

**The 56th Ordinary General Meeting of Shareholders
Supplementary Explanation**

1. Medium-term Management Policies

In May 2000, we launched a three-year management plan, aiming for high growth and high profitability. Taking into consideration changes in the world economy and other factors, we reviewed the management plan and announced in May 2002 a new medium-term management plan that reflects the outcome of our review.

We set the following three basic policies, as the three pillars of management, to guide our operating activities in order to accomplish the three-year management plan. These three basic policies, or three pillars of management, remain intact in guiding us toward achievement of the new three-year management plan.

The first pillar is to further reinforce and expand our most profitable operations in the area of bearings and bearing-related products.

The second pillar is to build our operations for high-precision small motors and other rotary components to a scale similar to our operations for bearings and bearing-related products.

The third pillar is to increase the ratio of high-value-added products in all product categories and to diversify product lineup in order to meet a broader range of market needs.

Achieving the three pillars stands on ultra-precision machining technology and mass production technology, both of which are typical of Minebea's operations and the source of its competitive strength.

Under the new three-year management plan, we are going to pursue four important management directions, which are reinforcement of research and development, effective strategy for China operations, reorganization of sales structure, and restructuring of unprofitable businesses.

2. Manufacturing Activities in Thailand

It is 20 years since Minebea began manufacturing activities in 1982 in Ayutthaya, which lies 75 km to the north of Bangkok.

We presently operate a group of factories in four areas in Thailand and employ about 31,000 people. These factories account for about 60% of the Minebea Group's total output and comprise the group's largest mass production base.

In order to expand our operations in Thailand as Minebea's primary production base, we

acquired a piece of land adjacent to the Bang Pa-in Plant in October 2000 to double its ground area to 830,000 square meters. In addition, we completed in March 2001 a factory with the floor space of about 25,000 square meters that is designed exclusively for production of fluid dynamic bearings and fluid dynamic bearing spindle motors for HDDs. We intend to continue expanding our Thai operations in the years ahead.

3. Manufacturing Activities in Shanghai

Minebea considers its China operations of primary importance as the keystone of the Minebea Group's further growth in the 21st century.

In 1994, Minebea established its first Chinese subsidiary in the suburbs of Shanghai and started production of miniature ball bearings and fan motors.

Since then, production of these products has increased smoothly to the current level of output at about 24 million pieces of ball bearings per month and about 5.5 million units of fan motors per month. We are aiming to raise the output of fan motors to the level of 7 million units per month within the current fiscal year.

A new factory with the floor space of about 18,000 square meters, which was completed at the end of October last year on the premises of the Xicen Plant, began production of fan motors and measuring instruments such as strain gauges and load cells.

With the completion of the new factory, shop floor space of the new factory and the existing one combined is large enough for a monthly output of 10 million units of fan motors.

Operations in China account for a little over 11% of total group output and form the second largest production base of the Minebea Group following Thailand.

Total capital of our operation in China amounts to 20.9 billion yen, total investment in fixed assets, such as machinery and plant buildings, reaches 51.6 billion yen, total net sales for the current term stands at 24.1 billion yen, and total number of employees is about 4,000 as of the end of March, 2002.

Minebea launched production in China in 1994 in the belief that demand for Minebea products in China would develop remarkably in the future. As we expected, our products have now found a growing market in China.

We intend to expand our product lineup and production scale in a timely manner, while keeping a careful eye on market trends in China and the other parts of the world.

4. Repayment of Interest-bearing Debt

Debt reduction is one of our highest priority tasks. Since April 1997, Minebea and its group of companies have joined forces to reduce interest-bearing debt.

As a result, the balance of the Minebea Group's interest-bearing debt dropped to 182.7 billion yen at the end of the current term from 363.6 billion yen at the end of March 1997.

The net balance of the group's interest-bearing debt after deduction of cash and cash equivalents fell 52% to 168.7 billion yen at the end of the current term from 351.3 billion yen at the end of March 1997, thereby significantly improving our financial position.

In the current term, the net amount of the group's interest-bearing debt decreased 4.5 billion yen compared with the previous term.

We are going to continue our constant effort toward further reduction of our interest-bearing debt.

5. Consolidated Statement of Income

We attach, for your reference, consolidated balance sheet and consolidated statement of income on pages 26 to 28 of the Business Report. I would like to brief you on the consolidated statement of income.

Net sales decreased to 279.344 billion yen, down 7.701 billion yen from the previous term.

Operating income fell to 21.972 billion yen, down 11.005 billion yen from the preceding term.

Ordinary income declined to 15.995 billion yen, down 8.731 billion yen from the preceding period.

Let us look at extraordinary losses. During the current term, we continued our efforts to enhance corporate value and took the following measures:

1. As part of our efforts to reorganize power supply business, we closed and liquidated Power Systems, Inc. in Connecticut in the U.S., a subsidiary that develops power supplies, and sold Minebea Electronics Mexico, a power supply manufacturing subsidiary in Sonora, Mexico.

As a result, we posted an extraordinary loss of 411 million yen as losses from liquidation of subsidiaries and affiliates.

2. We concluded that we should discontinue our DC-10 operation that lasted since 1995.

Reasons are as follows:

- i) Given that materials for manufacturing facilities in Thailand and Singapore, presently transported from Japan by our DC-10, are expected to be more and more procured locally, a decrease is anticipated in cargo volume to be transported from Japan on the DC-10.
- ii) It is time that, for safety reasons, we should replace the airplane currently in use with a new plane. Since no ready-made plane is available that has a passenger and a cabin compartments similar to those of our DC-10, we need to remodel an airplane into the one

with a passenger cabin and a cargo compartment in order to continue our operation of a company-owned plane. And this requires capital investment beyond the break-even point for our company plane operation.

This led us to the decision to liquidate NMB Air Operations Corp., our subsidiary in Nevada in the U.S. that owns the DC-10.

As a result, we posted an extraordinary loss of 367 million yen as losses from liquidation of subsidiaries and affiliates.

3. We posted an extraordinary loss of 159 million yen as losses from liquidation of subsidiaries and affiliates. This includes foreign currency translation adjustments to be dealt with on a consolidated basis with regard to losses from liquidation and evaluation of NMB Precision Tool and Die (Pte.) Ltd. that were posted on a non-consolidated basis.

We posted a total of 4,918 million yen as income taxes (including enterprise tax). In addition, we posted 2,711 million yen as adjustment of income taxes owing to the adoption of tax effect accounting.

As a consequence, net income declined 9,527 million yen year on year to 5,298 million yen.

6. Outlook for Fluid Dynamic Bearings

In March 2000, Minebea concluded a cross-license agreement; a know-how license agreement; and a supply agreement with Seagate Technology, Inc. of the U.S., the world's largest supplier of hard disc drives (HDDs) and related components, with regard to fluid dynamic bearings and fluid dynamic bearing spindle motors for HDDs. This marks Minebea's entry into fluid dynamic bearing business.

We presently mass-produce at our facilities in Thailand several types of fluid dynamic bearing spindle motors including primarily those for 3.5-inch HDDs. We supply these spindle motors to Seagate and other customers.

Our production capacity for fluid dynamic bearing spindle motors is presently 2.5 million units per month. We are preparing to bring it up to the level of 3.5 million units per month by the end of this year.

7. Automobile Market

The automobile industry is now a mature industry. At any time in the future, we are unlikely to see a sharp increase in unit sales exceeding the current level of 50 million units per year.

However, automobile users today demand higher levels of energy efficiency, safety and comfort, which is stimulating a rapid increase in demand for sensors, such as resolvers, and

high-performance motors to facilitate greater levels of sophistication.

These product categories best suit the application of our motor development capabilities that is centered at German subsidiary Precision-Motors-Deutsche-Minebea-GmbH (PMDM); the development and engineering technologies that Minebea has long amassed through the production of resolvers and other components for aerospace and defense equipment; and our ultra-precision machining technology and mass-production technology that are the sources of Minebea's competitive strength. The automotive industry is just the right market for Minebea. With regard to our high-performance motors and sensors, we are concluding contracts for many new projects one after another, which will form pillars of Minebea's future business.

We place emphasis on supplying these motors and sensors in the form of controlling units, not as stand-alone products.

As most of the new projects start in 2004, we expect the new businesses to take off in 2004 and earnings to soar in the following year onward.

Main products currently in production or under development are:

- motors for dashboard unit meters;
- motors for headlight actuators;
- next generation EPS motors;
- motors for adaptive cruise control sensors;
- motors for electrical clutches;
- motors for electrical mechanical brakes;
- torque sensors; and
- resolvers.