurately to customers' needs for quality, manufacturing costs and supply for all of these products. Minebea is also a leading global manufacturer of bearings for highly demanding applications, such as rod-end and spherical bearings, which are used primarily by the aerospace industry.

In addition to mainstay HDD spindle motors, Minebea's Electronic Devices and Components business segment includes fan motors and stepping motors, which maximize the ultraprecision machining and mass production technologies Minebea has accumulated as a manufacturer of small bearings and have given the Company outstanding competitiveness in the electronics market. This competitiveness is also evident in other products in this segment, including PC keyboards and measuring components.

Sales by Application
For the year ended March 31, 2003



Miniature and Small-Sized Ball Bearings

Each ball bearing comprises an outer ring, inner ring, balls, retainers, shields and snap rings. Essential to high-precision motors and other rotary components, ball bearings determine rotational accuracy. The average motor contains two ball bearings. Minebea manufactures more than 8,500 different types of miniature and small-sized ball bearings, most of which have external diameters of 22mm or less.

RO Bearings

RO bearings are high-precision bearings developed by Minebea for use in HDD spindle motors. Each RO bearing features two raceways on the inside of the outer ring and one each on the shaft and the inner ring fitted on the shaft, essentially combining the functions of two bearings in one. In addition to preventing misalignment and minimizing Non-Repeatable Run Out (NRRO), RO bearings facilitate more compact motor designs.

Fluid Dynamic Bearings

In a fluid dynamic bearing, a thin layer of oil or other lubricant is injected between the shaft and sleeve. The structure of the bearing features a rotating shaft, which generates a hydrodynamic force, causing the shaft to float. The noncontact construction of this bearing makes it particularly suited for improving rotational accuracy and enhancing quietness and robustness. The ultraprecision machining and mass production technologies Minebea has cultivated as a manufacturer of ball bearings also ensure a sharp competitive edge in terms of quality and manufacturing costs of fluid dynamic bearings.

Integral-Shaft Ball Bearings

An integral-shaft ball bearing has two raceways on the shaft, allowing the integration of the inner ring and shaft of two ball bearings. This facilitates more precise rotation than is possible with two independent ball bearings, making integrated-shaft ball bearings particularly suited to applications such as cylinder units for video cameras.

Pivot Assemblies

Pivot assemblies are fitted into the base of actuators to position HDD magnetic heads. Minebea enjoys the top share of the global market for these components. Standard pivot assemblies combine one or two ball bearings between a shaft and a graded sleeve.

Journal Bearings

Journal bearings are used in helicopters, primarily in the main rotor axes, and landing gear for fixed wing aircraft.

Rod-End Bearings

Used in aircraft components, such as wing flaps, engine and wing mounts and hatches, rod-end bearings function as joints. These bearings are also used extensively in helicopters, trains and automobiles.

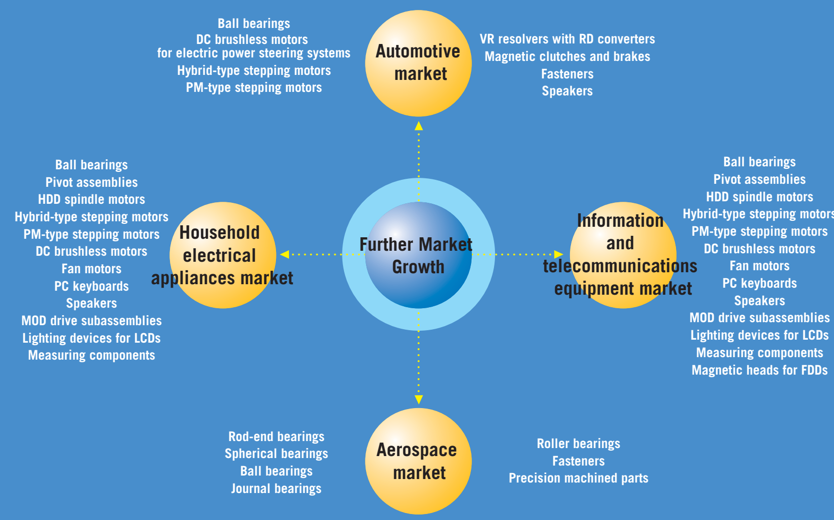
Precision Machined Parts

These parts combine bearings and other machined components and are used primarily to join aircraft parts together.

Markets

When Minebea started out, it primarily supplied bearings for use in aircraft instruments and dental handpieces. The advent of the videocassette recorder (VCR) in the 1970s, OA equipment in the 1980s and PCs and information and telecommunications equipment in the 1990s, however, spurred market expansion and demands for ever-higher performance, a trend that boosted demand for Minebea's ball bearings, small motors and other ultraprecision components.

In addition to continued growth, these markets are expected to see demand rise for products that offer increased energy efficiency, safety and convenience. Accordingly, demand for precision motors and control sensors is rising, particularly from manufacturers of automobiles, information and telecommunications equipment—such as cellular phones and mobile devices—and digital household electrical appliances. Accordingly, Minebea expects new opportunities to maximize the competitive edge afforded by its ultraprecision machining and mass production technologies to enhance its responsiveness and cultivate customers in these important markets.



Hybrid-Type Stepping Motors

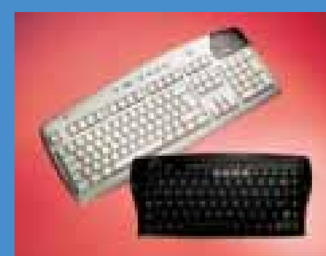
PM-Type Stepping Motors

These motors rotate at fixed angles by digitally controlled electronic pulses and are used in the paper-feeding devices of printers, copy machines, facsimiles and similar equipment. Hybrid-type stepping motors combine a rotor with a permanent magnet (PM) and a magnetic body and use ball bearings. PM-type stepping motors use a PM as a rotor and contain no ball bearings.

Fan Motors

Fan motors are used to cool the inside of PCs and other OA equipment by directing heat outside. In September 2002, Minebea concluded a strategic joint development and consignment production agreement with Matsushita Electric Industrial Co., Ltd. The integration of the two companies' technologies will facilitate the development of high-performance and highly cost-competitive fan motors.

PC Keyboards



Frames, key switches, membrane sheets and other key components are manufactured in-house. Minebea supplies keyboards on an OEM basis to leading global PC manufacturers for use in desktop and notebook PCs. The Company also markets multimedia keyboards under its own brand name.

HDD Spindle Motors

HDD Spindle Motors with Fluid Dynamic Bearings

HDD spindle motors are what cause the disks in HDDs to rotate. The precision of HDD spindle motors determines the capacity and speed of HDDs, making these components critical to HDD performance. Accordingly, HDD spindle motors must offer superior performance in terms of rotational speed and low NRRO. Minebea manufactures ball bearings, including RO bearings, and fluid dynamic bearings for HDD spindle motors in-house, giving it a sharp competitive edge in this key market.

Lighting Devices for LCDs

Minebea manufactures lighting devices for LCDs used in cellular telephones, personal digital assistants (PDAs) and other applications. These lighting devices involve front and back lights, both of which comprise white light-emitting diode (LED) chips with micro-order prisms, facilitating unparalleled brightness and quality.

Speakers/Speaker Boxes

Minebea capitalizes on its pressing and plastic injection-molding technologies to manufacture speakers. Speakers are also fitted into speaker boxes and supplied as units to leading global audio equipment manufacturers on an OEM basis.

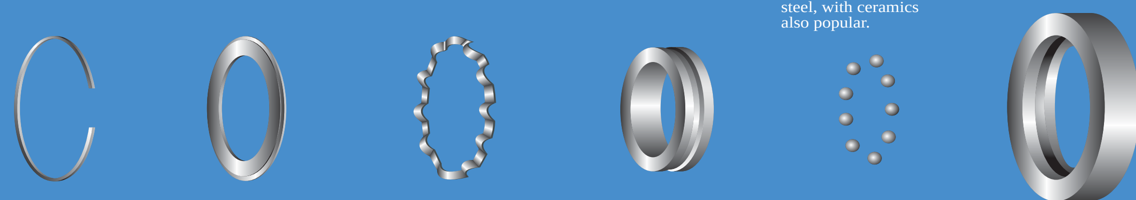
Minebea's Core Competencies

Ultraprecision Machining Technologies

Miniature and Small-Sized Ball Bearings: The Origin of Minebea's Ultraprecision Machining Technologies
The raceway roundness of the inner and outer rings for ultraprecision ball bearings manufactured by Minebea for use in applications requiring high precision, such as VCR cylinders and pivot assemblies for HDDs, is less than 0.05 micron. One micron is 1/1,000th of one millimeter—a particle of cigarette smoke is between 0.01 mm and 1.0 micron. Minebea's ability to mass produce ultraprecision machined products is the root of its competitive advantage.

An approach to production that ensures consistently superior-quality products from Minebea's 10 mass production bases worldwide

Snap Rings	Shields	Retainers	Inner Rings	Balls	Outer rings
Snap rings are C-shaped steel wires used to affix metal shields to outer rings.	Shields are fitted onto outer rings to prevent foreign matter and dirt from penetrating and lubricants from escaping. Materials commonly used to manufacture shields include metal, rubber and resin.	Retainers are used to separate the balls housed between the inner and outer rings and keep them in place within the raceway. Retainers are usually made of metal or resin.	The inner ring has a raceway on the outside in which the balls roll. Inner rings are made from chrome or stainless steel.	Balls—usually between five and 13, although the number varies depending on the type and size of bearing—are housed between the inner and outer rings. The most prevalent materials are chrome and stainless steel, with ceramics also popular.	The outer ring of a ball bearing has a raceway on the inside, in which the balls roll, and grooves on the top and bottom which hold protective shields. Outer rings are made from the same materials as inner rings.



Pressing	Pressing	Pressing	Cutting ↓ Heat treatment ↓ Grinding ↓ Super finishing	Cold forging ↓ Polishing ↓ Super finishing	Cutting ↓ Heat treatment ↓ Grinding ↓ Super finishing

Ultraprecision machining technologies and mass production of superior-quality products
The level of precision in each ball bearing production process is an essential factor in determining the quality of the finished product. Minebea conducts all processes in-house, as well as manufactures the dies, jigs, tools and production and assembly equipment used therein. This ensures consistently superior-quality products from Minebea's 10 mass production bases worldwide.

A global network of ball bearing production facilities

Vertically Integrated Manufacturing System

Minebea's vertically integrated manufacturing system maximizes its ultraprecision machining technologies

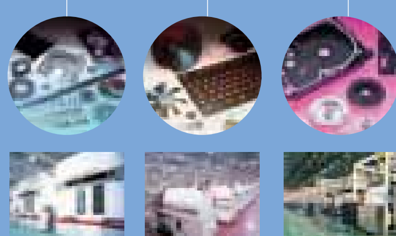
The level of precision in each production process is an essential factor in determining the quality of the finished product. Minebea's vertically integrated manufacturing system enables it to conduct all processes in-house—design and development; manufacture and maintenance of dies; production of pressed, plastic-injection molded, diecast and machined parts and ferrites; and final assembly. This system facilitates mass production of Minebea's ultraprecision components.

Vertically Integrated Manufacturing System

Assembly and testing

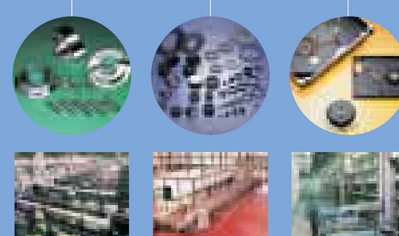
● Assembly and Testing

Minebea has installed large-scale automated assembly lines at its mass production bases worldwide. For ball bearings, in particular, Minebea designs, develops and manufactures all equipment used in its assembly lines at its parent plants in Japan, thereby ensuring a stable supply of superior-quality mass-produced products.



Pressing Plastic-injection molding Diecasting

In-house production of parts



Machining Magnet formation Surface treatment

Production of dies, jigs and tools

● Dies

Minebea designs and manufactures its own dies, facilitating in-house production of pressed, plastic-injection molded and diecast parts. Minebea also produces its own jigs and tools, enabling it to ensure dies are serviced and maintained to its highly exacting standards.

Development of products

Development of materials

Development of mass production technologies

Development of dies, jigs and tools

Development of maintenance technologies

Development, design, analysis and quality control

● Development

Minebea's parent plants in Japan and subsidiary PMDM in Germany are in charge of product design and development. As well, R&D centers located within Minebea's mass production bases in Thailand and Singapore conduct chemical analysis, cleanliness evaluation and environmental testing of products.

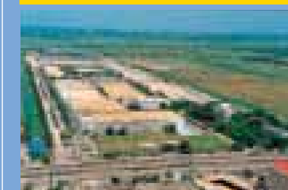
Mass Production Technologies

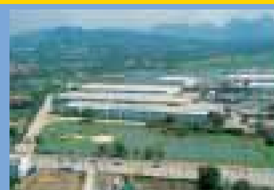
Minebea's vertically integrated manufacturing system facilitates the use of its mass production technologies

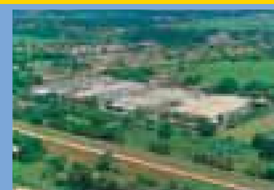
Responding swiftly and effectively to the increasingly diverse needs of customers requires unparalleled superiority in terms of supply capabilities and manufacturing costs. All of Minebea's mass production facilities worldwide operate under the same vertically integrated manufacturing system. Productive, organic links between facilities—especially those in Thailand, China and Singapore, which account for approximately 80% of the Minebea Group's production, the parent plant in Japan and global R&D bases—ensure the effective integration of Minebea's vertically integrated manufacturing system and mass production technologies.

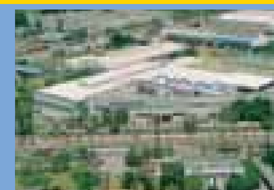
Mass Production Facilities

Thailand



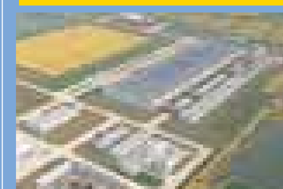


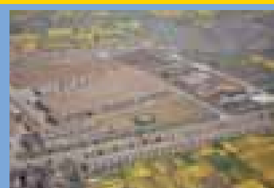




Vertically integrated production of ball bearings, small motors, PC keyboards and other products; accounts for approximately 60% of the Minebea Group's production and is its largest mass production facility

China





Vertically integrated production of ball bearings, fan motors and measuring components; the Minebea Group's latest and most advanced plant

Singapore

Vertically integrated production of ball bearings; the Minebea Group's first mass production facility overseas

R&D Facilities

Thai R&D Center

Analysis of HDD-related and other products

Motor Development Technology Center (Germany)

Design and development of small motors

Technical Center (U.S.A)

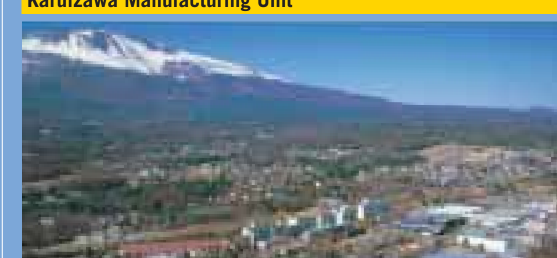
Quality evaluation and testing of ball bearings and other components for automotive applications

European Electronics Technology Center (Germany)

Development of electronics technologies and related products

Parent Plants

Karuizawa Manufacturing Unit



Hamamatsu Manufacturing Unit

Research and Development

Minebea has established four R&D bases worldwide to, respectively, promote the development of intellectual assets—a key to competitiveness; facilitate the sharing and use of these assets within the Group; enable a smooth transition from development to mass production; and conduct forward-looking R&D. Recently, Minebea absorbed its R&D Headquarters into the newly established Engineering Headquarters, a step that will reinforce technology sharing among Minebea Group companies, encourage forward-looking R&D—contributing to the cultivation of new core competencies—and strengthen coordination between R&D and production groups.

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Bearing-Related Products, Small Motors

Precision Motors Deutsche Minebea GmbH (Germany)

HDD spindle motors and other small motors

- Product development
- Engineering
- Production of prototypes
- Quality evaluation

R&D Centers (Thailand and Singapore)

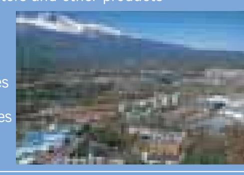
Ball bearings, fluid dynamic bearings, pivot assemblies, HDD spindle motors, hybrid-type stepping motors, fan motors and other products

- Quality evaluation
- Cleanliness evaluation/ management
- Development, production and evaluation/ management of lubricants

Karuizawa Manufacturing Unit (Japan)

Ball bearings, fluid dynamic bearings, rod-end and spherical bearings, pivot assemblies, HDD spindle motors, hybrid-type stepping motors, fan motors and other products

- Product development
- Engineering
- Development of production technologies (mass production)
- Production of prototypes
- Quality evaluation



NMB Technologies Corporation Technical Center (USA)

Ball bearings, motors and other products

- Quality evaluation for automotive components

New Hampshire Ball Bearings, Inc. (USA)

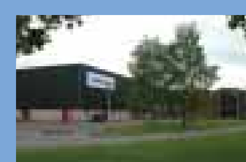
Rod-end and spherical bearings

- Product development
- Engineering
- Quality evaluation

NMB-Minebea UK Ltd. (United Kingdom)

Rod-end and spherical bearings

- Product development
- Engineering
- Quality evaluatoin



Electronic Components

Hamamatsu Manufacturing Unit (Japan)

PM stepping motors, DC brushless motors, DC spindle motors, MOD drive subassemblies, magnetic heads for FDDs, lighting devices

- Product development
- Development of magnets and other materials
- Engineering
- Development of production technologies (production of prototypes)

PC Keyboards

NMB Technologies Corporation (USA)

PC keyboards

- Quality evaluation

Mechatronics Division (Japan)

PC keyboards

- Product development
- Engineering
- Quality evaluation

Development of Electronics Technologies and Related Products

European Electronics Technology Center (Germany)

Speakers

Minebea Technologies Taiwan Co., Ltd. (Taiwan, China)

Speaker boxes

- Engineering
- Production of prototypes

Speaker Division (Japan)

Speakers

- Product development
- Engineering
- Quality evaluation

Measuring Components

Measuring Components Division (Japan)

Strain gauges, load cells and other measuring components

- Product development
- Engineering
- Production of prototypes
- Quality evaluation

Fasteners

Fujisawa Manufacturing Unit (Japan)

Fasteners

- Product development
- Engineering
- Quality evaluation

Defense-Related Special Parts

Omori Manufacturing Unit (Japan)

Defense-related special parts

- Product development
- Engineering
- Quality evaluation

Protecting the Environment

Minebea has always placed a high priority on environmental protection and continues to take steps to enhance the environmental soundness of its operations worldwide, thereby ensuring that its facilities are welcomed by local communities. All of the Company's manufacturing facilities have obtained ISO 14001 certification, the International Organization for Standardization's standard for environmental management systems.

1991 | 7
Minebea organizes the Anti-CFC Committee with the aim of phasing out the use of specified chlorofluorocarbons (CFCs) and ethane as cleaning agents.

1992 | 3
Minebea represents Japanese corporations in Thailand at the Japan–U.S. Stratospheric Ozone Protection Conference, where it displays a proprietary washing technology that uses purified and deoxidized water rather than specified CFCs or ethane.

1993 | 4
Minebea becomes the first bearing manufacturer in the world to completely eliminate specified CFCs and ethane from all production processes.

(Note: Minebea installed its water-based washing system at all of its plants, at a total cost of ¥5.0 billion, enabling it to terminate use of approximately 145 tons of specified CFCs and 325 tons of ethane monthly worldwide.)

The Anti-CFC Committee is replaced by the Environmental Protection Committee.

| 7
Minebea displays its water-based washing technology at the Ozone Layer Protection Seminar, sponsored by Japan's Ministry of International Trade and Industry (the present Ministry of Economy, Trade and Industry).

| 8
Minebea formulates its own "Charter for Environmental Protection."

| 10
Minebea's Thai subsidiaries and the parent company receive the Stratospheric Ozone Protection Award from the U.S. Environmental Protection Agency (EPA).


Stratospheric Ozone Protection Award

1995 | 10
Goro Ogino, then president of Minebea, receives the U.S. EPA's Stratospheric Ozone Protection Award for individuals.

1996 | 4
Minebea Electronics & Hi-Tech Components (Shanghai) Ltd. establishes the Shanghai–Minebea Environmental Protection Fund, aimed at protecting the quality of the water in Lake Daishan-hu and the lake's surrounding environment, becoming the first foreign-capitalized company in Shanghai to establish an environmental protection fund. (As of June 2003, the fund is Rmb 11.0 million, approximately US$1.3 million.)

| 7
Minebea finalizes plans to obtain ISO 14001 certification, the ISO's standard for environmental management systems, at all its plants and begins construction of an environmental management system.

1997 | 4
The Karuizawa Manufacturing Unit—the principal parent plant—and U.K. subsidiary Rose Bearings Ltd.'s Lincoln plant become the first bearing production facilities to obtain ISO 14001 certification.

| 9
The Minebea Group is selected as winner of the U.S. EPA's Best-of-the-Best Stratospheric Ozone Protection Award.

| 10
All of Minebea's plants in Thailand obtain ISO 14001 certification simultaneously.

| 12
Minebea Electronics & Hi-Tech Components (Shanghai)'s two plants obtain ISO 14001 certification.

1998 | 1
All of Minebea's plants in Singapore obtain ISO 14001 certification.

| 2
German subsidiary PMDM obtains ISO 14001 certification.

| 6
Goro Ogino, then president of Minebea, receives the City of Shanghai's Shanghai Environmental Protection Award, in recognition of his contributions to environmental preservation in the city.

Japanese subsidiaries NMB Electro Precision, Inc., and Minebea Onkyo Co., Ltd. (R&D Center), obtain ISO 14001 certification.

| 8
The Hamamatsu Manufacturing Unit, the parent plant for electronic components, obtains ISO 14001 certification.

| 10
The Fujisawa and Omori Manufacturing units obtain ISO 14001 certification.

1999 | 1
The Kyoto Manufacturing Unit obtains ISO 14001 certification.

| 2
Rose Bearings Ltd.'s Skegness plant obtains ISO 14001 certification.

| 6
U.S. subsidiary New Hampshire Ball Bearings, Inc.'s Peterborough plant obtains ISO 14001 certification.

| 11
U.K. subsidiary NMB (U.K.) Ltd.'s Inchinnan Keyboard Printing plant obtains ISO 14001 certification.

2001 | 5
The Shanghai–Minebea Environmental Protection Fund is increased to Rmb 11.0 million (approximately US$1.3 million), from Rmb 7.5 million (approximately US$900 thousand).

| 7
U.S subsidiary Hansen Corporation obtains ISO 14001 certification.

| 11
U.S. subsidiary New Hampshire Ball Bearings, Inc.'s Chatsworth plant obtains ISO 14001 certification.

2002 | 8
U.S. subsidiary New Hampshire Ball Bearings, Inc.'s Laconia plant obtains ISO 14001 certification. All Minebea Group plants worldwide are now ISO 14001-certified.

Contributing to Society

Takahashi Foundation

The Takahashi Foundation, named in memory of Takami Takahashi, founder of the Minebea Group, was established in 1992 in celebration of the 10th anniversary of the Minebea Group's operations in Thailand. The Foundation began with a fund of 20 million baht (approximately US$500 thousand), contributed by Minebea Group companies in Thailand. In 2002, the fund was increased to 60 million baht (approximately US$1.4 million), to commemorate the Minebea Group's 20th anniversary in Thailand.

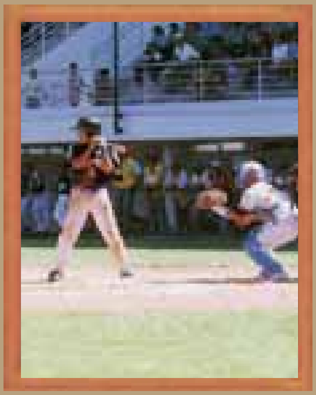
The Takahashi Foundation offers support to impoverished students studying science and technology-related subjects. Since 1993, scholarships have been awarded to more than 500 students in educational institutions nationwide. The Foundation also contributes to students at primary school level by initiating a nutritional lunch fund project to ensure the good physical and mental health of needy students.

In addition to supporting the Takahashi Foundation, Minebea Group companies in Thailand have set up a scholarship program for local students in Lop Buri and Ayutthaya provinces, both home to major Minebea plants.

Takahashi Foundation students on a Minebea plant tour

Local Industrial Support Programs

In line with the Thai government's policy of industrial localization, local manufacturing subsidiary Minebea Thai Ltd. supports the BOI Unit for Industrial Linkage Development (BUILD) program by contracting local subcontractors to supply it with parts and components.



Baseball game during the XIII Asian Games Bangkok (ASIAD 98)

Amateur Baseball Association of Thailand

In January 1992, Minebea Group companies in Thailand, in cooperation with the Baseball Federation of Asia and the International Baseball Association, played a major role in establishing the Amateur Baseball Association of Thailand with the objective of introducing and promoting baseball in Thailand.

Minebea President Tsugio Yamamoto at a ceremony to commemorate increasing the amount of the Shanghai–Minebea Environmental Protection Fund, in May 2001

Shanghai–Minebea Environmental Protection Fund

In April 1996, Minebea Electronics & Hi-Tech Components (Shanghai) established the Shanghai–Minebea Environmental Protection Fund with the aim of helping preserve the quality of the water in Lake Daishan-hu and the environment of the surrounding area. The fund is the first of its kind to be set up by a foreign firm in China.

In May 2001, Minebea Electronics & Hi-Tech Componets (Shanghai) increased the Shanghai–Minebea Environmental Protection Fund to Rmb 11.0 million (approximately US$1.3 million), from Rmb 7.5 million (approximately US$900 thousand). This was done in commemoration of the July 2001 50th anniversary of Minebea's founding. Accrued interest from the fund is used to finance a variety of activities. To date, the fund has assisted efforts to plant cherry tree saplings along nearby Highway No. 318, build green belts in adjacent areas and install chemical toilets in local residences. In May 2001, the fund also donated saplings to the Shanghai Sapling Center. The saplings will later be supplied to the city of Shanghai for use in greening programs in the city.

Sapling donation ceremony at the Shanghai Sapling Center

1951 | 7 Nippon Miniature Bearing Co., Ltd., Japan's first specialized manufacturer of miniature ball bearings, is incorporated in Azusawa, Itabashi-ku, Tokyo.

1956 | 10 The Company relocates its headquarters to Nihonbashi-Kabuto-cho, Chuo-ku, Tokyo, and its factory to Aoki-cho, Kawaguchi, Saitama.

1959 | 6 A new plant is established at Aoki-cho, Kawaguchi, Saitama, to serve as the Company's integrated headquarters and factory.

1962 | 11 A representative office is set up in the United States to cultivate the U.S. market.

1963 | 3 A factory is established in Karuizawa, Nagano. Some operations are relocated to the Karuizawa Manufacturing Unit.

1965 | 7 The Kawaguchi Factory is closed and its equipment is conveyed to Karuizawa. The Company's headquarters is shifted from Kawaguchi, Saitama, to Miyota-machi, Kitasaku-gun, Nagano.

1967 | 3 A representative office is set up in London to promote business in Europe.

1968 | 9 Subsidiary Nippon Miniature Bearing Corporation (the present NMB Technologies Corporation) is established in Los Angeles, California.

1971 | 4 Sales subsidiary NMB (U.K.) Ltd. is established in the United Kingdom.

| 5 The Company's stock is listed on the first sections of the Osaka and Nagoya stock exchanges.

| 9 The Company acquires the U.S. firm Reed Instrument Corp. (the present Chatsworth Plant of New Hampshire Ball Bearings, Inc.) from SKF, Inc., of Sweden and commences production in the United States.

1972 | 2 Manufacturing subsidiary NMB Singapore Ltd. is established in Singapore. (Production begins in 1973.)

1974 | 9 The Company acquires Shinko Communication Industry Co., Ltd., a major strain gauge manufacturer listed on the second section of the Tokyo Stock Exchange.

1975 | 1 The Company acquires U.S. company IMC Magnetics Corp., a listed manufacturer of small precision motors.

| 7 The Company acquires a leading fastener producer, Tokyo Screw Co., Ltd. (the present Fujisawa Manufacturing Unit), and an electromagnetic clutch manufacturer, Shin Chuo Kogyo Co., Ltd. (the present Omori Manufacturing Unit), both of which are listed on the second section of the Tokyo Stock Exchange.

1977 | 9 The Company acquires Hansen Manufacturing Co., Inc. (the present Hansen Corporation), which is, at the time, the motor manufacturing division of Mallory Corp., a U.S. multinational.

| 10 Sales subsidiary Nippon Miniature Bearing GmbH (the present NMB-Minebea-GmbH) is established in Germany.

1980 | 3 The Company acquires the Singapore factory of Koyo Seiko Co., Ltd., and establishes Pelmec Industries (Pte.) Ltd. to manufacture small-sized ball bearings.

| 8 Manufacturing subsidiary NMB Thai Ltd. is established in Thailand. (Production begins in 1982.)

1981 | 1 The marketing division of the Company is spun off as subsidiary NMB (Japan) Corporation, which is charged with integrating marketing operations for all manufacturing companies in the Minebea Group.

| 10 The Company absorbs four of its manufacturing affiliates—Tokyo Screw Co., Ltd., Shinko Communication Industry Co., Ltd., Shin Chuo Kogyo Co., Ltd., and Osaka Motor Wheel Co., Ltd.—and changes its name to Minebea Co., Ltd.

1982 | 9 Sales subsidiary NMB Italia S.r.L. is established in Italy.

1983 | 3 The Company acquires a cooling fan manufacturer, Kondo Electric Works Ltd. (the present NMB Electro Precision, Inc.)

1984 | 8 Two manufacturing subsidiaries, Minebea Thai Ltd. and Pelmec Thai Ltd., are established in Thailand.

Minebea is Incorporated as a Small Factory in Tokyo

Minebea was incorporated in Itabashi-ku, Tokyo, in 1951, as Nippon Miniature Bearing Co., Ltd.—Japan's first specialized manufacturer of miniature ball bearings. Initially, the Company had 10 employees. In 1956, Minebea relocated to Saitama. With the aim of substantially expanding its production capacity, in 1963 the Company built a new, large-scale factory in Karuizawa, Nagano, that later became the Karuizawa Manufacturing Unit. In 1965, the Company shifted all production to the Karuizawa Factory. In subsequent years, the Company's operations expanded rapidly, reflecting rising demand and the increasing diversification of its product lineup. Because most production processes were still manual, the Company's payroll increased significantly. Prompted by the realization that it would be unable to secure employees in Japan—a consequence of rapid growth in Japan's manufacturing sector and its own relatively low profile—Minebea decided to build its first overseas factory, in Asia.

First Overseas Production Base is Established through U.S. Acquisition

In the latter half of the 1960s, approximately 70% of the ball bearings manufactured at the Karuizawa Factory were exported to the U.S. aerospace market and accounted for approximately 40% of the U.S. market for aerospace-use ball bearings. With the aim of protecting domestic bearing manufacturers, the U.S. government introduced legislation prohibiting overseas firms from supplying defense-related products. In response, in 1971 Minebea acquired a local subsidiary of Sweden's SKF—the world's largest bearing maker—and launched production in the United States.

Mass Production is Launched in Singapore

Singapore's ample labor force, status as an English-speaking country and official efforts to encourage foreign investment prompted Minebea to choose the country in 1972 for its first overseas mass production facility. The Singapore Factory began operating in 1973 and continued to serve as Minebea's principal facility for mainstay products until late in the 1970s, when the flood of foreign firms operating in the country and the imposition of restrictions on the use of non-Singaporean laborers again prompted concern over secure employees and the hunt for another country in which to establish a mass production base.

1985 | 3 The Company acquires New Hampshire Ball Bearings, Inc., a listed U.S. ball bearing manufacturer.

| 9 The Company acquires the Miami Lakes operations of Harris Corporation, a U.S. manufacturer of switching power supplies.

1986 | 5 The R&D center and subsidiary Minebea Electronics Co., Ltd., are established in Asaba-cho, Iwata-gun, Shizuoka.

1987 | 5 Manufacturing joint venture Thai Ferrite Co., Ltd. (the present Power Electronics of Minebea Co., Ltd.), is established in Thailand.

1988 | 2 The Company acquires Rose Bearings Ltd., a U.K. manufacturer of rod-end and spherical bearings.

| 3 Sales subsidiary NMB Technologies, Inc. (the present NMB Technologies Corporation), is established in the United States to coordinate sales and marketing of Minebea's electronic devices.

Manufacturing joint venture Minebea Electronics (Thailand) Co., Ltd., is established.

| 12 Manufacturing subsidiaries NMB Hi-Tech Bearings Ltd. and NMB Precision Balls Ltd. are established in Thailand.

1989 | 1 Marketing subsidiary NMB France S.a.r.l. (the present NMB Minebea S.a.r.l.) is established.

1990 | 10 Papst Minebea Disc Motor GmbH (the present Precision Motors Deutsche Minebea GmbH), a joint venture with Papst-Motoren GmbH & Co. KG, is established in Germany to manufacture HDD spindle motors.

| 11 Rose Bearings Ltd., in the United Kingdom, commences production of ball bearings at its Skegness plant.

1992 | 2 The Company absorbs Sorensen Ltd. and reestablishes it as Minebea Electronics (UK) Ltd., a manufacturer of switching power supplies in Scotland.

1993 | 8 Joint venture agreement with Papst-Motoren GmbH & Co. KG of Germany is cancelled. The Company acquires all outstanding shares in Papst-Minebea-Disc-Motor GmbH and changes the company's name to Precision Motors Deutsche Minebea GmbH (PMDM).

10 Sales and R&D subsidiary Minebea Trading Pte. Ltd. (the present Minebea Technologies Pte. Ltd.) is established in Singapore.

1994 | 4 Manufacturing subsidiary Minebea Electronics & Hi-Tech Components (Shanghai) Ltd. is established in China.

1996 | 8 A vertically integrated ball bearing production facility—Minebea's largest to date—commences operations in Shanghai.

| 10 U.K. subsidiary NMB (U.K.) Ltd. establishes a new plant in Inchinnan, Scotland.

1999 | 3 The Company commences quality evaluation and testing at the NMB Corporation Technical Center in the United States.

| 7 U.S. subsidiaries NMB Corporation and NMB Technologies, Inc., merge to form NMB Technologies Corporation.

2000 | 3 The Company acquires Kuen Dar (M) Sdn. Bhd., a Malaysian speaker box manufacturer.

2001 | 2 A controlling interest in Actus Corporation, a furniture and interior decor product sales subsidiary, is sold to TRS Co., Ltd.

2002 | 8 Huan Hsin Holdings Ltd., of Singapore, and Shen Ding Pte. Ltd.—a joint venture between Minebea and Huan Hsin—establishes PC keyboard manufacturing subsidiary Shanghai Shun Ding Technologies Ltd. in China.

Minebea establishes sales company Minebea (Hong Kong) Ltd. in China.

| 9 Minebea establishes sales companies Minebea (Shenzhen) Ltd. and Minebea Trading (Shanghai) Ltd. in China.

Production Begins in Thailand

Minebea's reasons for selecting Thailand for its second overseas mass production base included the country's abundant supply of workers, the professionalism of Thai employees at its Singapore Factory, the Thai government's efforts to attract component manufacturers and its Buddhist traditions and history of friendly relations with Japan. Realizing that if it took the same approach in Thailand as it had in Japan and Singapore, it would eventually face the same problems securing employees and expanding production capacity, Minebea chose to locate initially in rural Ayutthaya. Since then, the Company has established three additional plants in rural areas. Thailand is currently Minebea's largest mass production base, accounting for approximately 60% of Group production.

Minebea's Thai Operations	(Year ended March 31, 2003)
Net sales:	¥152,705 million
	(As of March 31, 2003)
Cumulative investment:	¥161,884 million
Total site space:	1,466,032 meters^2
Total factory floor space:	372,309 meters^2

Operations Begin in China: The Market of the Future

To expand its production capacity and take advantage of the growing Chinese market—especially for information and telecommunications equipment and household electrical appliances, which use ball bearings and small motors, as well as to better serve customers shifting production to China, in 1994 Minebea established a subsidiary and commenced operations in Shanghai. Building on its accumulated global expertise, in 1996 the Company completed a state-of-the-art facility that is the world's largest production facility for miniature and small-sized ball bearings and Minebea's second largest mass production base. Minebea plans to further expand the base in the years ahead.

Minebea's China Operations	(Year ended March 31, 2003)
Net sales:	¥27,454 million
	(As of March 31, 2003)
Cumulative investment:	¥53,671 million
Total site space:	495,834 meters^2
Total factory floor space:	90,203 meters^2

Organization

(As of June 27, 2003)

- **Board of Directors**
  - **Auditors**
  - **Senior Executive Officer Council**
    - **President**
      - **Business Reform Committee**
      - **Internal Auditing Office**
      - **Strategic Commodities Control Office**
      - **Environment Protection Committee**
      - **Tokyo Head Office Administration Executive Council**
        - **Personnel & General Affairs Department**
        - **Logistics Department**
        - **Procurement Department**
        - **Corporate Planning Department**
          - **Corporate Communications/ Investor Relations Office**
        - **Business Administration Department**
        - **Information Systems Department**
        - **Finance Department**
        - **Strategy Planning Department**
          - **Strategy Planning Office**
          - **Marketing Office**
        - **Accounting Department**
        - **Legal Department**
      - **Manufacturing Headquarters**
        - **Karuizawa Manufacturing Unit**
          Ball bearings, rod-end and spherical bearings, mechanical assemblies, HDD spindle motors, hybrid-type stepping motors, fan motors and other products
        - **Fujisawa Manufacturing Unit**
          Fasteners
        - **Omori Manufacturing Unit**
          Defense-related special parts, magnetic clutches/brakes and other products
        - **Mechatronics Division**
          PC keyboards and other products
        - **Hamamatsu Manufacturing Unit**
          Lighting devices for LCDs, magnetic heads for FDDs and other products
        - **Measuring Components Division**
          Strain gauges, load cells and other products
        - **Speaker Division**
      - **Engineering Headquarters**
        - **Engineering Support Deparment**
        - **Karuizawa R&D Center**
        - **Hamamatsu R&D Center**
        - **Motor Development Technology Center (PMDM)**
        - **Electronics Engineering Center Europe (Augsburg, Germany)**
        - **Electronics Engineering Center (U.S.A) (NMB Technologies, U.S.A.)**
        - **Testing and Analysis Center**
        - **Intellectual Property Department**
      - **Sales Headquarters**
        - **Japan and Asian Regional Sales Headquarters**
        - **European and American Regional Sales Headquarters**

Principal Subsidiaries

Subsidiaries in Asia	Operations	Percentage of shares controlled by Minebea
Japan		
Minebea Electronics Co., Ltd.	Manufacture and sale of electronic devices and components	100.0%
NMB Electro Precision, Inc.	Manufacture and sale of fan motors	100.0
Thailand		
NMB Thai Ltd.	Manufacture and sale of ball bearings	100.0
Pelmec Thai Ltd.	Manufacture and sale of ball bearings	100.0
Minebea Thai Ltd.	Manufacture and sale of PC keyboards and motors	100.0
NMB Hi-Tech Bearings Ltd.	Manufacture and sale of ball bearings	100.0
NMB Precision Balls Ltd.	Manufacture and sale of steel balls for ball bearings	100.0
Minebea Electronics (Thailand) Co., Ltd.	Manufacture and sale of electronic devices and components	100.0
Power Electronics of Minebea Co., Ltd.	Manufacture and sale of electronic devices and components	100.0
Singapore		
NMB Singapore Ltd.	Manufacture and sale of ball bearings and machinery components	97.4
Pelmec Industries (Pte.) Ltd.	Manufacture and sale of ball bearings	100.0
Minebea Technologies Pte. Ltd.	Sale of bearings, electronic devices and components	100.0
China		
Minebea Electronics & Hi-Tech Components (Shanghai) Ltd.	Manufacture and sale of ball bearings, fan motors and measuring components	100.0
Minebea Technologies (Taiwan) Co., Ltd.	Manufacture and sale of speaker boxes	100.0
Minebea Trading (Shanghai) Ltd.	Sale of bearings, electronic devices and components	100.0
Minebea (Shenzhen) Ltd.	Sale of bearings, electronic devices and components	100.0
Minebea (Hong Kong) Ltd.	Sale of bearings, electronic devices and components	100.0
Korea		
NMB Korea Co., Ltd.	Sale of bearings, electronic devices and components	100.0

Subsidiaries in North America	Operations	Percentage of shares controlled by Minebea
United States		
NMB (USA) Inc.	Holding company	100.0%
New Hampshire Ball Bearings, Inc.	Manufacture and sale of bearings	100.0
Hansen Corporation	Manufacture and sale of small motors	100.0
NMB Technologies Corporation	Sale of bearings, electronic devices and components	100.0

Subsidiaries in Europe	Operations	Percentage of shares controlled by Minebea
United Kingdom		
NMB-Minebea UK Ltd.	Manufacture and sale of bearings, sale of electronic devices and components	100.0%
Germany		
Precision Motors Deutsche Minebea GmbH	Development, manufacture and sale of HDD spindle motors	100.0
NMB-Minebea-GmbH	Sale of bearings, electronic devices and components	100.0
Italy		
NMB Italia S.r.L.	Sale of bearings, electronic devices and components	100.0
France		
NMB Minebea S.a.r.l.	Sale of bearings, electronic devices and components	100.0

Corporate Data

As of June 2003

Minebea Co., Ltd.

Corporate Information

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Nagano 389-0206, Japan
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Fax: 81-2-6731-1330

Established
July 16, 1951

Investor Information

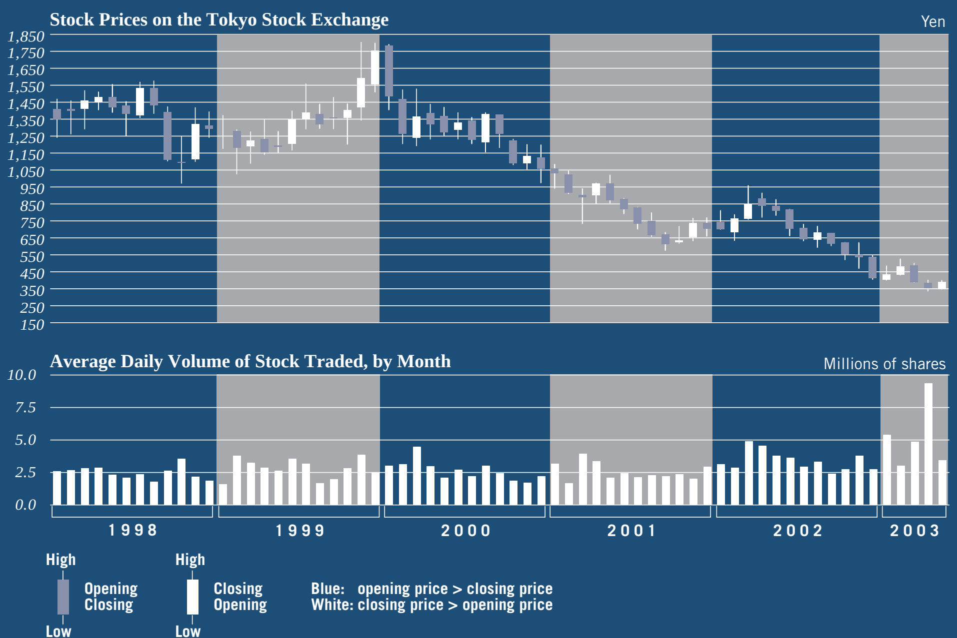
Common Stock (As of March 31, 2003)
Authorized: 1,000,000,000 shares
Issued: 399,167,695 shares
Capital: ¥68,259 million

Common Stock Listings
Tokyo, Osaka, Nagoya and Singapore

American Depositary Receipts
Ratio (ADR : ORD): 1 : 2
Exchange: Over-the-Counter (OTC)
Symbol: MNBEY
CUSIP: 602725301
Depositary: The Bank of New York
101 Barclay Street,
New York, NY 10286, U.S.A.
Tel: 1-212-815-2042
U.S. toll-free: 888-269-2377
(888-BNY-ADRS)
http://www.adrbny.com/

Independent Certified Public Accountants
Shin Nihon & Co.

Transfer Agent
The Sumitomo Trust and Banking Co., Ltd.



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