The following is an English translation of the Notice of the 68th Ordinary General Meeting of Shareholders of Minebea Co., Ltd., to be held on June 27, 2014.
The Company provides this translation for your reference and convenience only and without any guarantee as to its accuracy or otherwise.

Securities Code 6479

June 5, 2014

To the Shareholders

4106-73, Oaza Miyota, Miyota-machi,
Kitasaku-gun, Nagano Prefecture

Minebea Co., Ltd.
Yoshihisa Kainuma
Representative Director

Notice of the 68th Ordinary General Meeting of Shareholders

The 68th Ordinary General Meeting of Shareholders of Minebea Co., Ltd. ("Company") (hereinafter the "Meeting") will be held as indicated below. You are hereby cordially invited to attend the Meeting.

If you are unable to attend the Meeting, you may exercise your voting rights as a Shareholder in writing or via the Internet. In that event, please examine the contents of the reference documents attached herein and vote in accordance with the guidance on voting set forth in "Guidance on Exercising Voting Rights" on the following page by 5:30 p.m., Thursday, June 26, 2014.

Particulars of the Meeting

1. Date and Time:
10:00 a.m., Friday, June 27, 2014

2. Place:
Convention Hall Asama
Karuizawa Prince Hotel West
Karuizawa, Karuizawa-machi, Kitasaku-gun, Nagano Prefecture

3. Purpose:

To report on:

1) The Business Report and the Consolidated Financial Statements for the 68th fiscal year (April 1, 2013 to March 31, 2014), and the Audit Report on the Consolidated Financial Statements by the Independent Auditors and the Board of Corporate Auditors
2) The Non-Consolidated Financial Statements for the 68th fiscal year (April 1, 2013 to March 31, 2014)

To vote on:

First Proposal:
Appropriation of Surplus

Second Proposal:
Election of One (1) Corporate Auditor

Third Proposal:
Renewal of Countermeasures to Large-Scale Acquisitions of Minebea Shares (Takeover Defense Measures)

4. Guidance on Exercising Voting Rights:

(1) Exercise of your voting rights by sending the voting card by mail

Please indicate your vote for or against each proposal on the enclosed voting card, and return it by 5:30 p.m., Thursday, June 26, 2014.

(2) Exercise of your voting rights via the Internet, etc.

If you would exercise your voting rights via the Internet, etc., please refer to page 3 “Procedures for Exercising Voting Rights via the Internet” and complete the procedure by 5:30 p.m., Thursday, June 26, 2014.

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1. If attending the Meeting, please hand in the enclosed voting card completed, to the receptionist at the meeting.
2. This notice of the Meeting is also posted on our website.
3. For any revisions to the contents of the reference documents for the Meeting, the business report or the consolidated and non-consolidated financial statements prior to the day before the Meeting, we will notify you of the revisions either by mail or via our website.

Minebea website: (http://www.minebea.co.jp/)

(Translation)

Procedures for Exercising Voting Rights via the Internet, etc.

If exercising voting rights via the Internet, etc., please review the following items in advance.

1. You may exercise your voting rights via the Internet only by accessing the Voting Rights Exercise Site designated by the Company. You may also your mobile phone (including smartphones. The same shall apply hereinafter) to access the site on the Internet.

   [The Voting Rights Exercise Site URL] http://www.web54.net
2. When you would exercise your voting rights via the Internet, please use the code and initial password that are indicated on the voting card, follow the guidance on the screen and vote for or against each proposal.
3. The deadline for the exercise of voting rights is 5:30 p.m., Thursday, June 26, 2014, but shareholders are requested to do so as early as possible.
4. If you exercise your voting rights more than once by mail and via the Internet, etc., the voting via the Internet shall prevail. In the case where you exercise your voting rights via the Internet more than once or both by PC and by mobile phone, the last vote shall prevail.
5. The fees to the provider and telecommunications carriers (internet connection fees, etc.) for accessing the voting rights exercise site shall be borne by the shareholder.

Systems Environment Required for Exercising Voting Rights via the Internet

If you choose to exercise your voting right via the Internet, you will need the following system environment:

(1) Via the site for PCs
  a. A screen resolution of at least 800 dpi (horizontal) × 600 dpi (vertical) (SVGA) or better.
  b. The following applications installed:
    (a) Microsoft® Internet Explorer Version 5.01 SP2 or later for Internet browser for Windows PCs
    (b) Adobe® Acrobat® Reader® Version 4.0 or later for PDF file browser or Adobe® Reader® Version 6.0 or later
    * Internet Explorer is a trademark and product name of Microsoft Corporation while Adobe® Acrobat® Reader® is a trademark and product name of US Adobe Systems Incorporated. Both are registered in the US and other countries.

(2) Via the site for mobile phones
  Phone models that enables 128-bit SSL (Secure Socket Layer) connection security.
  You may also exercise your voting rights using the full browser function of most smartphones and other mobile devices. Note, however, that this may not be possible on some device models.

Inquiry for Exercising Voting Rights via the Internet

For questions about how to use PCs, etc.

(1) If you have any questions on the use of PCs or mobile devices for the exercise of voting rights, please contact the following:
  Stock Transfer Agency Website Support help desk, Sumitomo Mitsui Trust Bank, Limited.
  Phone: 0120-652-031 (9:00 a.m. to 9:00 p.m., toll free (only within Japan)

(2) For any other inquiries, please contact the following:
  a. For shareholders who have securities accounts, please contact your securities company.
  b. For shareholders who do not have securities accounts (special account holder)
    Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited, Tokyo, Japan.
    Phone: 0120-782-031 (9:00 a.m. to 5:00 p.m., excluding Saturdays, Sundays and holidays, toll free (within Japan only))

The Electronic Voting Rights Exercise Platform (to institutional investors)

To exercise voting rights at this Ordinary General Meeting of Shareholders, institutional investors can use the Internet voting rights exercise platform operated by ICJ, Inc.

(Translation)

(Attached Documents)

Business Report

(April 1, 2013 to March 31, 2014)

1. Status of the Corporate Group

(1) Operating performance of the fiscal year

(i) Operating performance

The Japanese market during the fiscal year that ended on March 31, 2014 remained upbeat as government initiatives and the Bank of Japan's monetary easing policy coupled with the weak yen in the foreign exchange market boosted corporate earnings, capital expenditures, and employment while consumer spending remained steady. In the U.S., the economy remained on a steady recovery track fueled by strong domestic demand while new construction picked up and unemployment improved due to its monetary easing policy. Despite the prolonged sovereign debt crisis and unemployment rates that remained high in Greece, Spain and other European countries, the economy in the eurozone, especially Germany and the U.K., saw a gradual comeback. However, the Ukrainian political crisis that erupted in February has cast a dark shadow over the economic horizon. In Asia, although China lost momentum in the first quarter due to declining exports and investments, the economy gradually picked up steam again and exports increased during the rest of the fiscal year. While ASEAN economies were affected by weak currencies as well as low stock and bond prices during the second quarter, they eventually got back on track towards gradual recovery.

Working against this backdrop, the Minebea Group has been moving ahead to cut costs, create high-value-added products, develop new technologies, and enhance its marketing efforts with an eye to boosting profitability.

As a result, net sales increased 89,134 million yen (31.6%) year on year to reach a record high of 371,543 million yen while operating income jumped 22,030 million yen (216.6%) year on year to total 32,199 million yen. Ordinary income increased a whopping 20,392 million yen (265.7%) year on year to reach 28,065 million yen. Extraordinary income totaling 1,675 million yen was posted from the sale of shares in subsidiaries and affiliates, etc. while extraordinary losses totaling 2,928 million yen included losses due to business restructuring, impairment, etc. Net income for the fiscal year under review increased 19,074 million yen year on year to reach 20,878 million yen for a new record high.

Performance by segment is as follows:

Starting with the fiscal year under review, we have changed the classifications of the business segments in our financial reports. Figures for the last fiscal year were recalculated for the new segment classifications in the following year-on-year comparisons.

Machined Components Business

Our products in the Machined components business segment include our mainstay product, ball bearings, in addition to mechanical components such as rod-end bearings primarily used in aircraft, hard disk drive (HDD) pivot assemblies, etc., as well as fasteners for automobiles and aircraft. Sales of our anchor product, ball bearings, were strong across our major markets including the automobile and information-related device markets, with monthly sales volumes repeatedly hitting all-time highs. Production also remained up, which brought production costs down and led to a substantial year-on-year profit hike. Increased orders for rod-end bearings fueled sales and profits thanks to soaring demand in the civil aviation market as airline companies replaced their aging fleets with newer aircraft models. Sales and profits of pivot assemblies were up thanks to an increased share of the market for high-end products used in data centers, etc. although the HDD market remained flat.

As a result, net sales increased 26,459 million yen (23.3%) year on year to reach 140,032 million yen while operating income was up 8,091 million yen (31.8%) year on year to total 33,550 million yen.

Electronic Devices and Components Business

The core products of our Electronic devices and components business include electronic devices (liquid crystal display backlights and measuring components, etc.), HDD spindle motors, information motors (stepping motors, DC brushless motors, DC brush motors, and fan motors), precision motors, and special devices. The liquid crystal display (LCD) backlight business enjoyed substantial year-on-year gains in both sales and profits. Growing demand in the smartphone market buoyed sales of our technologically unparalleled ultra-thin light guide plates for high-end product applications as our customer base and market share expanded. HDD spindle motors and information motors saw increases in sales while the structural reforms implemented toward the end of last fiscal year boosted profitability. The information motor business' performance, in particular, steadily improved after it returned to profitability in the second quarter as a result

of our efforts to enhance production efficiency as well as cost competitiveness by transferring manufacturing operations to our Cambodian plant on top of the growing demand driven by the global economic recovery. Performance of measuring components was also upbeat thanks to increasing sales to the automobile sector along with the ongoing recovery of demand for test equipment.
All these factors combined brought net sales for the fiscal year under review up a significant 62,603 million yen (37.3%) year on year to total 230,514 million yen. Operating income also jumped 12,033 million yen year on year to total 9,581 million yen.

Other Businesses
Net sales for the fiscal year under review in our Other business segment, which includes dies and parts produced in-house increased 72 million yen (7.8%) year on year to total 996 million yen. Operating income was up 699 million yen (417.1%) year on year to reach 866 million yen.

In addition to the figures above, the operating income for the fiscal year includes 11,799 million yen of corporate expenses, etc. as adjustments not belonging to any particular segment. Adjustments for the previous fiscal year amounted to 13,004 million yen on a consolidated basis.

(ii) Capital expenditures
During the fiscal year under review, capital expenditures were 3,866 million yen for the Machined Components Business, 8,646 million yen for the Electronic Devices and Components Business, 1,392 million yen for the Other Businesses and 6,773 million yen for adjustment, totaling 20,679 million yen.

The main capital expenditures for the Machined Components Business were equipment for bearings and HDD pivot assemblies in Thailand. The main capital expenditures for the Electronic Devices and Components Business were equipment for HDD spindle motors in Thailand, LCD backlights and components related facilities in Thailand, Cambodia and China, and equipment for special devices (Matsuida Plant) in Japan.
Capital expenditures included 860 million yen for intangible assets and an asset increase of 307 million yen through new finance lease arrangements.

(iii) Financing
The Company borrowed 15,000 million yen from financial institutions on a long-term basis to allocate the funds to financing needs in Japan and repayment of long-term loans payable during the fiscal year under review.
At the end of the fiscal year under review, borrowings including corporate bonds stood at 148,498 million yen.

(iv) Business transfer, absorption-type demerger, incorporation-type demerger
There are no important matters to be reported.

(v) Acceptance of other companies' businesses
There are no important matters to be reported.

(vi) Succession to rights and obligations pertaining to business of other judicial persons or entities due to absorption-type merger or demerger
Effective April 2, 2013, the Company implemented an absorption-type merger with Minebea Motor Manufacturing Corporation, a wholly owned subsidiary of the Company, where the Company is the surviving company.

(vii) Acquisition or disposition of shares, other equity or subscription rights to shares, etc. of other companies
New Hampshire Ball Bearings, Inc., a wholly owned subsidiary of the Company, acquired all of issued shares outstanding (100.0%) of CEROBEAR GmbH, a world's leading manufacturer of ceramic bearings as of July 1, 2013.

(Translation)

(2) Financial position and profit/loss in recent 3 years

(i) Financial position and profit/loss of the corporate group

	Fiscal 2011 (4/10–3/11)	Fiscal 2012 (4/11–3/12)	Fiscal 2013 (4/12–3/13)	Fiscal 2014 (4/13–3/14)
Net sales (millions of yen)	269,139	251,358	282,409	371,543
Ordinary income (millions of yen)	20,364	6,499	7,673	28,065
Net income (millions of yen)	12,465	5,922	1,804	20,878
Net income per share (yen)	32.61	15.63	4.83	55.94
Total assets (millions of yen)	291,092	306,772	362,805	381,278
Net assets (millions of yen)	109,967	109,777	137,858	163,463

Note: Amounts less than 1 million yen are omitted.

(ii) Financial position and profit/loss of the Company

	Fiscal 2011 (4/10–3/11)	Fiscal 2012 (4/11–3/12)	Fiscal 2013 (4/12–3/13)	Fiscal 2014 (4/13–3/14)
Net sales (millions of yen)	201,058	186,316	204,291	247,885
Ordinary income (millions of yen)	9,012	4,542	8,424	13,470
Net income (millions of yen)	4,817	4,556	2,880	8,005
Net income per share (yen)	12.60	12.02	7.71	21.45
Total assets (millions of yen)	323,792	339,795	355,589	366,852
Net assets (millions of yen)	174,926	175,830	175,315	180,911

Note: Amounts less than 1 million yen are omitted.

(3) Principal parent company and subsidiaries

(i) Parent company

Not applicable.

(ii) Principal subsidiaries

Name	Location	Common stock	Voting rights ratio	Main business lines
NMB-Minebea Thai Ltd.	Thailand	BAHT 15,305,363 thousand	100.0%	Manufacture and sales of machined components, electronic devices, components and others
NMB (USA) Inc.	U.S.A.	USD 311,093 thousand	100.0%	Holding company
NMB Technologies Corporation	U.S.A.	USD 6,800 thousand	100.0% (100.0%)	Sales of machined components, electronic devices and others
New Hampshire Ball Bearings, Inc.	U.S.A.	USD 94,000 thousand	100.0% (100.0%)	Manufacture and sales of bearings
MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD.	China	USD 239,060 thousand	100.0%	Manufacture and sales of machined components, electronic devices, components and others
MINEBEA (HONG KONG) LIMITED	Hong Kong	HKD 100,000 thousand	100.0%	Sales of machined components, electronic devices and others
NMB SINGAPORE LIMITED	Singapore	SGD 38,000 thousand	100.0%	Manufacture of bearings and sales of machined components, electronic devices and others
MINEBEA (CAMBODIA) Co., Ltd.	Cambodia	USD 50,000 thousand	100.0%	Manufacture and sales of electronic devices and others

Notes: 1. Figures in parentheses for the voting rights ratio in the above table show the ratio of indirect ownership.

2. Minebea Motor Manufacturing Corporation was excluded from principal subsidiaries because this company was absorbed and merged by the Company as of April 2, 2013.

(4) Tasks to be accomplished

The following five principles serve as the foundation of the Minebea Group's management policy.

1) Be a company where our employees are proud to work
2) Earn and preserve the trust of our valued customers
3) Respond to our shareholders' expectations
4) Work in harmony with the local community
5) Promote and contribute to global society

This basic management policy is the driving force behind our commitment to developing top quality, high value-added products. Investing our resources in areas where we can leverage our unmatched ultra-precision machining and mass production technologies, has enabled us to bolster our financial and operational foundation as we work towards transparency in everything we do.

We take corporate citizenship seriously. That's why we conduct our business in a fair and ethical manner, continually look for better ways to make our operations and products more environmentally friendly, promote environmental initiatives, and work hand in hand with our stakeholders to build everlasting ties as we move forward to take our business operations to new heights.

Following our basic management policy, we will work to boost the profitability of our existing lines while developing new high-value-added products. That includes leveraging the wealth of experience we have gained in manufacturing, sales, engineering and development as well as the commitment to restructuring our business portfolio, encompassing the hybrid component business that is driven by our combined technological strengths in electronic devices and components as well as machined components, in order to provide flexible prices and meet the needs of our customers. We will actively work on restructuring our business portfolio and increasing corporate value via M&As and alliances. At the same time we will focus on establishing large-scale overseas mass production facilities as well as R&D capabilities in light of regional risk assessment findings.
In order to make substantial progress in these areas and further improve our financial performance, we have been working on the "Five Arrows" strategies outlined below.

(a) Increase external ball bearing sales to an average of 150 million units / month at the earliest date.
(b) Develop new EMS (Electro Mechanics Solutions®) products and components by embracing TRDC (Tokyo Research & Development Center) motor technologies and accelerate the sales of EMS products.
(c) Establish the new business opportunities in connection with lighting device products including street lights and their components developed by the Electric Device Division and its Technology Development Department, and enter the "Smart Building and Smart City" related products and components market.
(d) Based upon the Business Unit's strategy which recognizes measuring components as sensors, increase the sales of the measuring components related products to around 20 billion yen at an early stage.
(e) Increase the sales of the aircraft components business such as rod end bearings centering on New Hampshire Ball Bearings, Inc. by taking advantage of its global presence in the industry, thereby striving to achieve substantial improvement in sales and profitability through maximizing synergetic effects.

We look forward to the continued support and guidance of our shareholders.

(5) Main business lines (As of March 31, 2014)

Classification	Products
Machined components business	Ball bearings, rod-end bearings, pivot assemblies for use in Hard Disk Drives (HDDs) and fasteners for automobile and aircraft, etc.
Electronic devices and components business	Electronic devices (LCD backlights, measuring instruments, etc.), HDD spindle motors, information motors (stepping motors, DC brushless motors, DC brush motors, and fan motors), precision motors, special devices, etc.
Other businesses	Dies, parts produced in-house, etc.

Note: Effective from the fiscal year under review, the segmentation of reportable segments has been changed following the change in corporate organization.

(6) Major offices and plants (As of March 31, 2014)

(i) The Company's major offices and plants

Head Office	Miyota-machi, Kitasaku-gun, Nagano Prefecture
Tokyo Head Office	Minato-ku, Tokyo
Plants	Karuizawa Plant (Miyota-machi, Kitasaku-gun, Nagano Prefecture) Hamamatsu Plant (Fukuroi-shi, Shizuoka Prefecture) Fujisawa Plant (Fujisawa-shi, Kanagawa Prefecture) Yonago Plant (Yonago-shi, Tottori Prefecture) Matsuida Plant (Annaka-shi, Gunma Prefecture)
Sales Offices	Tokyo Office (Minato-ku, Tokyo) Nagoya Office (Nagoya-shi, Aichi Prefecture) Osaka Office (Osaka-shi, Osaka Prefecture)

Note: The Omori Plant of which operations were transferred to the Matsuida Plant was closed in March 2014.

(ii) Major subsidiaries' offices and plants

Indicated in (3) Principal parent company and subsidiaries, (ii) Principal subsidiaries.

(7) Employees of the corporate group (As of March 31, 2014)

(i) Employees of the corporate group

Classification	Number of employees	Increase (decrease) from the end of the previous year
Machined components business	18,061	(7)
Electronic devices and components business	31,701	1,303
Other businesses	4,358	89
Whole company (common)	648	56
Total	54,768	1,441

Notes:
1. *The number of employees is the number that is at work.*
2. *The "Whole company (common)" refers to employees in the administration department but not under either business segment.*
3. *Effective from the fiscal year under review, the segmentation of reportable segments has been changed following the change in corporate organization.*

(ii) Employees of the Company

Number of employees	Increase (decrease) from the end of the previous year	Average age	Average of working years
3,312	30	42.1	17.0

Note: The number of employees is the number that is at work.

(8) Major lenders (As of March 31, 2014)

Lenders	Outstanding borrowing (millions of yen)
Syndicate loans	45,000
Sumitomo Mitsui Trust Bank, Limited	25,266
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	20,388
Sumitomo Mitsui Banking Corporation	17,964
The Hachijuni Bank, Ltd.	5,177
Mizuho Corporate Bank, Ltd.	2,728

Notes:

1. *The syndicate loan refers to the total amount of 4 syndicate loans which are organized by 2 from Sumitomo Mitsui Trust Bank, Limited, 1 from The Bank of Tokyo-Mitsubishi UFJ, Ltd. and 1 from Sumitomo Mitsui Banking Corporation.*
2. *The Company has entered into a commitment line agreement with major financial correspondents in the total amount of 10,000 million yen in order to effectively finance the running cost. As of the end of current fiscal year, there is no borrowing under this agreement.*

(9) Other important matters relating to current status of corporate group

(Investigations by Korean, Singaporean and the U.S. competition authorities)

We are currently responding to the investigations made by Korean, Singaporean and the U.S. competition authorities on suspicion of attempted violation of relevant competition laws in those countries in relation to the dealing in the miniature ball baring products. It is difficult for us to predict whether or not there would be material impacts on the operating results etc. of the Company at this point in time.

(Translation)

2. Shares of the Company

(1) Overview of shares (As of March 31, 2014)

(i) Total number of shares authorized: 1,000,000,000 shares

(ii) Number of shares issued: 399,167,695 shares

(iii) Number of shareholders: 16,719 persons

(iv) Major shareholders (top 10 shareholders):

Name of shareholders	Number of shares (thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	32,362	8.56
Japan Trustee Services Bank, Ltd. (Trust account)	26,490	7.01
Takahashi Industrial and Economic Research Foundation	15,447	4.08
Sumitomo Mitsui Trust Bank, Limited	15,349	4.06
KEIAISHA Co., Ltd.	15,000	3.97
Japan Trustee Services Bank, Ltd. (Trust account 4)	13,290	3.51
Zenkyoren (National Mutual Insurance Federation of Agricultural Cooperatives)	12,110	3.20
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	10,057	2.66
Sumitomo Mitsui Banking Corporation	10,000	2.64
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	8,524	2.25

Notes:

1. *The Company holds 21,018,546 shares of treasury stock, which are excluded from the major shareholders.*
2. *Shareholding ratio is calculated exclusive of treasury stock.*

(2) Matters relating to subscription rights to shares, etc.

(i) Subscription rights to shares held by the Company's officers which were granted as consideration for their performance of duties at the end of the fiscal year under review

Name (Date of issuance)	Resolution date of issuance	Number of subscription rights to shares	Class and number of shares underlying the exercise of subscription rights to shares	Issue price per one subscription right to share	Exercise value per one subscription right to share	Exercise period for subscription rights to shares	Number of subscription rights to shares held by directors (Number of holders)
Series I subscription rights to shares of Minebea Co., Ltd. issued in 2012 (July 17, 2012)	June 28, 2012	470	47,000 shares of common stock	25,200 yen	100 yen	From July 18, 2012 to July 16, 2042	320 (5)
Series II subscription rights to shares of Minebea Co., Ltd. issued in 2013 (July 16, 2013)	June 27, 2013	420	42,000 shares of common stock	36,700 yen	100 yen	From July 17, 2013 to July 15, 2043	420 (7)

Notes:

1. *The number of shares to be issued upon exercise of subscription rights to shares is 100 shares as per one subscription right to share.*
2. *The issue prices represent the sum total of the fair value of subscription rights to shares as of the allotment date and the payment amount at the time of exercise of subscription rights to shares (1 yen per share).*
   Any person who receives an allotment of subscription rights to shares (hereinafter, a "holder of subscription rights to shares") may offset debts for payment for the subscription rights to shares with compensations receivable due to them in lieu of direct payment.
3. *Shares delivered to holders of subscription rights to shares when they exercise subscription rights to shares are exclusively shares of treasury stock, hence no new shares will be issued in the context of this transaction. If any shares of treasury stock are delivered, no capitalization will be made.*
4. *(i) During the exercise period, any director who is a holder of subscription rights to shares may exercise all of his or her subscription rights to shares at one time within a 10-day period following the date of termination of his or her directorship (when the 10th day following the date of termination falls on holiday, the period up to the following business day).*
   (ii) When any holder of subscription rights to shares passes away, his or her heirs may exercise all the subscription rights to shares, only in a single transaction, within the six-month period following the date of death.
   (iii) Other terms and conditions for the exercise of subscription rights to shares are as specified in the "Subscription rights to shares Agreement" entered into by and between the Company and the holders of subscription rights to shares.
5. *Subscription rights to shares have not been allotted to Outside Directors and Corporate Auditors.*

(ii) Subscription rights to shares granted to employees, etc. as consideration for their performance of duties during the fiscal year under review

Not applicable.

(iii) Other important matters concerning subscription rights to shares, etc.

The overview of subscription rights to shares attached to Series I Unsecured Subordinated Convertible Bond-Type Bonds with Subscription rights to shares, which were issued by the resolution of the Board of Directors meeting held on February 2, 2012, is as follows.

Total issuance	7,700 million yen
Price per bond	100 million yen
Interest rate	0.60% per annum (Fixed)
Issue date	February 20, 2012
Redemption and term of the bond	The bonds shall be redeemed at the full par value of 100 yen per 100 yen amount on February 20, 2017.
Offer and method of allotment	The entire amount will be allotted to Development Bank of Japan Inc. through a third-party allocation.
Details of the subscription rights to shares	
Total number of subscription rights to shares attached to the bond	77
Class of shares to be issued upon exercise of subscription rights to shares	Common stock of the Company
Number of shares to be issued upon exercise of subscription rights to shares	Equal to the total face value of the bonds with subscription rights to shares divided by the valid conversion price at the time of the exercise.
Amount to be paid in for subscription rights to shares	No payment is required for the subscription rights to shares.
Amount to be paid in upon exercise of subscription rights to shares	1. Details of assets contributed upon exercise of the subscription rights to shares, the price and the calculation method (1) Upon exercise of each stock acquisition right, each bond to which such stock acquisition right is attached shall be contributed. (2) The amount of assets to be contributed upon exercise of each stock acquisition right shall be equal to the face value of each bond. 2. Conversion price The conversion price will initially be 382 yen, and if adjusted, conversion price after adjustment.
Exercise period for subscription rights to shares	From March 2, 2012 to February 12, 2017
Terms and conditions for the exercise of subscription rights to shares	The subscription rights to shares may not be exercised in part.

3. Corporate Officers

(1) Directors and Corporate Auditors (As of March 31, 2014)

Title	Name	Responsibilities in the Company and significant concurrent positions outside the Company
Representative Director, President and Chief Executive Officer	Yoshihisa Kainuma	
Director, Vice President Executive Officer	Koichi Dosho	Chief of Electronic Device & Component Manufacturing Headquarters; Officer in charge of Global Motor Division; in charge of Rotary Components Technology Development Department
Director, Senior Managing Executive Officer	Hiroharu Katogi	Officer in charge of Administration, Accounting & IT Division; Officer in charge of Personnel & General Affairs Division
Director, Senior Managing Executive Officer	Hiroyuki Yajima	Chief of Machined Component Manufacturing Headquarters; Officer in charge of Production Support Division
Director, Senior Managing Executive Officer	Hirotaka Fujita	Deputy Chief of Electronic Device & Component Manufacturing Headquarters; Officer in charge of Electronic Device Division
Director, Senior Managing Executive Officer	Daishiro Konomi	Officer in charge of Sales Division; General Manager of Regional Affairs for Europe
Director, Senior Managing Executive Officer	Tamio Uchibori	Officer in charge of Corporate Planning Division; General Manager of Corporate Planning Department
Director	Kohshi Murakami	Attorney at law
Director	Takashi Matsuoka	Director and Senior Managing Executive Officer, KEIAISHA Co., Ltd.
Standing Corporate Auditor	Akifumi Kamoi	
Standing Corporate Auditor	Kazuaki Tanahashi	
Corporate Auditor	Hirotaka Fujiwara	Attorney at law
Corporate Auditor	Hisayoshi Rikuna	Certified Public Tax Accountant

Notes:

1. *Messrs. Kohshi Murakami and Takashi Matsuoka are Outside Directors. Mr. Kohshi Murakami is an independent director notified pursuant to the provisions of the financial instruments exchange.*
2. *Messrs. Kazuaki Tanahashi, Hirotaka Fujiwara and Hisayoshi Rikuna are Outside Corporate Auditors. Mr. Hirotaka Fujiwara is an independent auditor notified pursuant to the provisions of the financial instruments exchange.*
3. *Corporate Auditor Mr. Kazuaki Tanahashi has been for many years engaged in financial affairs in a commercial bank and has considerable knowledge of finance and accounting.*
4. *Corporate Auditor Mr. Hirotaka Fujiwara is familiar with business law services as a lawyer and has considerable knowledge of finance and accounting.*
5. *Corporate Auditor Mr. Hisayoshi Rikuna is familiar with tax services as a certified public tax accountant and has considerable knowledge of finance and accounting.*
6. *At the conclusion of the 67th Ordinary General Meeting of Shareholders held on June 27, 2013, the terms of office of three (3) Directors, Mr. Akihiro Hirao, Mr. Masayoshi Yamanaka and Mr. Eiichi Kobayashi, expired, and therefore they retired from the positions.*
7. *Directors' responsibilities in the Company changed on October 1, 2013 as follows:*

Name	Before change	After change
Koichi Dosho	Chief of Electronic Device & Component Manufacturing Headquarters; Officer in charge of Global Motor Division	Chief of Electronic Device & Component Manufacturing Headquarters; Officer in charge of Global Motor Division; in charge of Rotary Components Technology Development Department

(2) Amount paid as remuneration to Directors and Corporate Auditors

Categories	Number of persons to be paid	Amount of remuneration, etc. (thousands of yen)			
		Basic remuneration	Bonuses	Stock options	Total
Directors (Outside Directors)	12 (2)	241,923 (12,801)	193,958 (–)	8,713 (–)	444,594 (12,801)
Corporate Auditors (Outside Corporate Auditors)	4 (3)	50,542 (32,848)	– (–)	– (–)	50,542 (32,848)
Total	16	292,465	193,958	8,713	495,136

Notes:

1. *The above table includes Mr. Akihiro Hirao, Mr. Masayoshi Yamanaka and Mr. Eiichi Kobayashi, who retired from the position as Directors at the conclusion of the 67th Ordinary General Meeting of Shareholders held on June 27, 2013.*
2. *The remuneration for Directors excludes the salary to be paid for service as officer or employee for a Director who concurrently holds a post of officer or employee of the Company.*
3. *The Company resolved that the maximum annual remuneration for Directors shall be not more than 500 million yen (this amount includes maximum annual remuneration of 20 million yen for Outside Directors) at the 61st Ordinary General Meeting of Shareholders held on June 28, 2007. Furthermore, the Company resolved at the 66th Ordinary General Meeting of Shareholders held on June 28, 2012 that the Company may grant stock-based compensation stock options of up to 30 million yen per annum, within the limits of the above remuneration amount, to Directors of the Company (excluding Outside Directors).*
4. *The Company resolved that the maximum annual remuneration for Corporate Auditors shall be not more than 100 million yen at the 61st Ordinary General Meeting of Shareholders held on June 28, 2007.*
5. *"Amount of remuneration, etc." includes 193,958 thousand yen which was recorded as allowance for bonuses to directors in the fiscal year under review.*
6. *The above amounts of stock options represent the amounts recognized as expenses during the fiscal year under review.*
7. *The amount of remuneration, etc. is shown with fractions of 1 thousand yen rounded off.*

(3) Matters relating to outside officers

(i) Significant concurrent positions outside the Company and relation between the Company and such other corporations

Director Mr. Takashi Matsuoka holds an additional post of Director and Senior Managing Executive Officer of KEIAISHA Co., Ltd. The Company purchases machinery and equipment, steel bar, etc. from KEIAISHA Co., Ltd.

(ii) Main activities during the fiscal year under review

Name	Attendance and contributions
Director Kohshi Murakami	He attended all 15 meetings of the Board of Directors that were held during the current fiscal year under review, and provided necessary counsel on a timely basis for deliberation of agenda items and other topics at such meetings.
Director Takashi Matsuoka	He attended 13 of the 15 meetings of the Board of Directors that were held during the current fiscal year under review, and provided necessary counsel on a timely basis for deliberation of agenda items and other topics at such meetings.
Corporate Auditor Kazuaki Tanahashi	He attended 14 of the 15 meetings of the Board of Directors and all 13 meetings of the Board of Corporate Auditors that were held during the fiscal year under review, and provided necessary counsel on a timely basis for deliberation of agenda items and other topics at such meetings.
Corporate Auditor Hirotaka Fujiwara	He attended 14 of the 15 meetings of the Board of Directors and all 13 meetings of the Board of Corporate Auditors that were held during the current fiscal year under review, and provided necessary counsel on a timely basis for deliberation of agenda items and other topics at such meetings.
Corporate Auditor Hisayoshi Rikuna	He attended all 15 meetings of the Board of Directors and all 13 meetings of the Board of Corporate Auditors that were held during the fiscal year under review. He provided necessary counsel on a timely basis for deliberation of agenda items and other topics at such meetings.

(iii) Overview of limited liability agreements

The Company and each of the Outside Officers have executed agreement to limit liabilities of damages of Paragraph 1, Article 423 of Companies Act pursuant to the provisions of Paragraph 1, Article 427 of Companies Act.

The amount subject to the limitation of liabilities of damages shall be the amount set forth by the laws.

4. Matters relating to Independent Auditors

(1) Name: KPMG AZSA LLC

(2) Amount of remuneration, etc.

	Amount paid
Amount of remuneration, etc. of Independent Auditors for the fiscal year under review	93 million yen
Total amount of money and other property benefit to be paid from the Company and its subsidiaries to Independent Auditors	95 million yen

Note:
In the audit agreement by and between the Company and the Independent Auditors, the Company does not keep accounts by each category of the amount of audit fee, etc. for auditing services under the Companies Act and under the Financial Instruments and Exchange Law. As the amount of auditing services may be difficult to classify, the Company states the total amount thereof in the amount of remuneration, etc. of Independent Auditors for the fiscal year under review.

(3) Non-auditing services

The Company pays considerations to KPMG AZSA LLC for its IFRS (International Financial Reporting Standards) advisory services.

(4) Policy regarding determination of removal or refusal of reappointment of Independent Auditors

The Board of Directors will recommend the agenda for the proposed meeting regarding removal or refusal of reappointment of Independent Auditors with the consent or upon the request of the Board of Corporate Auditors if the Board of Directors believes that it is necessary due to causes including the Independent Auditors' difficulty in performing their duties.

If the Board of Corporate Auditors finds that the Independent Auditors fall under any of the events prescribed in each Item of Paragraph 1, Article 340 of the Companies Act, the Board of Corporate Auditors may remove the Independent Auditors under the consent of all Corporate Auditors. In this case, the Corporate Auditor appointed by the Board of Corporate Auditors will report its resolution relating to the removal of any Independent Auditor and its reasons to the first General Meeting of Shareholders after the removal thereof.

(5) Audit of consolidated subsidiaries

Some consolidated subsidiaries of the Company are subject to the audit of a certified public accountant or an auditing firm (including a person who has similar qualifications in foreign countries) other than the Company's Independent Auditor, and the material ones are NMB-Minebea Thai Ltd., NMB (USA) Inc., NMB Technologies Corporation, New Hampshire Ball Bearings, Inc., MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD., MINEBEA (HONG KONG) LIMITED, NMB SINGAPORE LIMITED, and MINEBEA (CAMBODIA) Co., Ltd.

(Translation)

5. System to Ensure the Proper Business

Based on the Companies Act, the Company enacted its Basic Policy for the Formulation of an Internal Control System by a resolution of the Meeting of the Board of Directors in an effort to ensure the sound management of the Company. A summary of this resolution is provided below.

(1) Structure to assure that Directors', Executive Officers' and employees' execution of duties conform to laws and Articles of Incorporation

(i) The Company has set up a management structure regarding compliance and established the Minebea Group Code of Conduct (hereafter the "Code of Conduct"), the Minebea Group Officer and Employee Compliance Guidelines (hereafter the "Compliance Guidelines") and Compliance Management Rules (hereafter the "Rules") in order to have group company Directors, Executive Officers and Employees follow laws, the Company's Articles of Incorporation and corporate philosophy.

(ii) These Code of Conduct and Compliance Guidelines have set the specific standards that have to be observed for labor, safety and health, environment protection, and ethical management. In order to enforce this, the Compliance Committee was established to control the Group's compliance efforts in a cross-sectional manner, as well as educating officers and staff members. In the Rules, the basic policy, such as a basic policy of the compliance in our group, organization, and management rules are defined, and the various measures regarding maintenance of organization and compliance are implemented appropriately.

(iii) The Minebea Group will have nothing to do with antisocial influences that threaten social order or safety. It will not acquiesce to unreasonable demands, and it will work uncompromisingly in cooperation with external authorized institutions such as police and lawyers. Moreover, it is also written in the Code of Conduct and the Compliance Guidelines.

(iv) The activities of the Compliance Committee will be reported regularly or accordingly to the Board of Directors.

(v) Outside directors in the Board of Directors will be appointed in order to have the check-and-balance system that assures the legality of the Directors' execution of duties.

(2) Storage and management of information related to execution of duties by Directors and Executive Officers

(i) The Company has established the Minebea Group Document Management Rules for maintaining documents (including electronic records) and other relevant materials.

(ii) If the documents should be kept for a certain period of time or at a certain location, the preservation period and location must follow these rules except in cases where there are specific provisions in any law. The documents are stored by a method as it can be viewed within 2 days, if there is an inspection request from a Director or Corporate Auditor.

(3) Rules for risk of loss management and other structures

(i) The Company established "Minebea Group Basic Regulations for Risk Management" that systematically sets up risk management. The Chief Officer of the risk management of Minebea Group shall be the Representative Director, President and Chief Executive Officer, and the Risk Management Committee is under his direct control.

(ii) Based on these Regulations, the individual risks will be monitored continuously by each responsive organization, and we also assume and classify specific risks in advance, and develop a quick, adequate communication and emergency structure in case of an emergency.

(iii) The Risk Management Committee will regularly review above structure, verify specific items and report the status of risk management including such verification results to the Board of Directors regularly, or whenever necessary.

(4) Structure that assures the execution of duties by the Directors and Executive Officers are efficiently done

(i) The Company has nine Directors to facilitate prompt and strategic decision making. At the same time, by introducing an Executive Officer system, we have delegated significant authority from the Board of Directors to Executive Officers, clearly divide the role of management / supervision functions from execution functions, and heighten the organization's agility.

(ii) While everyone at the Company shares the same vision in working toward a common goal, the leaders of each manufacturing headquarters, business unit and division decide on their own specific targets and how to achieve them. Their performance results are converted into verifiable data via an IT system and are regularly reviewed by the Board of Directors after being analyzed by each relevant manufacturing headquarters, business unit and division. Leveraging the inherent strength of this process, enables us to sweep away obstacles to efficiency, bring everyone closer to achieving their goals, and lay a solid foundation upon which we can build a more efficient organization.

(5) Structures to ensure that the operations of the Company's and its subsidiaries are adequate

(i) Minebea's manufacturing and headquarters, business units and divisions take all necessary steps to provide effective guidance on group company business operations.
(ii) Our common commitment to legal and ethical standards is reflected in the "Minebea Group Code of Conduct" and the "Compliance Guidelines".
(iii) "Rules for Management of Group Companies" that are common to our group are established in order to, establish the management standards and management procedures for its group companies located domestically in Japan and overseas as well, and to facilitate business development of the corporate group consisting of the Company and the group companies, strengthen its corporate governance structure and enhance its corporate value.
(iv) In order to increase the effects of the internal control system audits for Group Companies currently done by the Corporate Auditors, we maintain a cooperative posture toward the Corporate Auditors.
(v) We set numerical goals for each group company, review them regularly, and provide relevant organizations with feedback after performing a thorough performance review.
(vi) The Internal Auditing Office regularly audits the Group Companies.

(6) Issues concerning when a Corporate Auditor requests for an employee to assist him/her

When such employee is required, he/she is properly set, and we assist the audit.

(7) Independence from the Board of Directors of the employee mentioned in the preceding paragraph (6) hereof

(i) The audit support by such employee is done under the Corporate Auditor's directions and orders.
(ii) The Board of Corporate Auditors' opinion is respected on the personnel changes and personnel evaluation regarding such employee.

(8) Structure of Directors', Executive Officers' and employees' report to the Corporate Auditor, and other reporting structure to the Corporate Auditor

(i) The Directors report the following to the Board of Corporate Auditors
  a. Matters discussed at the Senior Executive Officers Council.
  b. Matters that might cause the Company a significant loss
  c. Monthly business conditions that is important
  d. Important matters regarding internal audit status and risk management
  e. Significant violations of law or Articles of Incorporation
  f. Status of calls to the compliance hotline and its contents
  g. Other important matters related to compliance
  h. Matters related to request for approval decided by Directors or Executive Officers
  i. Agreements executed by Directors or Executive Officers
  j. Matters related to litigations
(ii) Executive Officers directly report b. through e. in the previous paragraph (i) hereof to the Board of Corporate Auditors. Also, if the employee discovers a significant fact related to b. and e. in the previous paragraph (i) hereof, he/she may directly report it to the Board of Corporate Auditors.

(9) Other matters in order to ensure the efficiency of the Corporate Auditors audit

(i) The Corporate Auditor has an opportunity to interview Directors, Executive Officers and important employees, as well as hold informal meetings regularly with Representative Director, President and Chief Executive Officer and the Independent Auditor respectively.
(ii) The Internal Auditing Office carries out the internal audit items requested by the Corporate Auditors based on discussions with the Corporate Auditors and reports those results to the Corporate Auditors.

Based on the policies above, the Company is promoting in unison the establishment of the internal control system.

6. Basic Policy relating to Control of the Company

(1) Contents of Basic Policy

The Company believes that the persons who control decisions on the Company's financial and business policies need to be persons who fully understand the details of the Company's financial and business affairs and the source of the Group's corporate value and who will make it possible to continually and persistently ensure and enhance the Group's corporate value and, in turn, the common interests of its shareholders.

The Company believes that ultimately its shareholders as a whole must make the decision on any proposed acquisition that would involve a transfer of corporate control of the Company. Also, the Company would not reject a large-scale acquisition of the shares in the Company if it would contribute to the corporate value of the Group and, in turn, the common interests of its shareholders.

Nonetheless, there are some forms of corporate acquisition that benefit neither the corporate value of the target company nor the common interests of its shareholders including without limitation, those with a purpose that would obviously harm the corporate value of the target company and the common interests of its shareholders, those with the potential to substantially coerce shareholders into selling their shares, those that do not provide sufficient time or information for the target company's board of directors and shareholders to consider the details of the large-scale acquisition or for the target company's board of directors to make an alternative proposal and those that require the target company to discuss or negotiate with the acquirer in order to procure more favorable terms for shareholders than those presented by the acquirer.

In order for the Group to ensure and enhance the corporate value and, in turn, the common interests of its shareholders, it is necessary for the Group to efficiently and continuously develop new products, cultivate new markets and revolutionize production technology in the mid- to long-term globally based on the Group's original vertically integrated manufacturing system, and to drive to be a company that leads the competition through manufacturing and technological excellence based on advanced ultra-precision machining technology and mass production techniques for mechatronic products that are the source of the Group's corporate value.

Unless the acquirer in a proposed large-scale acquisition of the shares in the Company understands the source of the corporate value and the characteristics that are indispensable to enhance the corporate value of the Group, as well as the details of the financial and business affairs of the Company, and will ensure and realize these elements over the medium-to-long-term, the corporate value of the Group and the common interests of its shareholders would be harmed.

Therefore, the Company believes that persons who would make a large-scale acquisition of the shares in the Company in a manner that does not contribute to the corporate value of the Group or the common interests of its shareholders would be inappropriate to become persons who control decisions on the Company's financial and business policies. The Company believes that it is necessary to ensure the corporate value of the Group and, in turn, the common interests of its shareholders by taking the necessary and reasonable countermeasures for the purpose of deterring acquisitions that are detrimental to the corporate value of the Group and, in turn, the common interests of its shareholders.

(2) Special measures for realization of Basic Policy

The Group's business objective is to fulfill its social responsibilities to the various stakeholders, such as shareholders, business partners, local communities, the international society and employees, and maximize its corporate value.

Under this basic management policy, we have actively addressed the development of high value-added products and the sophistication of product quality. In addition we have focused company resources on areas where we can display ultra-precision machining technologies and mass production technologies that are both the source of our competitiveness. At the same time, we have strengthened our operations based on financial improvements, and have striven to practice a transparent management form that is easier to understand within and across the company.

In addition, we carry out our corporate social responsibility and pursue the further sophistication of our businesses by driving forward reduction of burdens on the environment arising from products and environmental protection activities; operating fair and appropriate businesses in line with compliance and corporate ethics; and implementing various initiatives in maintenance of good relationships with stakeholders, etc.

The Group will make best efforts to realize the direction and vision in the mid-term business plan ending in the fiscal year of March 2017 and fulfill annual business plans, endeavor to develop organizations that make decisions regarding corporate management and carry out business, and promote the establishment, development and improvement of the internal control system in order to strengthen its corporate governance.

(3) Measures to prevent control over decisions on the Company's financial and business policies by persons deemed as inappropriate under the Basic Policy

Regarding the plan for countermeasures to large-scale acquisitions of the shares in the Company (takeover defense measures) introduced on May 8, 2008, the Board of Directors resolved, at a meeting held on May 10, 2011, to partially revise the plan and introduce a renewed plan. The renewed plan (The Plan) was approved by the Company's 65th Ordinary General Meeting of Shareholders held on June 29, 2011.
Outline of the "Measures to prevent control over decisions on the Company's financial and business policies by persons deemed as inappropriate under the Basic Policy" are described below.
For details of The Plan, please refer to our website below.
http://www.minebea.co.jp/english/company/aboutus/governance/takeover_defense_measures/index.html

1) Purpose of the Plan

As set out in the Basic Policy, the Company's Board of Directors believes that persons who would propose a large-scale acquisition in a manner that does not contribute to the corporate value of the Group or the common interests of its shareholders would be inappropriate as persons who control decisions on the Company's financial and business policies. The purpose of the Plan is to prevent decisions on the Company's financial and business policies from being controlled by persons deemed inappropriate, to deter large-scale acquisitions that are detrimental to the corporate value of the Group and, in turn, the common interests of its shareholders, and on the occasion that the Company receives a large-scale acquisition proposal regarding the shares in the Company from an acquirer, to enable the Company's Board of Directors to present an alternative proposal to the shareholders or ensure necessary time and information for the shareholders to decide whether or not to accept the large-scale acquisition proposal, and to enable the Board of Directors to negotiate for the benefit of the shareholders.

2) Outline of the Plan

The Plan will be applied in cases where any purchase or other acquisition of share certificates, etc. of the Company that falls under (i) or (ii) below or any similar action (including a proposal for such action) (except for such action as the Company's Board of Directors separately determines not to be subject to the Plan; the "Acquisition") takes place.

(i) A purchase or other acquisition that would result in the holding ratio of share certificates, etc. of a holder totaling at least 20% of the share certificates, etc. issued by the Company; or

(ii) A tender offer that would result in the party conducting the tender offer's ownership ratio of share certificates, etc. and the ownership ratio of share certificates, etc. of a person having a special relationship totaling at least 20% of the share certificates, etc. issued by the Company.

The party intending to make the Acquisition (the "Acquirer") shall follow the procedures prescribed in the Plan, and the Acquirer must not effect the Acquisition until and unless the Company's Board of Directors resolves not to implement the gratis allotment of subscription rights to shares in accordance with the Plan.
The Company will request the Acquirer to submit to the Company' Board of Directors an Acquirer's Statement and an Acquisition Document which include a list of information necessary to evaluate the Acquisition before commencing or effecting the Acquisition.
The Independent Committee may request that the Company's Board of Directors present an opinion on the Acquirer's Acquisition terms and an alternative proposal (if any), and any other information that the Independent Committee considers necessary.
Then, the Independent Committee will conduct its consideration of the Acquisition terms and may directly or indirectly discuss and negotiate with the Acquirer. If the Independent Committee determines that the Acquisition by the Acquirer is not in compliance with the procedures of the Plan, or that it threatens to cause obvious harm to the corporate value of the Group and, in turn, the common interests of its shareholders, and it is reasonable to implement the gratis allotment of subscription rights to shares, and it falls under one of the triggering events set in the Plan, the Independent Committee will recommend the implementation of the gratis allotment of subscription rights to shares with clauses prescribing that exercise of the rights by the Acquirer is, in principle, not allowed and that the Company may acquire subscription rights to shares from holders other than the Acquirer in exchange for shares of the Company, to the Company's Board of Directors. If the Independent Committee determines the Acquisition by the Acquirer does not fall under any of the trigger events set in the Plan, the Independent Committee will recommend the non-implementation of the gratis allotment of subscription rights to shares to the Company's Board of Directors. The Company's Board of Directors, in exercising their role as an organization under the Companies Act, will pass a resolution relating to the implementation or non-implementation of a gratis allotment of subscription rights to shares respecting to the maximum extent any recommendation of the Independent Committee.

If a gratis allotment of subscription rights to shares were to take place in accordance with the Plan and all shareholders other than the Acquirer received one share per stock acquisition right in the Company as a result of those shareholders exercising or the Company acquiring those subscription rights to shares, the ratio of voting rights in the Company held by the Acquirer may be diluted by up to 50%.
The effective period of the Plan will be the period until the conclusion of the ordinary general meeting of shareholders relating to the last fiscal year ending within three years after the conclusion of the 65th Ordinary General Meeting of Shareholders held on June 29, 2011.

(4) Decisions and reasoning by the Company's Board of Directors regarding above measures

The Company has implemented such measures for enhancing the corporate value as establishing efforts that enhance its corporate value including the mid-term business plan and such policies as strengthening its corporate governance practices as specific measures to continually and persistently enhance the Group's corporate value and, in turn, the common interests of the Company's shareholders. These measures will indisputably contribute to the realization of the Basic Policy.

The Plan is a mechanism to maintain the corporate value of the Group and in turn, the common interests of its shareholders when an Acquisition is proposed. Therefore, the Plan is in compliance with the Basic Policy.
The Plan satisfies all of the three principles set out in the Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005, namely, the principles of: Ensuring and enhancing the corporate value and shareholders' common interests; Prior disclosure and respect for shareholder intent; and Ensuring necessity and reasonableness. The Plan is placing high value on the intent of shareholders because it was approved at the 65th Ordinary General Meeting of Shareholders, it is with the Effective Period of approximately three years and if the Board of Directors or the general meeting of shareholders of the Company resolves to abolish the Plan, the Plan will be abolished at that time. In addition, the plan has a mechanism to enhance the objectivity and fairness because substantive decisions on triggering of, amendment to or other operation of the Plan will be made by the Independent Committee, which is solely composed of outside directors or other outsiders who are independent from the Company, and the Independent Committee may obtain the advice of independent third parties (financial advisors, certified public accountants, lawyers, tax accountants, consultants and other experts) at the cost of the Company. Therefore, these measures comply with the Basic Policy and are consistent with the common interests of the Company's shareholders, and are not implemented for the purpose of maintaining the positions of the directors and the corporate auditors of the Company.

(Translation)

Consolidated Balance Sheet

(As of March 31, 2014)

(Unit: millions of yen)

Assets	
Item	**Amount**
Current assets	**189,637**
Cash and cash equivalents	38,615
Notes and accounts receivable	74,340
Marketable securities	1,284
Finished goods	23,697
Work in process	17,157
Raw materials	11,046
Supplies	4,581
Goods in transit	7,169
Deferred tax assets	4,198
Others	7,735
Allowance for doubtful receivables	(188)
Fixed assets	**191,602**
Tangible fixed assets	**166,899**
Buildings and structures	132,084
Machinery and transportation equipment	280,366
Tools, furniture and fixtures	50,402
Land	24,893
Leased assets	972
Construction in progress	2,811
Accumulated depreciation	(324,631)
Intangible fixed assets	**5,529**
Goodwill	2,998
Others	2,530
Investments and other assets	**19,173**
Investments in securities	10,947
Long-term loans receivable	368
Deferred tax assets	5,965
Others	2,521
Allowance for doubtful receivables	(630)
Deferred charges	**37**
Total assets	**381,278**

Note: Amounts less than 1 million yen are omitted.

(Unit: millions of yen)

Liabilities	
Item	**Amount**
Current liabilities	**120,937**
Notes and accounts payable	29,898
Short-term loans payable	48,794
Current portion of long-term loans payable	15,250
Lease obligations	201
Accrued income taxes	3,189
Accrued bonuses	4,923
Allowance for bonuses to directors	193
Allowance for environmental remediation expenses	356
Allowance for business restructuring losses	265
Others	17,864
Long-term liabilities	**96,877**
Bonds	10,000
Convertible bond-type bonds with subscription rights to shares	7,700
Long-term loans payable	66,754
Lease obligations	255
Allowance for retirement benefits to executive officers	165
Allowance for environmental remediation expenses	848
Net defined benefit liability	8,850
Others	2,303
Total liabilities	**217,814**
Net assets	
Shareholders' equity	**212,818**
Common stock	**68,258**
Capital surplus	**94,874**
Retained earnings	**59,190**
Treasury stock	**(9,505)**
Total accumulated other comprehensive income	**(54,955)**
Difference on revaluation of available-for-sale securities	**1,153**
Deferred gains or losses on hedges	**(7)**
Foreign currency translation adjustments	**(52,365)**
Remeasurements of defined benefit plans	**(3,737)**
Subscription rights to shares	**116**
Minority interests in consolidated subsidiaries	**5,483**
Total net assets	**163,463**
Total liabilities and net assets	**381,278**

Note: Amounts less than 1 million yen are omitted.

(Translation)

Consolidated Statement of Income

(From April 1, 2013 to March 31, 2014)

(Unit: millions of yen)

Item	Amount	
Net sales		**371,543**
Cost of sales		**285,768**
Gross profit		**85,775**
Selling, general and administrative expenses		**53,575**
Operating income		**32,199**
Other income		
Interest income	554	
Dividends income	193	
Rent income of fixed assets	268	
Dividends income of insurance	200	
Others	503	**1,721**
Other expenses		
Interest expenses	2,138	
Foreign currency exchange loss	431	
Equity loss of affiliates	777	
Investigation related expenses	773	
Others	1,734	**5,855**
Ordinary income		**28,065**
Extraordinary income		
Gain on sales of fixed assets	62	
Insurance income	328	
Gain on sales of investment securities	53	
Gain on sales of subsidiaries and affiliates' stocks	1,230	**1,675**
Extraordinary loss		
Loss on sales of fixed assets	67	
Loss on disposal of fixed assets	149	
Impairment loss	975	
Amortization of goodwill	300	
Loss on disaster	548	
Business restructuring losses	749	
Loss for after-care of products	74	
Allowance for environmental remediation expenses	63	**2,928**
Income before income taxes and minority interests		**26,811**
Income taxes (including enterprise tax)	4,608	
Adjustment of income taxes	1,825	6,434
Income before minority interests		**20,377**
Minority interests in loss		500
Net income		**20,878**

Note: Amounts less than 1 million yen are omitted.

(Translation)

Consolidated Statement of Changes in Net Assets

(From April 1, 2013 to March 31, 2014)

(Unit: millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of fiscal year under review	68,258	94,756	40,925	(9,521)	194,419
Changes					
Cash dividend from retained earnings			(2,613)		(2,613)
Net income			20,878		20,878
Purchase of treasury stocks				(262)	(262)
Disposal of treasury stocks		118		278	396
Changes (net) in non-shareholders' equity items					
Total changes	–	118	18,264	15	18,398
Balance at end of fiscal year under review	68,258	94,874	59,190	(9,505)	212,818

	Accumulated other comprehensive income						Subscription rights to shares	Minority interests in consolidated subsidiaries	Total net assets
	Difference on revaluation of available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Unfunded retirement benefit obligation of foreign subsidiaries	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income			
Balance at beginning of fiscal year under review	1,088	(6)	(61,643)	(2,531)	–	(63,092)	51	6,479	137,858
Changes									
Cash dividend from retained earnings									(2,613)
Net income									20,878
Purchase of treasury stocks									(262)
Disposal of treasury stocks									396
Changes (net) in non-shareholders' equity items	64	(1)	9,278	2,531	(3,737)	8,136	65	(995)	7,206
Total changes	64	(1)	9,278	2,531	(3,737)	8,136	65	(995)	25,605
Balance at end of fiscal year under review	1,153	(7)	(52,365)	–	(3,737)	(54,955)	116	5,483	163,463

Note: Amounts less than 1 million yen are omitted.

(Translation)

Notes to Consolidated Financial Statements

Basis of Presenting Consolidated Financial Statements

1. Scope of consolidation

(1) Consolidated subsidiaries

Number of consolidated companies: 49 companies

The names of principal consolidated subsidiaries:

NMB-Minebea Thai Ltd.
NMB (USA) Inc.
NMB Technologies Corporation
New Hampshire Ball Bearings, Inc.
MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD.
MINEBEA (HONG KONG) LIMITED
NMB SINGAPORE LIMITED
MINEBEA (CAMBODIA) Co., Ltd.

(2) Non-consolidated subsidiaries

The names of non-consolidated subsidiaries:

NMB-MINEBEA DO BRASIL IMPORTACAO E COMERCIO DE COMPONENTES DE PRECISAO LTDA
MOATECH PHILIPPINES, INC.

Reason for exclusion from the scope of consolidation:

The reason is that non-consolidated subsidiaries are all small operations, and each of their total assets, sales, net income (amount equivalent to equity), retained earnings (amount equivalent to equity), etc. has no significant impact on our consolidated financial statements.

2. Application of the equity method

(1) Non-consolidated subsidiaries under equity method

Number of non-consolidated subsidiaries under equity method One company
Name of non-consolidated subsidiary MOATECH PHILIPPINES, INC.

(2) Affiliated companies under the equity method

Number of affiliated companies under the equity method: 4 companies

The names of affiliated companies:

HYSONIC CO., LTD.
HYSONIC PHILIPPINES, INC.
SEFFICE Co. Ltd.
PARADOX ENGINEERING SA

Of the above affiliated companies, HYSONIC CO., LTD. and HYSONIC PHILIPPINES, INC., which were previously consolidated subsidiaries, are no longer deemed to be effectively controlled by the Company based on the control criteria, and therefore the status of these companies was changed from consolidated subsidiaries to affiliated companies under the equity method from the fiscal year under review.

As the Company newly acquired the shares of PARADOX ENGINEERING SA, it is included in the affiliated companies under equity method, effective of this fiscal year.

(3) Non-consolidated subsidiaries and affiliated companies not accounted for by the equity method

NMB-MINEBEA DO BRASIL IMPORTACAO E COMERCIO DE COMPONENTES DE PRECISAO LTDA and CAMTON Co., Ltd. are excluded from the scope of application by the equity method, because their net income (amount equivalent to equity), retained earnings (amount equivalent to equity), etc. are not important for our consolidated financial statements.

(4) For any equity method affiliates whose balance sheet date is different from the consolidated balance sheet date, the Company uses the account on the balance sheet date of respective affiliates.

3. Changes in the scope of consolidation and application of equity method

(1) Changes in scope of consolidation

Increase in consolidated subsidiaries through the establishment of companies (one company)

NMB-Minebea India Private Limited	Indian company

Increase in consolidated subsidiaries through acquisition of shares (one company)

CEROBEAR GmbH	German company

Decrease through a merger (one company)

Minebea Motor Manufacturing Corporation	Japanese company

Decrease due to a company liquidation (one company)
SHENG DING PTE. LTD. Singapore company
Decrease due to a change from consolidated subsidiaries to affiliated companies under the equity method (2 companies)
HYSONIC CO., LTD. South Korean company
HYSONIC PHILIPPINES, INC. Philippines company

(2) Change in scope for equity method
Increase of affliated company under equity method through acquistion of shares (one company)
PARADOX ENGINEERING SA
Increase due to a change from consolidated subsidiaries to affiliated companies under the equity method (2 companies)
HYSONIC CO., LTD.
HYSONIC PHILIPPINES, INC.

4. Fiscal years, etc. of consolidated subsidiaries

The following shows consolidated subsidiaries whose balance sheet dates differ from the consolidated balance sheet date.

Company	Fiscal year end	
MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD.	December 31	*1
MINEBEA TRADING (SHANGHAI) LTD.	December 31	*1
SHANGHAI SHUN DING TECHNOLOGIES LTD.	December 31	*1
MINEBEA (SHENZHEN) LTD.	December 31	*1
MINEBEA ELECTRONICS MOTOR (ZHUHAI) CO., LTD.	December 31	*1
MINEBEA ELECTRONIC DEVICES (SUZHOU) LTD.	December 31	*1
DONGGUAN CHENGQU DAIICHI PRECISION MOLD CO. LTD	December 31	*1
MINEBEA (CAMBODIA) Co., Ltd.	December 31	*1
MOATECH CO., LTD.	December 31	*2
MOATECH MANUFACTURING PHILS., INC.	December 31	*2
MOATECH REALTY, INC.	December 31	*2
MOATECH ELECTRONICS (BEIHAI) CO., LTD.	December 31	*2
MOATECH HONGKONG LIMITED	December 31	*2
DONGGUAN DONGMA ELECTRONICS CO., LTD.	December 31	*2

*1. Financial statements prepared on the basis of provisional settlements of accounts as of the consolidated balance sheet dates have been used.

*2. Financial statements of consolidated subsidiaries as of their balance sheet dates have been used; provided, however, that material transactions arising between balance sheet dates and consolidated balance sheet dates have been adjusted for the purpose of consolidation, as appropriate.

5. Accounting policies

(1) Valuation basis and method of significant assets

(i) Securities

Available-for-sale securities:

·Securities with market value: The Company adopted the market value method based on market prices and other conditions at the end of the term. Also, the Company accounted for all valuation differences based on the direct net asset method and the sales costs are calculated by the moving average method.

·Securities without market value: Non-listed securities are stated at cost determined by the moving average method.

(ii) Derivatives

Market value method

(iii) Inventories

The Company and consolidated domestic subsidiaries state primarily at the moving average cost. (The balance sheet amounts of the inventories are calculated at the lowered book values reflecting potential decline in profitability).

Consolidated overseas subsidiaries state at the lower of average cost or market.

(2) Method of significant depreciation

(i) Tangible fixed assets (excluding leased assets)

The Company and consolidated domestic subsidiaries mainly adopt the declining balance method.

Their major useful lives are as follows:

Buildings and structures	2 to 50 years
Machinery and transportation equipment	2 to 15 years
Tools, furniture and fixtures	2 to 20 years

They also collectively show equal charges for small depreciable assets (whose acquisition values are not less than 100,000 yen and less than 200,000 yen) over the 3 years each fiscal year.

Consolidated overseas subsidiaries mainly adopt the straight-line method.

(ii) Intangible fixed assets (excluding leased assets)

The Company and consolidated domestic subsidiaries mainly adopt the straight-line method. However, depreciation of software (for internal use) is computed on the straight-line method based on our expected useful period (5 years).

Consolidated overseas subsidiaries mainly adopt the straight-line method.

(iii) Leased assets

Leased assets related to finance lease transactions that do not transfer ownership

The Company and consolidated domestic subsidiaries adopt the straight-line method of making lease periods depreciable lives and salvage values zero.

(3) Significant allowances

(i) Allowance for doubtful receivables

The Company and consolidated domestic subsidiaries make the record in the amount required for the estimated uncollectible receivables based on actual losses of trade receivables and on collectability of specific receivables with loss possibilities.

Consolidated overseas subsidiaries make the record in the amount required for the estimated uncollectible receivables based on the collectability of each receivable for possible losses on the receivables.

(ii) Accrued bonuses

The Company and consolidated domestic subsidiaries make preparations for the payment of bonuses to employees by providing accrued bonuses based on the estimated amount of payment.

Consolidated overseas subsidiaries make the record on accrual basis.

(iii) Allowance for bonuses to directors

The Company makes preparations for the payment of bonuses to directors by providing allowance for bonuses to directors based on the anticipated amounts of payment in the fiscal year under review.

(iv) Allowance for retirement benefits to executive officers

With respect to the Company and some consolidated domestic subsidiaries, we posted retirement allowances to be required for payment at the end of the current fiscal year in accordance with regulations.

(v) Allowance for environmental remediation expenses

Our consolidated overseas subsidiaries post reasonably projected amounts to be incurred in the future as environment-related expenses in the U.S.

(vi) Allowance for business restructuring losses

Our consolidated overseas subsidiaries post reasonably projected amounts to be incurred in the future, based on the decision of restructuring plans, such as the closures.

(4) Translation of foreign currency assets and liabilities in financial statements of the Company and consolidated subsidiaries

The Company and consolidated domestic subsidiaries translate monetary receivables and payables in foreign currency into yen at the spot exchange rates on the balance sheet date. The resulting exchange differences are accounted for as an exchange gain or loss.

Our consolidated overseas subsidiaries, assets and liabilities are translated into yen at the spot exchange rates at the consolidation date, while revenues and expenses are translated into yen at the average rates for the year. Exchange differences are included in foreign currency translation adjustments and minority interests in net assets.

(5) Accounting method of significant hedge transactions

(i) Method of hedge accounting

The Company adopts the deferred hedge method. The Company, however, adopts the allocation method to account for the forward exchange contracts for foreign currency-denominated receivables and payables if the requirements for the allocation method are satisfied. The Company also adopts the special method to account for the interest rate swaps, which meet the requirements of special accounting.

(ii) Hedging vehicles and hedged items

(Hedging vehicles)

Forward exchange contracts

Interest rate swaps

(Hedged items)

Monetary receivables and payables in foreign currency

Anticipated transactions in foreign currencies
Interest rates on borrowings

(iii) Hedge policy
Under the guidance of its Corporate Finance Department, the Company makes forward exchange contracts to hedge risks in foreign exchange fluctuations arising from export and import transactions, and from lending in foreign currency. The Company also makes interest rate swaps to hedge fluctuation risks in interest rates on borrowings.

(iv) Method of assessing hedge effectiveness
Regarding forward exchange contracts, in principle, the Company conforms critical terms to those of foreign currency-denominated receivables and payables at closing of forward exchange contracts in accordance with the risk management policy, and confirms that exchange rate fluctuations, etc. can be offset at the inception of hedging and continuously thereafter.
Also, regarding interest rate swaps, the Company assesses hedge effectiveness based upon the fulfillment of the accounting requirements for special treatment.

(6) Method and period of amortization of goodwill
The goodwill is equally amortized for 10 years.

(7) Others
(i) Amortization of deferred charges
Deferred charges are equally amortized over the term of bonds issued (5 years).
(ii) Recognition criteria of net defined benefit liability
To make preparations for the payment of retirement benefits to employees, the Company records net defined benefit liability at the amount calculated by deducting plan assets from retirement benefit obligations, based on the anticipated amounts of payments at the end of the fiscal year under review.
(a) Method of attributing expected retirement benefits to periods
In the calculation of retirement benefit obligations, the Company and consolidated domestic subsidiaries use the straight-line attribution method to attribute expected retirement benefits to the service years until the end of the fiscal year under review.
In the calculation of retirement benefit obligations, consolidated overseas subsidiaries use the benefit formula to attribute expected retirement benefits to the service years until the end of the fiscal year under review.
(b) Method of recognizing actuarial gains and losses and past service costs in profit or loss
Past service costs are amortized using the straight-line method over a period of 10 years as cost.
Actuarial gains and losses are amortized using the straight-line method over a period of 5 years, from the period subsequent to the period in which they are incurred.
(c) Method of amortizing unrecognized actuarial gains and losses and unrecognized past service costs
Unrecognized actuarial gains and losses and unrecognized past service costs are recognized as remeasurements of defined benefit plans in total accumulated other comprehensive income within the net assets section, after adjusting for tax effects.
(iii) Accounting method of consumption taxes
Consumption tax and other related taxes are excluded from revenue and purchases of the Company.

6. Changes in accounting policy
(Application of the accounting standard and guidance for retirement benefits)
From the fiscal year under review, the Company applies ASBJ Statement No. 26 Accounting Standard for Retirement Benefits (May 17, 2012, hereinafter the “Accounting Standard for Retirement Benefits”) and ASBJ Guidance No. 25 Guidance on Accounting Standard for the Retirement Benefits (May 17, 2012, hereinafter the “Guidance on Accounting Standard for the Retirement Benefits”), except for the provisions prescribed in the body of Paragraph 35 of the Accounting Standard for Retirement Benefits and the body of Paragraph 67 of the Guidance on the Accounting Standard for Retirement Benefits. Due to this application, the Company has changed the accounting treatment to the method in which the amount calculated by deducting plan assets from retirement benefit obligations is recorded as net defined benefit liability, and recorded unrecognized actuarial gains and losses and unrecognized past service costs as net defined benefit liability.
The application of the accounting standard and guidance for retirement benefits are in accordance with the transitional treatment stipulated in Paragraph 37 of the Accounting Standard for Retirement Benefits. As of March 31, 2014, remeasurements of defined benefit plans in total accumulated other comprehensive income were adjusted for the impacts of this change.
Consequently, total accumulated other comprehensive income was decreased by 2,246 million yen as of March 31, 2014.

7. Accounting standards, etc. that are not applied herein
(Application of the accounting standard and guidance for retirement benefits)
- ASBJ Statement No. 26 Accounting Standard for Retirement Benefits (May 17, 2012)
- ASBJ Guidance No. 25 Guidance on Accounting Standard for Retirement Benefits (May 17, 2012)

(1) Outline
The accounting standard and guidance were revised in terms of the accounting treatment of unrecognized actuarial gains and losses and unrecognized past service costs, the methods of calculating retirement benefit obligations and service costs and the enhancement of disclosure, etc.

(2) Effective dates
The Company will apply the revised methods of calculating retirement benefit obligations and service costs from the beginning of the fiscal year ending March 31, 2015.
No retrospective application to consolidated financial statements in prior periods applies due to the fact that transitional measures are allowed for the application of these accounting standards.

(3) Impacts resulting from the application of these accounting standards
Due to the revision of the methods of calculating retirement benefit obligations and service costs, the opening balance of retained earnings will decrease by 237 million yen.

(Accounting standards and guidance for business combinations, etc.)
- ASBJ Statement No. 21 Accounting Standard for Business Combinations (September 13, 2013)
- ASBJ Statement No. 22 Accounting Standard for Consolidated Financial Statements (September 13, 2013)
- ASBJ Statement No. 7 Accounting Standard for Business Divestitures (September 13, 2013)
- ASBJ Statement No. 2 Accounting Standard for Earnings Per Share (September 13, 2013)
- ASBJ Guidance No. 10 Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (September 13, 2013)
- ASBJ Guidance No. 4 Guidance on Accounting Standard for Earnings Per Share (September 13, 2013)

(1) Outline
The accounting standards and guidance were principally revised in terms of (1) treatment of changes in the parent company's equity in a subsidiary in an additional acquisition of shares in the subsidiary in which the parent company retains control over the subsidiary, (2) treatment of acquisition-related costs, (3) presentation of net income and change from minority interests to non-controlling interests, and (4) treatment of a tentative accounting method.

(2) Effective dates
These standards and guidance will be applied from the beginning of the fiscal year ending March 31, 2016.
The treatment of a tentative accounting method will be applied to business combinations that are implemented after the beginning of the fiscal year ending March 31, 2016.

(3) Impacts resulting from the application of these accounting standards
The Company was assessing the impacts of the application at the time of preparation of these consolidated financial statements.

8. Change of presentation
(Consolidated statement of income)
"Equity loss of affiliates" and "Investigation related expenses," which were included in "Others" in other expenses until the previous fiscal year have been separately presented from the fiscal year under review due to the increased significance of the amounts.
In the previous fiscal year, "Equity loss of affiliates" and "Investigation related expenses" were 1 million yen and 175 million yen, respectively.

9. Additional information
(Investigations by Korean, Singaporean and the U.S. competition authorities)
We are currently responding to the investigations made by Korean, Singaporean and the U.S. competition authorities on suspicion of attempted violation of relevant competition laws in those countries in relation to the dealing in the miniature ball baring products. It is difficult for us to predict whether or not there would be material impacts on the operating results etc. of the Company at this point in time.

Notes to Consolidated Balance Sheet

(1) Marketable securities and Investment in securities
The balance of money in trust is 3,630 million yen. This is the balance of U.S. Treasury security purchased for financial investment by captive insurance subsidiary MHC INSURANCE COMPANY, LTD. established on October 4, 2006. The application of this trust fund is limited to payment of compensation resulting from recall insurance accidents related to the Minebea Group.

(2) Lawsuit

NMB-Minebea Thai Ltd., our consolidated subsidiary company located in Thailand, received (1) a revised assessment of income tax liability in the amount of 502 million baht on August 25, 2008; (2) another revised assessment of income tax liability in the amount of 125 million baht on August 25, 2010; (3) a third revised assessment of income tax liability in the amount of 101 million baht on August 11 and 22, 2011; (4) a fourth revised assessment of income tax liability in the amount of 71 million baht on July 2, August 8, August 17, 2012; (5) a fifth revised assessment of income tax liability in the amount of 366 million baht on April 5, 2013; and (6) a sixth revised assessment of income tax liability in the amount of 14 million baht on August 26, 2013 from the Revenue Department of the Kingdom of Thailand. The Company has not accepted these revised assessments, believing them to be unjust and without legal grounds, and regarding item (1), the Company petitioned the Revenue Department for redress on August 25, 2009, and regarding items (2), (3), (4), (5) and (6), has petitioned the Revenue Department for redress.

Regarding item (1), the Company has won the case as a result of the decision at the Tax Court of the Kingdom of Thailand on October 13, 2010, but the Revenue Department disagreed with this decision and appealed the case to the Supreme Court on December 9, 2010.

Payment of these amounts was made in subrogation on (1) September 22, 2008, (2) September 23, 2010, (3) August 16, 2011 (4) August 23, 2012, (5) April 26, 2013 and (6) September 16, 2013, respectively, using a surety bond from a bank with which the Company does business.

Notes to Consolidated Statement of Income

(1) Amortization of goodwill

This loss is incurred by writing-down stocks of our domestic consolidated subsidiary, DAIICHI SEIMITSU SANGYO CO., LTD.

(2) Loss on disaster

This loss consists of fixed costs of 219 million yen and a loss on disposal of inventories of 328 million yen during the period of low operations due to an explosion at the plant of our consolidated overseas subsidiary in the U.S.

(3) Business restructuring losses

This loss consists of a loss of 215 million yen incurred by the withdrawal from the inverter business; a loss of 174 million yen incurred by personnel cutbacks in our consolidated overseas subsidiary in the U.S.; a loss of 157 million yen incurred by the withdrawal from the membrane business; and the other losses 202 million yen.

Notes to Consolidated Statement of Changes in Net Assets

(1) Matters relating to class and total number of issued shares and class and total number of treasury shares

Class of shares	Shares at beginning of current FY (shares)	Increased shares in current FY (shares)	Decreased shares in current FY (shares)	Shares at end of current FY (shares)
Shares issued				
Common Stock	399,167,695	–	–	399,167,695
Total	399,167,695	–	–	399,167,695
Treasury Stock				
Common Stock (Notes)	25,711,627	784,919	859,000	25,637,546
Total	25,711,627	784,919	859,000	25,637,546

Notes:

1. The increase of 784,919 shares in the number of treasury shares of common stock reflects the increase of 770,000 shares following purchase of shares from dissenting shareholders pursuant to Article 797, Paragraph 1 of the Companies Act in the absorption-type merger and the increase of 14,919 shares from the purchase of fractional shares.

2. The decrease of 859,000 shares in the number of treasury shares of common stock reflects the decrease of 844,000 shares from the disposal of treasury stock by the Employee Stock Holding Partnership Exclusive Trust Account and the decrease of 15,000 shares from exercise of stock options.

3. The number of treasury shares of common stock includes our shares owned by the Employee Stock Holding Partnership Exclusive Trust Account (5,463,000 shares at the beginning of the current fiscal year and 4,619,000 shares at the end of the current fiscal year).

(2) Matters relating to dividends from surplus

(i) Amount of dividends paid

Matters on dividends by the resolution of the 67th Ordinary General Meeting of Shareholders held on June 27, 2013

Total amount of dividends:	1,493 million yen
Dividend per share:	4.00 yen
Record date:	March 31, 2013

Effective date: June 28, 2013

Note: Total dividend does not include 21 million yen of dividends to the Employee Stock Holding Partnership Exclusive Trust Account. This represents that the Company recognizes the shares of consolidated companies owned by the Trust Account as treasury stock.

Matters on dividends by the resolution of the Meeting of the Board of Directors held on November 1, 2013

Total amount of dividends: 1,119 million yen
Dividend per share: 3.00 yen
Record date: September 30, 2013
Effective date: December 4, 2013

Note: Total dividend does not include 14 million yen of dividends to the Employee Stock Holding Partnership Exclusive Trust Account. This represents that the Company recognizes the shares of consolidated companies owned by the Trust Account as treasury stock.

(ii) Dividends with a record date that falls within the current fiscal period but an effective date in the following period

The following proposal will be submitted to the 68th Ordinary General Meeting of Shareholders to be held on June 27, 2014.

Total amount of dividends: 1,867 million yen
Dividend per share: 5.00 yen
Record date: March 31, 2014
Effective date: June 30, 2014

Note: Total dividend does not include 23 million yen of dividends to the Employee Stock Holding Partnership Exclusive Trust Account. This represents that the Company recognizes the shares of consolidated companies owned by the Trust Account as treasury stock.

(3) Matters related to subscription rights to shares at the end of the current fiscal year

(i) Filing company (parent company)

	Series I subscription rights to shares	Series II subscription rights to shares
Class of shares underlying subscription rights to shares	Shares of common stock	Shares of common stock
Number of shares underlying subscription rights to shares	32,000 shares	42,000 shares
Outstanding balances of subscription rights to shares	8 million yen	5 million yen

(ii) Consolidated subsidiary (MOATECH CO., LTD.)

	Series II subscription rights to shares
Class of shares underlying subscription rights to shares	Shares of common stock
Number of shares underlying subscription rights to shares	158,200 shares
Outstanding balances of subscription rights to shares	42 million yen

Note: The above excludes any subscription rights to shares whose exercise periods have not yet arrived.

Notes relating to Financial Instruments

(1) Matters relating to Financial Instruments

(i) Policy on handling of financial instruments

The Minebea Group procures necessary funds (primarily through bank loans and issuance of corporate bonds) in light of its capital expenditure plan. Temporary surplus funds are invested mainly in highly liquid financial assets while short-term operating funds are procured through bank loans. The Company, by policy, utilizes derivatives to evade risks described hereafter and not for the purpose of speculative transactions.

(ii) Contents of financial instruments and associated risks

Notes and accounts receivable, which are operating receivables, are exposed to the credit risk of customers. Although foreign currency-based receivables that arise in conducting business in overseas are exposed to FX rate fluctuation risk, the Company, as a general rule, hedges the risk with the use of exchange forward contracts with the exception of any receivable item within the outstanding balance of accounts payable in the same foreign currency.

Marketable and investment securities are bonds categorized under available-for-sale securities and stocks of companies with which the Company holds business relationships, and are exposed to market price fluctuation risk. Long-term loans payable are mainly loans to business partners.

As for notes and accounts payable, which are operating payables, most of the items are due for payment within 6 months. Though some of them are foreign currency-based and are exposed to FX rate fluctuation risk, the Company hedges the risk with the use of exchange forward contracts with the exception of any payable item within the outstanding balance of accounts receivable in the same foreign currency.

Bank loans, corporate bonds and lease obligations relating to finance lease transactions are executed for the purpose of procuring funds primarily for capital expenditures, and the redemption dates arrive, at the longest, in 5 years and 7 months after the account closing date. While these obligations, in part, are exposed to interest rate fluctuation risk, the Company hedges the risk with the use of derivative transactions (interest rate swaps).

The convertible bond-type bonds with subscription rights to shares were issued to procure investment funds for M&A activities, and their redemption date is February 20, 2017.

Derivative transactions are exchange forward contracts executed for the purpose of hedging FX rate fluctuation risk associated with foreign currency-based operating receivables and payables, interest rate swaps executed for the purpose of hedging interest rate fluctuation risk associated with bank loans, and copper price swaps to hedge price fluctuation risks for sale and purchase contracts of raw materials. With respect to hedging vehicles and hedged items, hedge policy and method of assessing hedge effectiveness; please refer to “5. Accounting policies (5) Accounting method of significant hedge transactions” under Basis of Presenting Consolidated Financial Statements previously described.

(iii) Risk management system relating to financial instruments

(a) Management of credit risk (risk associated with breach of contract, etc. by customer)

The Company, in accordance with its credit management regulations, manages operating receivables by means of a periodical monitoring of major customers conducted by the Administration Department of Sales Division. The Company also controls due dates of payment and outstanding balances by customer on a monthly basis as well as reviews credit rate rankings and credit limits once a year in order to promote prompt detection and mitigation of any doubtful collectibles due to deterioration of financial conditions and other factors. The consolidated subsidiaries exercise similar management based on the credit management regulations of the Company.

Bonds included in available-for-sale securities are US treasury bonds held according to our fund management policy and corporate bonds held by the South Korean subsidiary. The credit risks inherent in US treasury bonds are minor and the value of the corporate bonds, etc. held in South Korea is small.

As derivative transactions are executed only with financial institutions with high ratings, the Company recognizes there is hardly any credit risk.

(b) Management of market risk (FX and interest rate fluctuation risks)

The Minebea Group, with respect to foreign currency-based operating receivables and payables, hedges FX fluctuation risk identified by currency by month with the use, as a general rule, of exchange forward contracts. The Company executes exchange forward contracts against foreign currency-based accounts receivables expected to surely arise under planned transactions associated with exports. The Company also utilizes interest rate swaps to mitigate interest rate fluctuation risk associated with loans payable and bonds payable.

For marketable and investment securities, the Company periodically monitors the market values and financial conditions of the issuing entities (corporate customers).

The execution and management of derivative transactions are performed by the responsible department in accordance with the market risk management regulations that define transaction authority and limits and etc. and with approval from the authorized persons. Monthly transaction records are reported to the executive officer in charge of Corporate Finance & Compliance Promotion Division.

Risk management is performed in consolidated subsidiaries also in accordance with the market risk management regulations of the Company.

(c) Liquidity risk associated with funds procurement (risk of failure to pay on due date)

The Company manages liquidity risk by having the responsible department timely develop and update the funding plan based on reports from each of the departments and by maintaining short-term liquidity. Subsidiaries also exercise similar management.

(iv) Supplementary explanation on matters relating to the market value of financial instruments, etc.
The market value of financial instruments include, in addition to the value based on market value, a value rationally computed in the absence of market value. The computation of such a value incorporates fluctuation factors, and as different preconditions, etc. are adopted, the value may be subject to fluctuation.

(2) Matters relating to the Market Value of Financial Instruments, etc.
Amount on the consolidated balance sheet as of March 31, 2014, market value and the variance are as follows. Market value is omitted in case it is extremely difficult to obtain the value. (Please refer to item 2. of Notes.)

	Amount on consolidated balance sheet (millions of yen)	Market value (millions of yen)	Variance (millions of yen)
(i) Cash and cash equivalents	38,615	38,615	–
(ii) Notes and accounts receivable	74,340	74,340	–
(iii) Marketable and investment securities	9,221	9,706	484
(iv) Long-term loans receivable	368	358	(10)
Total assets	122,545	123,019	474
(v) Notes and accounts payable	29,898	29,898	–
(vi) Short-term loans payable	48,794	48,794	–
(vii) Current portion of long-term loans payable	15,250	15,357	107
(viii) Bonds	10,000	10,119	119
(ix) Convertible bond-type bonds with subscription rights to shares	7,700	7,820	120
(x) Long-term loans payable	66,754	67,131	377
Total liabilities	178,396	179,122	725
Derivative transactions (*1)	(46)	(46)	–

*(*1) Receivable and payable arising from derivative transactions are presented in net value.*

Notes:

1. Matters relating to computation method for market value of financial instruments and to securities and derivative transactions

Assets

(i) Cash and cash equivalents, (ii) Notes and accounts receivable
As these items are settled in a short term and the market value is close to book value, they are presented in book value.

(iii) Marketable and investment securities
Market value of stocks, etc. are based on prices on stock exchanges while the market value of bonds are either prices on stock exchanges or those quoted by counterpart financial institutions, etc.

(iv) Long-term loans receivable
Market value of long-term loans receivable is calculated based on the present value which is obtained by discounting the total of the principal and interest by the interest rate assumed in a case where the same loan is newly made. For long-term loans receivable with no significant value, they are presented in book value.

Liabilities

(v) Notes and accounts payable, (vi) Short-term loans payable
As these items are settled in a short term and the market value is close to book value, they are presented in book value.

(vii) Current portion of long-term loans payable, (x) Long-term loans payable
Loans with variable interest, as interest is settled on a short term and the market value is close to book value, are presented in book value. For loans with fixed interest, the total amount of principal and interest is discounted by the expected interest rate assumed for a similar new loan to derive the present value.

(viii) Bonds, (ix) Convertible bond-type bonds with subscription rights to shares
Items with market value are presented based on market value. For items without market value, the total amount of principal and interest is discounted by the expected interest rate assumed for a similar issuance to derive the present value.

Derivative transactions

Market value of these items is calculated based on price obtained from the counterparty financial institutions, etc.

2. Financial instruments for which identification of market value is extremely difficult

Item	Amount on consolidated balance sheet (millions of yen)
Unlisted stock	2,301
Investments in subsidiaries	18
Investments in affiliated companies	606
Investments in capital of subsidiaries	84

As these items do not have market value and the identification of market value is considered to be extremely difficult, they are not included in "(iii) Marketable and investment securities".

3. Expected redemption amount of monetary receivables and securities with maturity arriving after the consolidated account closing date

	Within 1 year (millions of yen)	Over 1 year to 5 years (millions of yen)	Over 5 years to 10 years (millions of yen)	Over 10 years (millions of yen)
Cash and cash equivalents	38,615	–	–	–
Notes and accounts receivable	74,340	–	–	–
Marketable and investment securities of which securities with maturity	1,284	2,610	–	–
Long-term loans receivable	–	346	21	0
Total	114,240	2,957	21	0

4. Expected amount of redemption and repayment of monetary payables due after the consolidated account closing date

	Within 1 year (millions of yen)	Over 1 year to 5 years (millions of yen)	Over 5 years to 10 years (millions of yen)	Over 10 years (millions of yen)
Notes and accounts payable	29,898	–	–	–
Short-term loans payable	48,794	–	–	–
Bonds	–	10,000	–	–
Convertible bond-type bonds with subscription rights to shares	–	7,700	–	–
Long-term loans payable	15,250	64,904	1,850	–
Total	93,942	82,604	1,850	–

Notes to Per Share Information

(1) Net assets per share 422.62 yen
(2) Net income per share 55.94 yen

Notes to Impairment Loss

Use	Business and location	Impairment loss	
		Class	Amount (millions of yen)
Idle assets	Two facilities: Former Ichinoseki plant Former Kanegasaki plant (Ichinoseki-city, Iwate Prefecture, etc.)	Land	12
		Total	12
Business assets	Fan motor business (Shanghai, China)	Machinery and transportation equipment	963
		Total	963
	Inverter business (Lop Buri, Thailand)	Buildings and structures	0
		Machinery and transportation equipment	93
		Tools, furniture and fixtures	0
		Total	93
	Small motor business (South Korea, etc.)	Machinery and transportation equipment	31
		Tools, furniture and fixtures	4
		Total	36
	Speaker business (Hamamatsu factory)	Buildings and structures	1
		Software	0
		Total	2
Total			1,107

Asset grouping method

Based on its business classification, the Minebea Group has grouped assets in the smallest units of its operating businesses, which generate almost independent cash flows.

Reason for the recognition of impairment losses

The above Idle assets (Land) have no future utilization plans. Due to this, the Company recognized impairment losses.

Regarding business assets (Buildings and structures, Machinery and transportation equipment, Tools, furniture and fixtures, and Software), we recognized an impairment loss because their cash flow is expected to be lower than the book value of the assets group in the future due to deterioration in profitability, unprofitable business compression and lower capacity utilization rate, and reduced the value to a recoverable value based on the net sale value or use value. Of these assets, 131 million yen (Inverter business 93 million yen, Small motor business 36 million yen, and Speaker business 2 million yen) is included in "Business restructuring losses" under "Extraordinary loss."

Calculation method of collectable amounts

Idle assets are measured by net sales values, and calculated based on appraisal values by third party. Business assets are measured by use values, and assets for fan motor business are calculated by discounting their future cash flow at 14.0%. For assets for other businesses, the full amount of their book value is recorded as impairment loss because their cash flow is not expected in the future.

(Translation)

Notes to Business Combination

Business Combination through Acquisitions

1. Outline of the business combination

(1) Name of the acquired company and its business activities

Name of the acquired company: CEROBEAR GmbH

Business activities: Manufacture and sales of ceramic bearings and hybrid bearings to be used in industries such as aerospace, medical equipment, semiconductor manufacturing equipment and machine tools.

(2) Major reasons for the business combination

As the renowned world leader in the design, manufacturing and marketing of ceramic bearings that feature highly advanced ceramic material technology and hybrid bearings that make use of high performance steel materials, CEROBEAR GmbH (hereinafter "CEROBEAR") has substantial experience in the industry for more than 20 years. CEROBEAR manufactures and sells special ceramic bearings and hybrid bearings, with their sizes ranging from internal diameters of 5mm to external diameters of 420mm for use in a wide range of applications such as in the aerospace industry in the United States and Europe, medical equipment, semiconductor manufacturing equipment, machine tool, food and beverage packaging devices, and motorsport manufacturers where high qualities under unusual circumstances such as high speed, low friction, advanced corrosion resistance, and high quality performance under high temperature and arid conditions are required at all times.

As its subsidiaries, the Company has New Hampshire Ball Bearings, Inc. in U.S. which has the advantage in the supply of bearings products to aerospace and medical equipment companies, as in the case of CEROBEAR, and in Europe, myonic GmbH which has a competitive advantage in providing special bearings to be used in dental, medical equipment and aerospace industries. Upon the implementation of CEROBEAR's innovative ceramic technologies, the Company will be able to expand the sales centering around aerospace industries and broaden its product line-ups. In addition to maintaining the Company's traditional specialized field of excellence in the manufacture of miniature and small-sized bearings, the Company strives to accelerate new developments of specially-designed bearings for use in aerospace industries, thereby contributing to providing most suitable and useful products to customers and establishing its competitive edge.

Since it is expected that the aerospace industry in Europe and the United States will have significant growth potential in the context of booming demand, the Company implemented the business combination aiming to enhance its profitability by way of expanding the sales of our products centering around the said industry.

(3) Effective date of the business combination

July 1, 2013

(4) Legal structure of the business combination

Stock acquisition with cash considerations

(5) Name of the company subsequent to the business combination

CEROBEAR GmbH

(6) Percentage of voting rights acquired by Minebea

Percentage of voting rights immediately before the stock acquisition	–%
Percentage of voting rights to be acquired on the effective date of the business combination	100.0%
Percentage of voting rights subsequent to the stock acquisition	100.0%

(7) Primary basis for determining the acquirer

Due to the fact that New Hampshire Ball Bearings, Inc., our consolidated subsidiary, has acquired all the voting rights of the acquired company through stock acquisition with cash considerations.

2. Period of business performances of the acquired company to be included in the consolidated financial statements

From July 1, 2013 to March 31, 2014

3. Acquisition cost of the acquired company and its details

Consideration for the acquisition	Purchase price of shares (cash)	1,908 million yen
Acquisition cost		1,908 million yen

4. Amount of goodwill amortization, and the source, method and period of goodwill amortization

(1) Amount of goodwill
396 million yen

(2) Source of goodwill
Primarily due to the excess earning power to be expected on account of the development capability of CEROBEAR.

(3) Method and period of goodwill amortization
The goodwill is equally amortized for 10 years.

5. Amount of assets and liabilities received at the effective date of business combination and its details

	(millions of yen)
Current assets	824
Fixed assets	1,575
Goodwill	396
Total assets	2,796
Current liabilities	423
Long-term liabilities	464
Total liabilities	888

6. Assuming that the business combination has been completed at the beginning date of the current fiscal year, approximate estimates of impacts of such business combination on the consolidated financial statements and the method for calculating such amounts

	(millions of yen)
Total sales	478
Operating income	28
Ordinary income	30
Income before income taxes and minority interests	30

(Method for calculating approximate estimates)
The differences between total sales and the relevant profit and loss information based on the assumption that the business combination has been completed at the beginning date of the fiscal year, and the total sales and the relevant profit and loss information on the consolidated financial statements as recorded hereof are used as the approximate estimates of impacts of the business combination on the consolidated financial statements.
Please be noted that such approximate estimates have not been audited and attested by the audit certification.

Transaction under common control, etc.

1. Outline of transaction, including details on the combined company and its lines of business, the business combination date, the legal form of business combination, the trade name of the combined company, and the purpose of the transaction

(1) Combined company
Minebea Motor Manufacturing Corporation

(2) Business activities
Development, manufacturing, and sales of small motors for electrical appliances and information communication devices and applied equipment and components

(3) Business combination date
April 2, 2013

(4) Legal form of the business combination
Absorption-type merger in which the Company became a surviving company

(5) Name of the company after the business combination
Minebea Co., Ltd.

(6) Outline of transactions including the purpose of transactions
Minebea Motor Manufacturing Corporation was founded as a joint venture between the Company and Panasonic Corporation in the information motor business in April 2004, with 60% equity held by the Company and 40% equity held by Panasonic. When the joint venture terminated in February 2013, Minebea Motor Manufacturing Corporation became a wholly owned subsidiary of the Company. The Company effected the absorption-type merger with a view to improving the efficient allocation of management resources and enhancing business efficiency in order to establish more robust management bases and further expanding businesses.

As the absorption-type merger was carried out for a wholly owned subsidiary of the Company, no new shares have been issued and no common share capital was added.
The size of the combined business is as follows.
(As of March 31, 2013)

	(millions of yen)
Net sales	50,181
Net loss	(2,732)
Capital stock	11,500
Net assets	346
Total assets	13,183

2. Outline of accounting treatment
The Company accounted for the transaction as a transaction under common control in accordance with the "Accounting Standard for Business Combinations (Accounting Standards Board of Japan ("ASBJ") Statement No. 21, December 26, 2008)" and Revised Guidance on the Accounting Standard for Business Combinations and the Accounting Standard for Business Divestures (Accounting Standards Board of Japan ("ASBJ") Guidance No. 10, December 26, 2008).

(Translation)

Non-Consolidated Balance Sheet

(As of March 31, 2014)

(Unit: millions of yen)

Assets	
Item	**Amount**
Current assets	**107,648**
Cash and cash equivalents	10,978
Notes receivable	1,520
Accounts receivable	49,627
Purchased goods	2,707
Finished goods	478
Work in process	4,639
Raw materials	1,424
Supplies	94
Goods in transit	1,145
Prepaid expenses	565
Short-term loans receivable from affiliates	29,466
Accounts receivable - other	1,505
Temporary advance	5
Deferred tax assets	2,904
Others	582
Fixed assets	**259,166**
Tangible fixed assets	**39,895**
Buildings	17,305
Structures	1,267
Machinery and equipment	3,640
Vehicles	21
Tools, furniture and fixtures	1,868
Land	15,342
Leased assets	243
Construction in progress	204
Intangible fixed assets	**1,915**
Goodwill	507
Patents	189
Design right	1
Leasehold rights	35
Software	1,151
Others	30
Investments and other assets	**217,356**
Investments in securities	6,313
Investments securities in subsidiaries and affiliates	169,479
Investments in capital	0
Investments in capital with subsidiaries and affiliates	40,444
Long-term loans receivable from subsidiaries and affiliates	462
Long-term prepaid expenses	266
Deferred tax assets	561
Others	137
Allowance for doubtful receivables	(309)
Deferred charges	**37**
Bond issuance expenses	37
Total assets	**366,852**

Note: Amounts less than 1 million yen are omitted.

(Translation)

(Unit: millions of yen)

Liabilities	
Item	**Amount**
Current liabilities	**100,769**
Accounts payable	39,093
Short-term loans payable	35,550
Current portion of long-term loans payable	15,250
Lease obligations	106
Accounts payable - other	4,210
Accrued expenses	1,867
Accrued income taxes	1,031
Advances received	8
Deposits received	222
Deferred income	15
Accrued bonuses	3,081
Allowance for bonuses to directors	193
Allowance for business restructuring losses	85
Others	51
Long-term liabilities	**85,171**
Bonds	10,000
Convertible bond-type bonds with subscription rights to shares	7,700
Long-term loans payable	66,638
Lease obligations	150
Allowance for retirement benefits	15
Allowance for retirement benefits to executive officers	159
Others	508
Total liabilities	**185,941**
Net assets	
Shareholders' equity	**179,748**
Common stock	**68,258**
Capital surplus	**94,874**
Capital reserve	94,756
Others	118
Retained earnings	**26,120**
Earned surplus	2,085
Others	24,035
Reserve for reduction entry	2,034
Reserve for general purpose	6,500
Retained earnings carried forward	15,500
Treasury stock	**(9,505)**
Revaluation / Translation differences	**1,148**
Difference on revaluation of available-for-sale securities	**1,148**
Deferred gains or losses on hedges	**0**
Subscription rights to shares	**13**
Total net assets	**180,911**
Total liabilities and net assets	**366,852**

Note: Amounts less than 1 million yen are omitted.

(Translation)

Non-Consolidated Statement of Income

(From April 1, 2013 to March 31, 2014)

(Unit: millions of yen)

Item	Amount	
Net sales		**247,885**
Cost of sales		**213,939**
Gross profit		**33,945**
Selling, general and administrative expenses		**23,498**
Operating income		**10,446**
Other income		
Interest income	474	
Dividends income	4,398	
Foreign currency exchange gains	24	
Rent income of fixed assets	301	
Dividends income of insurance	194	
Others	89	**5,482**
Other expenses		
Interest expenses	944	
Interest on bonds	114	
Investigation related expenses	773	
Others	626	**2,458**
Ordinary income		**13,470**
Extraordinary income		
Gain on sales of fixed assets	18	
Gain on sales of investment securities	53	**72**
Extraordinary loss		
Loss on sales of fixed assets	6	
Loss on disposal of fixed assets	39	
Impairment loss	12	
Business restructuring losses	107	
Loss on valuation of stocks of subsidiaries and affiliates	2,400	
Loss on valuation of investments in partnerships with affiliates	421	
Loss for after-care of products	74	**3,062**
Income before income taxes		**10,480**
Income taxes (including enterprise tax)	927	
Adjustment of income taxes	1,547	2,474
Net income		**8,005**

Note: Amounts less than 1 million yen are omitted.

(Translation)

Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2013 to March 31, 2014)

(Unit: millions of yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
						Others			
	Common stock	Capital reserve	Others	Total capital surplus	Earned surplus	Reserve for reduction entry	Reserve for general purpose	Retained earnings carried forward	Total retained earnings
Balance at beginning of fiscal year under review	68,258	94,756	–	94,756	2,085	2,034	6,500	10,108	20,728
Changes									
Cash dividend from retained earnings								(2,613)	(2,613)
Net income								8,005	8,005
Purchase of treasury stocks									
Disposal of treasury stocks			118	118					
Changes (net) in non-shareholders' equity items									
Total changes	–	–	118	118	–	–	–	5,392	5,392
Balance at end of fiscal year under review	68,258	94,756	118	94,874	2,085	2,034	6,500	15,500	26,120

	Shareholders' equity		Revaluation / Translation differences				
	Treasury stock	Total shareholders' equity	Difference on revaluation of available-for-sale securities	Deferred gains or losses on hedges	Total revaluation / translation differences	Subscription rights to shares	Total net assets
Balance at beginning of fiscal year under review	(9,521)	174,222	1,084	0	1,084	8	175,315
Changes							
Cash dividend from retained earnings		(2,613)					(2,613)
Net income		8,005					8,005
Purchase of treasury stocks	(262)	(262)					(262)
Disposal of treasury stocks	278	396					396
Changes (net) in non-shareholders' equity items			64	0	64	4	69
Total changes	15	5,526	64	0	64	4	5,595
Balance at end of fiscal year under review	(9,505)	179,748	1,148	0	1,148	13	180,911

Note: Amounts less than 1 million yen are omitted.

(Translation)

Notes to Non-Consolidated Financial Statements

Significant Accounting Policies

(1) Standards and method of valuation of assets

Marketable securities

Investments securities in subsidiaries:

Stated at cost determined by the moving average method.

Other marketable securities:

·Securities with market value

Market value method based on market prices and other conditions at the end of the term. (The revaluation differences are accounted for based on the direct net assets method and the sales costs are calculated by the moving average method.)

·Securities without market value

Non listed marketable securities are stated at cost determined by the moving average method.

Derivatives

Market value method

Inventories

Purchased goods: Stated at cost determined by the moving average method (the balance sheet amounts of the inventories are calculated at the lowered book values reflecting potential decline in profitability).

Finished goods: Stated at cost determined by the moving average method (the balance sheet amounts of the inventories are calculated at the lowered book values reflecting potential decline in profitability).

Work in process: Stated at cost determined by the moving average method for bearings, fasteners, and motors (the balance sheet amounts of the inventories are calculated at the lowered book values reflecting potential decline in profitability).

Stated at cost determined respectively for measuring instruments, special motors and special devices (the balance sheet amounts of the inventories are calculated at the lowered book values reflecting potential decline in profitability).

Raw materials: Stated at cost determined by the moving average method (the balance sheet amounts of the inventories are calculated at the lowered book values reflecting potential decline in profitability).

Supplies: Stated at cost determined by the moving average method (the balance sheet amounts of the inventories are calculated at the lowered book values reflecting potential decline in profitability).

(2) Depreciation

Tangible fixed assets (excluding leased assets):

Depreciation of tangible fixed assets is mainly made on the declining balance method based on estimated useful lives of the assets.

Their major useful lives are as follows:

Buildings and structures	2 to 50 years
Machinery and equipment	2 to 15 years
Tools, furniture and fixtures	2 to 20 years

The depreciation method of depreciation assets whose acquisition values are 100,000 yen or more and less than 200,000 yen has been changed to a method by which those assets are equally depreciated in lump sum for 3 years.

Intangible fixed assets (excluding leased assets):

Depreciation of intangible fixed assets is made on the straight-line method.

The goodwill is equally amortized for 10 years.

The depreciation method of software (for internal use) is computed on the straight-line method based on our expected useful period (5 years).

Leased assets:

Lease assets related to finance lease transactions that do not transfer ownership

The Company adopts the straight-line method of making lease periods depreciable lives and salvage values zero.

Long-term prepaid expenses:

Depreciation of long-term prepaid expenses is made on the straight-line method.

(3) Translation of foreign currency assets and liabilities

Translation of foreign currency assets and liabilities are translated into yen at the exchange rate on the balance sheet date. The resulting exchange differences are accounted for as an exchange gain or loss.

(4) Allowances

Allowance for doubtful receivables:

In order to prepare against losses resulting from irrecoverable receivables, an allowance has been reserved in the amount required for estimated uncollectible receivables based on actual losses of trade receivables and on collectability of specific receivables with loss possibilities.

Accrued bonuses:

To make preparations for the payment of bonuses to employees, accrued bonuses are shown based on the estimated amount of payment.

Allowance for bonuses to directors:

To make preparations for the payment of bonuses to directors and corporate auditors, allowance for bonuses to directors is shown based on the amount of payment estimated in the fiscal year under review.

Allowance for retirement benefits:

To provide for payment of employee retirement benefits, the Company reported an allowance for retirement benefits or prepaid pension costs, based on estimated retirement benefit debts and pension assets at the end of the current term.

At the end of the fiscal year under review, prepaid pension costs is included in others of investments and other assets.

(i) Method of attributing expected retirement benefits to periods

In the calculation of retirement benefit obligations, the Company uses the straight-line attribution method to attribute expected retirement benefits to the service years until the end of the fiscal year under review.

(ii) Method of recognizing actuarial gains and losses and past service costs in profit or loss

Unrecognized prior service costs are amortized using the straight-line method over a period of 10 years as cost.

Over the 5 years from the following term after the differences accrue, the Company will charge differences in mathematical calculation to expenses in accordance with the straight-line method.

Allowance for retirement benefits to executive officers:

To provide for payment of retirement allowance to executive officers, the estimated amount to be required according to our internal regulations as of the end of the period of the fiscal year under review is shown.

Allowance for business restructuring losses

The Company posts reasonably projected amount to be incurred in the future, based on the decision of restructuring plans.

(5) Accounting method of hedge transactions

(i) Method of hedge accounting

The Company adopts the allocation method to account for the forward exchange contracts for foreign currency-denominated receivables and payables, and the deferred hedge method to account for the forward exchange contracts for foreign currency-denominated anticipated transactions. The Company also adopts the special method to account for the interest rate swaps, which meet the requirements of special accounting.

(ii) Hedging vehicles and hedged items

(Hedging vehicles)

Forward exchange contracts

Interest rate swaps

(Hedged items)

Monetary receivables and payables in foreign currency

Anticipated transactions in foreign currencies

Interest rates on borrowings

(iii) Hedge policy

Under the guidance of its Corporate Finance Department, the Company makes forward exchange contracts to hedge risks in foreign exchange fluctuations arising from export and import transactions, and from lending in foreign currency. The Company also makes interest rate swaps to hedge fluctuation risks in interest rates on borrowings.

(iv) Method of assessing hedge effectiveness

Regarding forward exchange contracts, the Company allocates them to monetary receivable and payable with same maturity and with same amounts in foreign currency, at closing of exchange contracts in accordance with the risk management policy. This completely ensures correlations reflecting subsequent exchange rate fluctuations. The Company assesses hedge effectiveness based upon such correlations.

Also, regarding interest rate swaps, the Company assesses hedge effectiveness based upon the fulfillment of the accounting requirements for special treatment.

(6) Others

(i) Amortization of deferred charges

Deferred charges are equally amortized over the term of bonds issued (5 years).

(ii) Accounting method for retirement benefits

The accounting method for the outstanding balances of unrecognized actuarial gains and losses and unrecognized past service costs is different from the accounting method for these balances in the consolidated financial statements.

(iii) Accounting method of consumption taxes

Consumption tax and other related taxes are excluded from revenue and purchases of the Company.

(7) Change of presentation

Non-consolidated statement of income

"Investigation related expenses," which was included in "Others" in other expenses until the previous fiscal year have been separately presented from the fiscal year under review due to the increased significance of the amount.

In the previous fiscal year, "investigation related expenses" was 175 million yen.

(8) Accounting standards, etc. that are not applied herein

- ASBJ Statement No. 26 Accounting Standard for Retirement Benefits (May 17, 2012)
- ASBJ Guidance No. 25 Guidance on Accounting Standard for Retirement Benefits (May 17, 2012)

(i) Outline

The accounting standard and guidance were revised in terms of the accounting treatment of unrecognized actuarial gains and losses and unrecognized past service costs, the methods of calculating retirement benefit obligations and service costs and the expansion of disclosure, etc.

(ii) Effective dates

The Company will apply the revised methods of calculating retirement benefit obligations and service costs from the beginning of the fiscal year ending March 31, 2015.

No retrospective application to financial statements in prior periods applies as transitional measures are allowed for the application of this accounting standard and guidance.

(iii) Impacts resulting from the application of the accounting standard and guidance

Due to the revision of the methods of calculating retirement benefit obligations and service costs, the opening balance of retained earnings will decrease by 238 million yen.

(Translation)

Notes to Non-Consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment: 55,454 million yen

(2) Contingent liabilities
Guarantee liabilities
The Company has provided the following companies with guarantees for their bank borrowings, etc.

Guarantee	Amount (millions of yen)
NMB-Minebea Thai Ltd.	8,693
MINEBEA (HONG KONG) LIMITED	4,971
NMB-Minebea-GmbH	1,894
MINEBEA ELECTRONICS MOTOR (ZHUHAI) CO., LTD.	1,169
Other 4 companies	1,060
Total	17,788

(3) Monetary receivables from and monetary payables to subsidiaries and affiliates:
Short-term receivables 34,123 million yen
(excluding short-term loan receivables from subsidiaries and affiliates)
Short-term payables 29,959 million yen

Notes to Non-Consolidated Statement of Income

(1) Transaction with subsidiaries and affiliates:
Sales: 183,940 million yen
Purchase: 157,752 million yen
Amount of other operational transactions: 4,494 million yen
Amount of non-operating transactions: 4,846 million yen

(2) Business restructuring losses
These have been mainly incurred from the closure of overseas R&D bases.

(3) Loss on valuation of stock of subsidiaries and affiliates
These losses have arisen on the revaluation of shares of NMB Mechatronics Corporation and DAIICHI SEIMITSU SANGYO CO., LTD., two Japanese consolidated subsidiaries of the Company, and MOATECH CO., LTD., a consolidated subsidiary of the Company in South Korea.

(4) Loss on valuation of investments in partnerships with subsidiaries and affiliates
This loss has arisen on the revaluation of investments in partnerships with SHANGHAI SHUN DING TECHNOLOGIES LTD., a consolidated subsidiary of the Company in China.

(Translation)

Notes to Non-Consolidated Statement of Changes in Net Assets

Class and number of treasury shares

Class of shares	Shares at beginning of current FY (shares)	Increased shares in current FY (shares)	Decreased shares in current FY (shares)	Shares at end of current FY (shares)
Common stock (Notes)	25,711,627	784,919	859,000	25,637,546

Notes:

1. *The increase of 784,919 shares in the number of treasury shares of common stock reflects the increase of 770,000 shares due to purchase of shares from dissenting shareholders in the absorption-type merger pursuant to Article 797, paragraph 1 of the Companies Act and the increase of 14,919 shares from the purchase of fractional shares.*
2. *The decrease of 859,000 shares in the number of treasury shares of common stock reflects the decrease of 844,000 shares from the disposal of treasury stock by the Employee Stock Holding Partnership Exclusive Trust Account and the decrease of 15,000 shares from exercise of stock options.*
3. *The number of treasury shares of common stock includes our shares owned by the Employee Stock Holding Partnership Exclusive Trust Account (5,463,000 shares at the beginning of the current fiscal year and 4,619,000 shares at the end of the current fiscal year).*

Notes to Tax-Effect Accounting

(1) Major reasons for the accrual of deferred tax assets and deferred tax liabilities:
(Deferred tax assets)

Excess of allowed limit chargeable to the accrued bonuses	1,098	million yen
Retirement benefits to directors and corporate auditors	63	
Loss on the revaluation of investments in securities	602	
Loss on the revaluation of investments securities in affiliates	1,739	
Excess of allowed limit chargeable to the allowance for doubtful receivable	110	
Excess of allowed limit chargeable to the depreciation	554	
Impairment loss	125	
Deficit brought forward	2,838	
Others	578	
Sub-total	7,711	
Valuation allowance	(2,958)	
Total deferred tax assets	4,752	
(Deferred tax liabilities)		
Difference on revaluation of other marketable securities	153	
Reserve for reduction entry	1,126	
Prepaid pension cost	6	
Total deferred tax liabilities	1,286	
Net deferred tax assets	3,466	

(2) Major reasons for significant difference between the legal effective tax rate and the ratio of income tax burden after the application of tax effect accounting

Domestic legal effective tax rate	38.0%
(Adjustments)	
Items to be regarded as taxable expenses, such as entertainment expenses	1.2
Items to be excluded from gross revenue, such as dividends income	(14.9)
Inhabitant tax levied per capita	0.4
Foreign tax credit carry forwards	9.5
Valuation allowance	10.4
Income taxes for prior year	0.9
Differences in tax rate on special income tax for reconstruction	1.2
Reduction of deferred tax assets at the year-end due to change of tax rate	2.0
Increase in deficit brought forward due to merger	(23.7)
Others	(1.4)
Ratio of income tax burden after the application of tax effect accounting	23.6

(3) Amendments to amounts of deferred tax assets and deferred tax liabilities due to change in corporate tax rates
The Act for Partial Revision of the Income Tax Act, etc. (Act No. 10 of 2014) was promulgated on March 31, 2014. With this revision, the special corporation tax for reconstruction, a surtax for reconstruction funding after the Great East Japan Earthquake, will no longer be levied from the fiscal year beginning on or after April 1, 2014. In conjunction with this, for temporary differences expected to be reversed in the fiscal year beginning on April 1, 2014, the legal statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities was changed from the previous rate of 38.0% to 35.6%.

As a result of this tax rate change, the amount of deferred tax assets (net of deferred tax liabilities) has decreased by 204 million yen, while adjustment of income taxes has increased by the same amount.

Notes to Fixed Assets Used through Lease Contracts

Finance lease transactions (lessee)

Finance lease transactions that do not transfer ownership

(1) Contents of leased assets
Tangible fixed assets: Mainly computer terminals (Tools, furniture and fixtures).

(2) Depreciation method of leased assets
Please refer to (2) Depreciation of Significant Accounting Policies.

(Translation)

Notes to Transactions with Relevant Parties

(1) Subsidiaries etc.

Name of company, etc.	Voting rights or ownership (%)	Contents of relation: Concurrently serving etc.	Contents of relation: Business relations	Contents of transaction	Transaction amount (millions of yen)	Account title	Year end balance (millions of yen)
NMB-Minebea-GmbH	100.0	Concurrently serving 1	NMB-Minebea-GmbH sells the Company's products and products purchased mainly in Germany.	Sales of the Company's products and products purchased	20,594	Accounts receivable	3,735
Precision Motors Deutsche Minebea GmbH	100.0	Concurrently serving 1	Precision Motors Deutsche Minebea GmbH develops and designs motors and others.	Payment of development cost incurred	968	Accounts payable - other	253
NMB-Minebea Thai Ltd.	100.0	Concurrently serving 3	NMB-Minebea Thai Ltd. manufactures machined components, electronic devices and others, and the Company purchases them for resale. Loans from the Company.	Purchase of machined components, electronic devices and others	94,077	Accounts payable	19,363
				Sales of the Company's products and products purchased	12,006	Accounts receivable	3,908
				Fund loan	82,100	Short-tem loans receivable	23,300
				Recovery of funds	86,800	–	–
				Interest income	401	–	–
				–	–	Guarantee of obligation	8,693
MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD.	100.0	Concurrently serving 2	MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD. manufactures machined components, electronic devices and others, and the Company purchases them for resale.	Purchase of machined components, electronic devices and others	23,092	Accounts payable	3,779
MINEBEA (HONG KONG) LIMITED	100.0	Concurrently serving 0	MINEBEA (HONG KONG) LIMITED sells the Company's products and products purchased mainly in China.	Sales of the Company's products and products purchased	115,949	Accounts receivable	18,641
				–	–	Guarantee of obligation	4,971
MINEBEA (CAMBODIA) Co., Ltd.	100.0	Concurrently serving 1	Loans from the Company.	Fund loan	15,513	Short-term loans receivable	4,804
				Recovery of funds	13,178	–	–
				Interest income	53	–	–

Notes: Terms and decision policy of the transaction

1. *Transaction amounts, etc. are negotiated and decided in consideration of market prices, etc.*
2. *Lending rate on loans is reasonably determined taking into account the market interest rate.*
3. *The Company provides debt guarantee for bank loan etc. of each company.*

(2) Directors and main individual shareholder

Attribution	Name of company, etc.	Voting rights (own or owned)	Contents of relation: Concurrently serving etc.	Contents of relation: Business relations	Contents of transaction	Transaction amount (millions of yen)	Account title	Year end balance (millions of yen)
Companies which the Company's directors and nearly related person have over 50% of voting rights	KEIAISHA Co., Ltd.	(Owned) Direct 3.97%	Concurrently serving 1	The Company purchases machinery and equipment, steel bar etc.	Purchase of machinery and equipment, steel bar etc.	1,619	Accounts payable *2	331
					Tools, furniture and fixtures lease transactions & rent etc.	561	Leased assets	82
							Lease obligations *2	86
							Accounts payable - other, current liabilities and others *2	45
					Land rent, etc.	35	Accounts receivable - others *2	1
					Non-operating income	13		

Notes: Terms and decision policy of the transaction

1. *Transaction amounts, etc. are negotiated and decided in consideration of market prices.*

*2. *The transaction amounts do not include the consumption taxes and the year end balance amounts include them.*

Notes to Per Share Information

(1) Net assets per share 484.29 yen

(2) Net income per share 21.45 yen

(Translation)

Notes to the Retirement Allowance Accounting

(1) Retirement allowance plan adopted by the Company

The Company has fully adopted funded and unfunded defined benefit pension plans and defined contribution pension plans to provide against retirement payments to employees.

Under the defined benefit corporate pension plan (funded plan), lump-sum money or pension benefit is paid based on salaries and service periods.

(2) Defined benefit plan

(i) Reconciliation between the opening balance and the closing balance of retirement benefit obligations

	(millions of yen)
Opening balance of retirement benefit obligations	16,793
Merger	1,309
Business acquirement	76
Service costs	997
Interest costs	199
Actuarial gains or losses incurred during the year	(276)
Payment of retirement benefits	(623)
Closing balance of retirement benefit obligations	18,476

(ii) Reconciliation between the opening balance and the closing balance of pension assets

	(millions of yen)
Opening balance of pension assets	15,088
Merger	1,183
Business acquisition	65
Expected returns on pension assets	326
Actuarial gains or losses incurred during the year	924
Contributions by the employer	830
Payment of retirement benefits	(613)
Closing balance of pension assets	17,806

(iii) Reconciliation of the closing balances of retirement benefit obligations and pension assets, and allowance for retirement benefit and prepaid pension cost recorded in the balance sheet

	(millions of yen)
Retirement benefit obligations of funded plans	18,461
Pension assets	(17,806)
	655
Retirement benefit obligations of unfunded plans	15
Unfunded retirement benefit obligations	670
Unrecognized actuarial gains or losses	(650)
Unrecognized prior service costs	1,323
Net amount of liabilities and assets recorded in the balance sheet	(2)
Prepaid pension cost	(17)
Allowance for retirement benefits	15
Net amount of liabilities and assets recorded in the balance sheet	(2)

(iv) Amounts of retirement benefit costs and its components

	(millions of yen)
Service costs	997
Interest costs	199
Expected returns on pension assets	(326)
Amortization of actuarial difference treated as expense	644
Unrecognized prior service costs expenses	330
Retirement benefit costs of defined benefit plans	1,845

(v) Matters concerning pension assets

(a) Major breakdown of pension assets

The ratio of each major category to total pension assets is as follows.

Bonds	48%
Stocks	27
Insurance assets (general account)	14
Others	11
Total	100

(b) Method of setting the long-term expected rate of return
To determine the long-term expected rate of return on pension assets, the Company takes into account current and expected allocation of pension assets, and current and expected long-term return rate of various types of assets constituting pension assets.

(vi) Matters concerning actuarial assumption
Major actuarial assumption at the end of the fiscal year under review

Discount rate	1.1%
Long-term expected rate of return	2.0%
Method of periodic allocation of expected retirement benefit amounts	Straight-line basis

(3) Defined contribution plans
The amount of the Company’s required contributions to defined contribution plans is 169 million yen.

Notes to Business Combination

These notes are omitted because the relevant information is described in Notes to Consolidated Financial Statements (Notes to Business Combination) in the consolidated financial statements.

(Translation)

Report of the Independent Auditors for Consolidated Financial Statements

AUDIT REPORT OF THE INDEPENDENT AUDITORS

May 8, 2014

To: The Board of Directors
Minebea Co., Ltd.

KPMG AZSA LLC

Yoshihiko Nakamura (seal)
Designated Limited Liability Partner
Certified Public Accountant

Noriaki Nomura (seal)
Designated Limited Liability Partner
Certified Public Accountant

Koji Tomono (seal)
Designated Limited Liability Partner
Certified Public Accountant

We have audited the Consolidated Financial Statements, including the Consolidated Balance Sheet, the Consolidated Statement of Income, the Consolidated Statement of Changes in Net Assets and Notes to Consolidated Financial Statements of Minebea Co., Ltd. for the fiscal year from April 1, 2013 to March 31, 2014, pursuant to Paragraph 4, Article 444, of the Companies Act.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with generally accepted accounting principles in Japan. This includes the development, implementation, and maintenance of internal control deemed necessary by management for the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditors' responsibility
Our responsibility is to express an opinion on the consolidated financial statements based on our audits as independent auditors. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessment, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit opinion
In our opinion, the consolidated financial statements referred to above, presents fairly, in all material respects, the financial position and the results of operations of Minebea Co., Ltd. and its consolidated subsidiaries as of the date and for the period for which the consolidated financial statements were prepared in accordance with generally accepted accounting principles in Japan.

Interests in the Company
Neither our firm nor any of the partners in charge has any interest in the Company as required to be disclosed herein under the provisions of the Certified Public Accountants Act.

(Translation)

Report of the Independent Auditors for Non-Consolidated Financial Statements

AUDIT REPORT OF THE INDEPENDENT AUDITORS

May 8, 2014

To: The Board of Directors
Minebea Co., Ltd.

KPMG AZSA LLC

Yoshihiko Nakamura (seal)
Designated Limited Liability Partner
Certified Public Accountant

Noriaki Nomura (seal)
Designated Limited Liability Partner
Certified Public Accountant

Koji Tomono (seal)
Designated Limited Liability Partner
Certified Public Accountant

We have audited the Financial Statements, including the Balance Sheet, the Statement of Income, the Statement of Changes in Net Assets, Notes to Non-Consolidated Financial Statements and their supplementary statements of Minebea Co., Ltd. for the 68th fiscal year from April 1, 2013 to March 31, 2014, pursuant to Item 1, Paragraph 2, Article 436, of the Companies Act.

Management's responsibility for the Financial Statements, etc.
Management is responsible for the preparation and fair presentation of these financial statements and their supplementary statements in accordance with generally accepted accounting principles in Japan. This includes the development, implementation, and maintenance of internal control deemed necessary by management for the preparation and fair presentation of financial statements and their supplementary statements that are free from material misstatement, whether due to fraud or error.

Independent auditors' responsibility
Our responsibility is to express an opinion on the financial statements and their supplementary statements based on our audits as independent auditors. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and their supplementary statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and their supplementary statements. The procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the financial statements and their supplementary statements, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessment, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and their supplementary statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and their supplementary statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit opinion
In our opinion, the financial statements and their supplementary statements referred to above, presents fairly, in all material respects, the financial position and the results of operations of Minebea Co., Ltd. as of the date and for the period for which the financial statements and their supplementary statements were prepared in accordance with generally accepted accounting principles in Japan.

Interests in the Company
Neither our firm nor any of the partners in charge has any interest in the Company as required to be disclosed herein under the provisions of the Certified Public Accountants Act.

(Translation)

Report of the Board of Corporate Auditors

AUDIT REPORT

As the results of deliberation, the Board of Corporate Auditors prepared this Audit Report in accordance with reports presented by each Corporate Auditor with respect to the performance of duties by the Directors during the 68th fiscal year from April 1, 2013 to March 31, 2014, and report the results as follows:

1. Method and Content of Audit Conducted by Corporate Auditors and Board of Corporate Auditors

The Board of Corporate Auditors established the audit policy and audit plan, etc., received reports from each Corporate Auditor on the implementation of audit and its results, received reports from Directors, etc. and the Independent Auditors on the performance of their duties and asked them details when necessary.

Each Corporate Auditor conforms to the auditing standards prescribed by the Board of Corporate Auditors, complies with the audit policy and audit plan, etc., maintains communication with Directors, Executive Officers, the Internal Auditing Office and other employees, etc., endeavors to collect information and establishes a system necessary for auditing services, attends meetings of the Board of Directors and other important meetings, receives reports from Directors, Executive Officers and employees, etc. on the performance of their duties, asks them details when necessary, reviews important written decisions, and investigates business and financial conditions at the head office as well as at the main business offices of the Company. In addition, each Corporate Auditor received reports from Directors and employees, etc., sought explanations as necessary and expressed opinions on the resolutions of the Board of Directors and the status of the system developed under such resolutions with regard to the establishment and management of the system stipulated in Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act (Internal Control System) necessary to ensure the conformity of the performance of duties described in the Business Report by Directors with laws and regulations and the Articles of Incorporation and also to ensure the appropriateness of business in a stock company.

Regarding the internal control relevant to financial report under the Financial Instruments and Exchange Law, we received report from both directors, etc., and KPMG AZSA LLC regarding progress of their discussions and evaluation of internal control and auditing status, and asked for explanation as needed.

The Basic Policy of Item 3 (a), Article 118 of the Enforcement Regulations of the Companies Act and each approach of Item 3 (b), Article 118 of the same described in the Business Report were reviewed.

Each Corporate Auditor maintains communication and exchanges information with Directors and Corporate Auditors, etc. of subsidiaries, receives business reports of the subsidiaries when necessary. Through the above methods, the Corporate Auditor reviews business reports and detailed statements of the Company for such fiscal year.

Further, we monitored and verified that the Independent Auditors have maintained their independence and conducted appropriate audits. Also, we received reports from the Independent Auditors regarding the execution of their duties and requested explanations as needed. The Company received a notice from the Independent Auditors purporting to the formulation of a “System to ensure proper performance of its duties” (provided in each item of Article 131 of the Ordinance on Accounting of Companies) in accordance with the “Quality Control Standards for Audits” (Business Accounting Council, October 28, 2005), among others, and requested explanations as needed. Through the above methods, we reviewed financial statements for such fiscal year (balance sheet, statement of income, statement of changes in net assets and notes to financial statements) and supplementary statements and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and notes to consolidated financial statements).

2. Results of Audit

(1) Audit Results of Business Reports, etc.

1) We certify that the business reports and their detailed statements fairly present the situation of the Company in accordance with laws and the Articles of Incorporation.
2) We found no wrongful act or material fact in violation of laws or the Articles of Incorporation with respect to the performance of duties by the Directors.
3) We certify that the resolutions of the Board of Directors with respect to the internal control system are proper and correct. In addition, we found no matter to be pointed out about the description in the business report and performance of duties by the Directors with respect to the internal control system.
4) We found no matter to be pointed out about the basic policy, which is described in the business report, regarding the quality and nature of persons who control decisions on the Company’s financial and business policies. We certify that those measures are consistent with such basic policy, would not interfere with the shareholders’ common interests and are introduced not for maintaining the positions of the Company’s officers.

(Translation)

(2) Audit Results of Financial Statements and Supplementary Statements

We certify that the auditing method of KPMG AZSA LLC and the results of its audit are proper and correct.

(3) Audit Results of Consolidated Financial Statements

We certify that the auditing method of KPMG AZSA LLC and the results of its audit are proper and correct.

May 9, 2014

Board of Corporate Auditors of Minebea Co., Ltd.

Akifumi Kamoi (seal)
Standing Corporate Auditor

Kazuaki Tanahashi (seal)
Standing Outside Corporate Auditor

Hirotaka Fujiwara (seal)
Outside Corporate Auditor

Hisayoshi Rikuna (seal)
Outside Corporate Auditor

(Translation)

Reference Documents for the General Meeting of the Shareholders

First Proposal:
Appropriation of Surplus

The appropriation of surplus of the Company shall be as follows:

Matters concerning year-end dividend:
Comprehensively taking into account the business environment and maintaining a continuous, stable profit distribution, the Company will set the basic policy under which it gives top priority to improving the efficiency of shareholders' equity and distributing more profit to shareholders, thereby returning its profits to shareholders commensurate with its business performance. In accordance with this policy, the dividends of the 68th business period shall be as follows:

(1) Type of dividend
Cash

(2) Matters concerning the allocation of dividend and total amount
Dividend per common share of the Company would be 5 yen.
In this case, total dividends are 1,890,745,745 yen.
Since the interim dividend in the amount of 3 yen has been distributed, the annual dividend for the current term would be 8 yen per share (dividend increase of 1 yen compared with the previous fiscal year).

(3) Effective date for surplus dividend
June 30, 2014

Second Proposal:
Election of One (1) Corporate Auditor

The term of office of Corporate Auditor, Mr. Hirotaka Fujiwara, will expire at the conclusion of this General Meeting of Shareholders.
Therefore, it is hereby requested that one (1) Corporate Auditor be elected at this General Meeting of Shareholders.
We have already obtained approval from the Board of Corporate Auditors with respect to this proposal.
The candidate for Corporate Auditor of the Company is as follows:

Name (Date of Birth)	Career Summary and Position at the Company (including significant concurrent positions outside the Company)			Number of shares of the Company held
*Shinichiro Shibasaki (December 2, 1958)	Apr.	1989	Registered as attorney-at-law Joined Inami and Ota	–
	Apr.	1993	Inami and Ota changed its name to Inami, Ota and Shibasaki (Partner)	
	Oct.	2010	Became member of Dispute Resolution Committee of The General Insurance Association of Japan (Present)	
	May	2011	Inami, Ota and Shibasaki changed its name to Law Office Juricom (Partner) (Present)	
	Apr.	2012	Employed as Part-time Professor, Tokai University School of Medicine (Present)	

Notes:
1. Person marked with an asterisk is a candidate for new Corporate Auditor.
2. There are no conflicts of interest existing between the candidate and the Company.
3 Mr. Shinichiro Shibasaki is a candidate for Outside Corporate Auditor of the Company.
(1) Reason for his election as Outside Corporate Auditor
Mr. Shinichiro Shibasaki is familiar with corporate legal affairs as an attorney although he has no direct experience in business management. We ask shareholders to elect him as our outside Corporate Auditor in anticipation of his professional knowledge being reflected on the management of the Company.
(2) Concerning limited liability agreements with Outside Corporate Auditors
The Company executed agreement with Outside Corporate Auditors for limiting their liabilities under Paragraph 1, Article 423 of the Companies Act so that the Outside Corporate Auditors may fully perform their roles expected as such. The amount subject to the limitation of liabilities of damages shall be the amount set forth by laws and regulations. If this agenda is approved as drafted, the Company will conclude the said liability limitation agreement with Mr. Shinichiro Shibasaki.

Mr. Shinichiro Shibasaki satisfies the requirements regarding an independent auditor pursuant to the provisions of the financial instruments exchange. If this agenda is approved as drafted, the Company plans to notify the Tokyo Stock Exchange and the Nagoya Stock Exchange that Mr. Shibasaki is an independent auditor of the Company

(Translation)

Third Proposal:
Renewal of Countermeasures to Large-Scale Acquisitions of Minebea Shares (Takeover Defense Measures)

The Company obtained the shareholders' approval regarding countermeasures to large-scale acquisitions of the shares in the Company (takeover defense measures) (the "Former Plan") by a resolution at the Company's 65th ordinary general meeting of shareholders held on June 29, 2011. The effective period of the Former Plan is until the conclusion of the Meeting.

Before the expiration of the effective period of the Former Plan, the Board of Directors determined at the meeting held on May 30, 2014 to partially revise the Former Plan and introduce a renewed plan (the introduction is to be referred to as the "Renewal," and the renewed plan is to be referred to as the "Plan") as a measure to prevent decisions on the Company's financial and business policies from being controlled by persons deemed inappropriate (Article 118, Item 3(b)(ii) of the Enforcement Regulations of the Companies Act) under the basic policy regarding the persons who control decisions on the Company's financial and business policies (as provided in Article 118, Item 3 of the Enforcement Regulations of the Companies Act; the "Basic Policy"). The Renewal is subject to approval by the shareholders at the Meeting, and therefore the Company is seeking the shareholders' approval for the Renewal.

1. Reason for Proposal
1.1 Details of the Basic Policy

The Company believes that the persons who control decisions on the Company's financial and business policies need to be persons who fully understand the details of the Company's financial and business affairs and the source of the Group's corporate value and who will make it possible to continually and persistently ensure and enhance the Group's corporate value and, in turn, the common interests of its shareholders.

The Company believes that ultimately its shareholders as a whole must make the decision on any proposed acquisition that would involve a transfer of corporate control of the Company. Also, the Company would not reject a large-scale acquisition of the shares in the Company if it would contribute to the corporate value of the Group and, in turn, the common interests of its shareholders.

Nonetheless, there are some forms of large-scale acquisitions of shares that benefit neither the corporate value of the target company nor the common interests of its shareholders including without limitation those with a purpose that would obviously harm the corporate value of the target company and the common interests of its shareholders; those that threaten to effectively coerce shareholders into selling their shares, those that do not provide sufficient time or information for the target company's board of directors and shareholders to consider the details of the large-scale acquisition or for the target company's board of directors to make an alternative proposal and those that require the target company to discuss or negotiate with the acquirer in order to procure more favorable terms for shareholders than those presented by the acquirer.

In order for the Group to ensure and enhance the corporate value and, in turn, the common interests of its shareholders, it is necessary for the Group to efficiently and continuously implement measures in the mid- to long-term, such as developing new products, cultivating new markets, and revolutionizing production technology, aiming to lead the competition through manufacturing and technological excellence, through worldwide expansion of its vertically integrated manufacturing system, which fully utilizes advanced, ultra-precision machining technology, overseas, large-scale mass production factories, and an enhanced research and development system, which are the source of the Group's corporate value.

Unless the acquirer in a proposed large-scale acquisition of the shares in the Company understands the source of the corporate value and the characteristics that are indispensible to enhance the corporate value of the Group, as well as the details of the financial and business affairs of the Company, and will ensure and realize these elements over the mid- to long-term, the corporate value of the Group and the common interests of its shareholders would be harmed.

Therefore, the Company believes that persons who would make a large-scale acquisition of the shares in the Company in a manner that does not contribute to the corporate value of the Group or the common interests of its shareholders would be inappropriate as persons who control decisions on the Company's financial and business policies. The Company believes that it is necessary to ensure the corporate value of the Group and, in turn, the common interests of its shareholders by taking the necessary and reasonable countermeasures for the purpose of deterring acquisitions that are detrimental to the corporate value of the Group and, in turn, the common interests of its shareholders.

1.2 Purpose of the Renewal

The Plan is in line with the Basic Policy set out in 1.1 above for the purpose of ensuring and enhancing the corporate value of the Group and, in turn, the common interests of its shareholders.

As set out in the Basic Policy, the Board of Directors believes that persons who would propose a large-scale acquisition in a manner that does not contribute to the corporate value of the Group or the common interests of its shareholders would be inappropriate as persons who control decisions on the Company's financial and business policies. The purpose of the Plan is to prevent decisions on the Company's financial and business policies from being controlled by persons deemed inappropriate, to deter large-scale acquisitions that are detrimental to the corporate value of the Group and, in turn, the common interests of its shareholders, and on the occasion that the Company receives a large-scale acquisition proposal regarding the shares in the Company from an acquirer, to enable the Board of Directors to present an alternative proposal to the shareholders or ensure necessary time and information for the shareholders to decide whether or not to accept the large-scale acquisition proposal, and to enable the Board of Directors to negotiate for the benefit of the shareholders.

2. Details of Proposal
2.1 Plan Outline

The Plan sets out procedures necessary to achieve the purpose stated in 1.2 'Purpose of the Renewal' above, including requirements for acquirers to provide information in advance in the case that the acquirer intends to make an acquisition of 20% or more of the Company's share certificates or other equity securities. The acquirer may not effect an acquisition until and unless the Board of Directors resolves not to trigger the Plan if the procedures for the Plan have commenced.

In cases such as where an acquirer acquires the Company's share certificates or other equity securities without following the procedures set out in the Plan, in which the corporate value of the Group and the common interests of its shareholders could be harmed, and if the acquisition satisfies the triggering requirements set out in the Plan, the Company will allot subscription rights to shares with (a) an exercise condition that does not allow the acquirer to exercise rights, and (b) an acquisition provision to the effect that the Company may acquire the subscription rights to shares in exchange for the Company's shares from persons other than the acquirer by means of a gratis allotment of subscription rights to shares to all shareholders, except the Company, at that time.

If a gratis allotment of subscription rights to shares were to take place in accordance with the Plan and all shareholders other than the acquirer, etc. received shares in the Company as a result of those shareholders exercising or the Company acquiring those subscription rights to shares, the ratio of voting rights in the Company held by the acquirer may be diluted by up to 50%.

Under the Plan, the Company will obtain a determination with respect to matters such as the implementation or non-implementation of the gratis allotment of subscription rights to shares or the acquisition of subscription rights to shares from the independent committee, which is solely composed of outside parties who are independent from the management of the Company, in order to eliminate arbitrary decisions by directors, and ensure the transparency of the procedures by timely disclosure of information to the Company's shareholders.

2.2 Procedures for Triggering the Plan

(a) Targeted Acquisitions

The Plan will be applied in cases where any purchase or other acquisition of share certificates, etc. of the Company that falls under (i) or (ii) below or any similar action (including a proposal for such action) (except for such action as the Board of Directors separately determines not to be subject to the Plan; the "Acquisition") takes place.

(i) A purchase or other acquisition that would result in the holding ratio of share certificates, etc. (*kabuken tou hoyuu wariai*) (Note 1) of a holder (*hoyuusha*) (Note 2) totaling at least 20% of the share certificates, etc. (*kabuken tou*) (Note 3) issued by the Company; or
(ii) A tender offer (*koukai kaitsuke*) (Note 4) that would result in the party conducting the tender offer's ownership ratio of share certificates, etc. (*kabuken tou shoyuu wariai*) (Note 5) and the ownership ratio of share certificates, etc. of a person having a special relationship (*tokubetsu kankei-sha*) (Note 6) totaling at least 20% of the share certificates, etc. (*kabuken tou*) (Note 7) issued by the Company.

The party intending to make the Acquisition (the "Acquirer") shall follow the procedures prescribed in the Plan, and the Acquirer must not effect the Acquisition until and unless the Board of Directors resolves not to implement the gratis allotment of Subscription Rights to Shares (defined in (e) below) in accordance with the Plan.

(b) Submission of Acquirer's Statement

The Company will request the Acquirer to submit to the Company in the form separately prescribed by the Company a legally binding document that includes an undertaking that the Acquirer will comply with the procedures set out in the Plan (signed by or affixed with the name and seal of the representative of the Acquirer and to which no conditions or reservations are attached) and a qualification certificate of the person who signed or affixed its name and seal to that document (collectively, "Acquirer's Statement") before commencing or effecting the Acquisition. The Acquirer's Statement must include the name, address or location of headquarters, location of offices, governing law for establishment, name of the representative, contact information in Japan for the Acquirer and outline of the intended Acquisition. The Acquirer's Statement and the Acquisition Document set out in (c) below and any other materials submitted by the Acquirer to the Company or the Independent Committee must be written in Japanese.

(c) Request to the Acquirer for the Provision of Information

The Company will provide the Acquirer the format for the Acquisition Document (defined below), including a list of information that the Acquirer should provide to the Company, no later than 10 business days after receiving the Acquirer's Statement. The Acquirer must provide the Board of Directors with the document in the form provided by the Company (the "Acquisition Document"), which includes the information described in each item of the list below ("Essential Information").

If the Board of Directors receives the Acquisition Document, it will promptly send it to the Independent Committee (see Note 8 for standards for appointing members, requirements for resolutions, resolution matters, and other matters concerning the Independent Committee; business backgrounds and other matters regarding members of the Independent Committee at the time of the Renewal are as described in the Attachment 'Profiles of the Members of the Independent Committee'). If the Board of Directors and the Independent Committee determine that the Acquisition Document does not contain sufficient Essential Information, it may set a reply period and request that the Acquirer provide additional information either directly or indirectly. In this case, the Acquirer must submit such additional information to both the Board of Directors and the Independent Committee within the reply period.

(i) Details (including name, capital relationship, financial position, operation results, details of violation of laws or ordinances in the past (if any), and terms of any previous transactions which are similar to the Acquisition or involving the share certificates, etc. of the Company) of the Acquirer and its group (including joint holders, (Note 9) persons having a special relationship and persons having a special relationship with a person in relation to whom the Acquirer is the controlled corporation (Note 10)) (Note 11).

(ii) The purpose, method and specific terms of the Acquisition (including the amount and type of consideration, the timeframe, the scheme of any related transactions, the legality of the Acquisition method, and the feasibility of the Acquisition).

(iii) The amount and basis for the calculation of the purchase price of the Acquisition.

(iv) Financial support for the Acquisition (including the names of providers of funds (including all indirect providers of funds) for the Acquisition, financing methods and the terms of any related transactions, etc.).

(v) Details of communications regarding the Acquisition with a third party (if any).

(vi) Post-Acquisition management policy, administrative organization, business plan, and capital, and dividend policies for the Group.

(vii) Post-Acquisition policies for the Company's shareholders (other than the Acquirer), employees, business partners, and clients of the Group, and other stakeholders of the Company.

(viii) Specific information on the possibility of infringement by the Acquirer of any law or regulation in Japan or overseas (including the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade and competition laws in foreign countries).

(ix) Specific measures to avoid any conflict of interest with other shareholders in the Company if such conflict of interest were to arise.

(x) Information on whether the Acquirer is an anti-social force (including an anti-market force (*han shijyo seiryoku*); hereinafter the same) and any relationship with an anti-social force.

(xi) Any other information that the Independent Committee reasonably considers necessary.

(d) Consideration of Acquisition Terms, Negotiation with the Acquirer, and Consideration of an Alternative Proposal

(i) Request to the Board of Directors for the Provision of Information

If the Acquirer submits the Acquisition Document and any additional information that the Independent Committee requests, the Independent Committee may set a reply period as appropriate and request that the Board of Directors present an opinion (including an opinion to refrain from giving such opinion; hereinafter the same) on the Acquirer's Acquisition terms, materials supporting such opinion, an alternative proposal (if any), and any other information that the Independent Committee considers necessary.

(ii) Independent Committee Consideration

If the Independent Committee deems that the information (including the information additionally requested) provided by the Acquirer is sufficient, it will conduct its consideration of the Acquisition terms, collection of information such as the business plans of the Acquirer and the Board of Directors and comparison thereof, and consideration of any alternative plan presented by the Board of Directors, and the like for a period of 90 days after the receipt of the information (the "Independent Committee Consideration Period"). Further, if it is necessary in order to improve the terms of the Acquisition from the standpoint of ensuring and enhancing the corporate value of the Group and, in turn, the common interests of its shareholders, the Independent Committee will directly or indirectly discuss and negotiate with the Acquirer or present the alternative plan from the Board of Directors to the Company's shareholders, etc. or conduct similar actions.

In order to ensure that the Independent Committee's decision contributes to the Group's corporate value and, in turn, the common interests of its shareholders, the Independent Committee may, at the cost of the Company, obtain advice from financial advisers, certified public accountants, attorneys, certified public tax accountants, consultants or any other experts. If the Independent Committee directly or indirectly requests the Acquirer to provide materials for consideration or any other information, or to discuss and negotiate with the Independent Committee, the Acquirer must promptly respond to such request.

(e) Procedures for Recommendations by the Independent Committee

Based on the abovementioned procedures, if the Independent Committee determines that the Acquisition by the Acquirer falls under any of the trigger events set out below in 2.3, 'Requirements for the Gratis Allotment of Subscription Rights to Shares' (collectively, "Trigger Events"), the Independent Committee will recommend the implementation of the gratis allotment of subscription rights to shares (as detailed in 2.4 'Outline of the Gratis Allotment of Subscription Rights to Shares'; the relevant subscription rights to shares hereinafter referred to as "Subscription Rights to Shares") to the Board of Directors except in any specific case where further provision of information by the Acquirer or discussion or negotiation with the Acquirer is necessary (Note 12).

However, even after the Independent Committee has already made a recommendation for the implementation of the gratis allotment of Subscription Rights to Shares, if the Independent Committee determines that either of the events in (A) or (B) below applies, it may make a new recommendation that (i) (on or before the second business day prior to the ex-rights date with respect to the gratis allotment of Subscription Rights to Shares) the Company should cancel the gratis allotment of Subscription Rights to Shares, or (ii) (from the effective date of the gratis allotment of Subscription Rights to Shares and until the day immediately prior to the commencement date of the exercise period of the Subscription Rights to Shares) the Company will acquire the Subscription Rights to Shares for no consideration.

(A) The Acquirer withdraws the Acquisition or the Acquisition otherwise ceases to exist after the recommendation.

(B) There is no longer any Trigger Event due to a change or the like in the facts or other matters on which the recommendation decision was made.

On the other hand, if the Independent Committee determines that the Acquisition by the Acquirer does not fall under either of the Trigger Events, the Independent Committee will not recommend the implementation of the gratis allotment of Subscription Rights to Shares to the Board of Directors.

Notwithstanding the foregoing, even if the Independent Committee has already made such decision, if there is a change in the facts or other matters on which the decision was made and Trigger Events arise, the Independent Committee may make a new recommendation that the Company should implement the gratis allotment of Subscription Rights to Shares.

If the Independent Committee does not reach a recommendation for the implementation of the gratis allotment of Subscription Rights to Shares or the like by the expiration of the initial Independent Committee Consideration Period, the Independent Committee may, to the reasonable extent that it is considered necessary for actions such as consideration of the terms of the Acquirer's Acquisition, consideration of an alternative proposal and discussion and negotiation with the Acquirer, extend the Independent Committee Consideration Period (up to 30 days in total). If the Independent Committee Consideration Period is extended, the Independent Committee will continue to collect information, deliberate, discuss, negotiate and perform similar activities, and use its best efforts to make a recommendation for the implementation or non-implementation of the gratis allotment of Subscription Rights to Shares within the extended period.

(f) Resolutions by the Board of Directors

The Board of Directors, in exercising their role as an organization under the Companies Act, will pass a resolution relating to the implementation or non-implementation of a gratis allotment of Subscription Rights to Shares respecting to the maximum extent any recommendation of the Independent Committee described above.

(g) Information Disclosure

When operating the Plan, the Company will disclose, in a timely manner, information on the progress of each procedure set out in the Plan (including the fact that the Acquirer's Statement and Acquisition Document have been submitted, the fact that an Acquirer who intends to effect the Acquisition without submitting the Acquirer's Statement or Acquisition Document emerges, the fact the Independent Committee Consideration Period has commenced, and the fact that the Independent Committee Consideration Period has been extended, as well as the extended period and the reason for the extension), an outline of recommendations made by the Independent Committee, an outline of resolutions by the Board of Directors, and other matters that the Independent Committee or the Board of Directors considers appropriate, in accordance with the applicable laws and ordinances or the applicable regulations and rules of the financial instruments exchange.

2.3 Requirements for the Gratis Allotment of Subscription Rights to Shares

The requirements to trigger the Plan to implement a gratis allotment of Subscription Rights to Shares are as follows. As described above in (e) of 2.2, 'Procedures for Triggering the Plan,' the Board of Directors will make a determination as to whether any of the following requirements applies to an Acquisition for which the determination by the Independent Committee is required to be obtained.

<u>Trigger Event (1)</u>

The Acquisition is not in compliance with the procedures prescribed in the Plan (including cases where reasonable time and information necessary to consider the details of the Acquisition is not offered) and it is reasonable to implement the gratis allotment of Subscription Rights to Shares.

<u>Trigger Event (2)</u>

The Acquisition falls under any of the items below and it is reasonable to implement the gratis allotment of Subscription Rights to Shares.

(a) An Acquisition that threatens to cause obvious harm to the corporate value of the Group and, in turn, the common interests of its shareholders through any of the following actions:

(i) A buyout of share certificates, etc. to require such share certificates, etc. to be compulsorily purchased by the Company or the Company's affiliates or other related parties at a high price.

(ii) Management that achieves an advantage for the Acquirer to the detriment of the Company, such as temporary control of the Group's management for the low-cost acquisition of the Group's material assets.

(iii) Diversion of the Group's assets to secure or repay debts of the Acquirer or its group company.

(iv) Temporary control of the Company's management to bring about the disposal of high-value assets that have no current relevance to the Group's business and declaring temporarily high dividends from the profits of the disposal, or selling the shares at a high price taking advantage of the opportunity afforded by the sudden rise in share prices created by the temporarily high dividends.

(b) Certain Acquisitions that threaten to effectively coerce shareholders into selling shares, such as coercive two-tiered tender offers (meaning acquisitions of shares including tender offers, in which no offer is made to acquire all shares in the initial acquisition, and acquisition terms for the second stage are set that are unfavorable or unclear).

(c) Acquisitions to which the terms (including the amount and type of consideration, timeframe of the Acquisition, legality of the Acquisition method, feasibility of the Acquisition being effected, post-Acquisition management policy and business plan, and policies dealing with the Group’s other shareholders, clients, business partners, and other stakeholders of the Group after the Acquisition) are inadequate or inappropriate in light of the Group’s intrinsic value.

(d) Acquisitions that materially threaten to oppose the corporate value of the Group or the common interests of shareholders, by damaging technological abilities and production capacity, and relationships with the Group’s clients, and business partners, which are indispensable to the generation of the Group’s corporate value.

2.4 Outline of the Gratis Allotment of Subscription Rights to Shares

Following is an outline of the gratis allotment of Subscription Rights to Shares scheduled to be implemented under the Plan.

(a) Number of Subscription Rights to Shares
The number of Subscription Rights to Shares to be allotted upon implementation of a gratis allotment of Subscription Rights to Shares is the same as the most recent total number of issued shares in the Company (excluding the number of shares in the Company held by the Company at that time) on a certain date (the “Allotment Date”) that is separately determined in a resolution by the Board of Directors relating to the gratis allotment of Subscription Rights to Shares (the “Gratis Allotment Resolution”).

(b) Shareholders Eligible for Allotment
The Company will allot the Subscription Rights to Shares to shareholders, other than the Company, who are recorded in the Company’s most recent register of shareholders on the Allotment Date, at a ratio of one Share Option for each share in the Company held.

(c) Effective Date of Gratis Allotment of Subscription Rights to Shares
The effective date of the gratis allotment of Subscription Rights to Shares will be separately determined in the Gratis Allotment Resolution.

(d) Number of Shares to be Acquired upon Exercise of the Subscription Rights to Shares
The number of shares in the Company to be acquired upon exercise of each Share Option (the “Applicable Number of Shares”) shall, in principle, be one share.

(e) Amount to be Contributed upon Exercise of Subscription Rights to Shares
Contributions upon exercise of the Subscription Rights to Shares are to be in cash, and the amount per share in the Company to be contributed upon exercise of the Subscription Rights to Shares will, in principle, be ¥1.

(f) Exercise Period of the Subscription Rights to Shares
The commencement date of the exercise period will be a date separately determined in the Gratis Allotment Resolution (this commencement date of the exercise period shall be referred to as the “Exercise Period Commencement Date”), and the period will, in principle, be a period from one month to six months long as separately determined in the Gratis Allotment Resolution.

(g) Conditions for Exercise of Subscription Rights to Shares
Except where any exceptional event (Note 13) occurs, the following parties may not exercise the Subscription Rights to Shares (the parties falling under (I) through (VI) below shall collectively be referred to as “Non-Qualified Parties”):

(I) Specified Large Holders; (Note 14)

(II) Joint holders of Specified Large Holders;

(III) Specified Large Purchasers; (Note 15)

(IV) Persons having a special relationship with Specified Large Purchasers;

(V) Any transferee of, or successor to, the Subscription Rights to Shares of any party falling under (I) through (IV) without the approval of the Board of Directors; or

(VI) Any Affiliated Party (Note 16) of any party falling under (I) through (V).

Further, nonresidents of Japan who are required to follow certain procedures under applicable foreign laws and ordinances to exercise the Subscription Rights to Shares may not as a general rule exercise the Subscription Rights to Shares (provided, however, that the Subscription Rights to Shares held by nonresidents will be subject to acquisition by the Company in exchange for shares in the Company as set out in (ii) of paragraph (i), 'Acquisition of Subscription Rights to Shares by the Company' below, on the condition that it is confirmed that the relevant acquisition by the Company does not infringe any applicable law or ordinance). In addition, anyone who fails to submit a written undertaking, in the form prescribed by the Company and containing representations and warranties regarding matters such as the fact that he or she satisfies the exercise conditions of the Subscription Rights to Shares, indemnity clauses and other covenants, may not exercise the Subscription Rights to Shares.

(h) Restriction on Assignment of Subscription Rights to Shares
Any acquisition of the Subscription Rights to Shares by assignment requires the approval of the Board of Directors.

(i) Acquisition of Subscription Rights to Shares by the Company
(i) At any time on or before the date immediately prior to the Exercise Period Commencement Date, if the Board of Directors deems that it is appropriate for the Company to acquire the Subscription Rights to Shares, the Company may, on a day separately determined by the Board of Directors, acquire all of the Subscription Rights to Shares for no consideration.

(ii) On a date separately determined by the Board of Directors, the Company may acquire all of the Subscription Rights to Shares that have not been exercised before or on the day immediately prior to such date determined by the Board of Directors, that are held by parties other than Non-Qualified Parties (if any) and, in exchange, deliver shares in the Company in the number equivalent to the Applicable Number of Shares for each Share Option. In addition, if, on or after the date upon which the acquisition takes place, the Board of Directors recognizes the existence of any party holding Subscription Rights to Shares other than Non-Qualified Parties, the Company may, on a date determined by the Board of Directors that falls after the date upon which the acquisition described above takes place, acquire all of the Subscription Rights to Shares held by that party that have not been exercised by or on the business day immediately prior to such date determined by the Board of Directors (if any) and, in exchange, deliver shares in the Company in the number equivalent to the Applicable Number of Shares for each Share Option. The same will apply thereafter.

(j) Delivery of Subscription Rights to Shares in Case of Merger, Absorption-type Demerger (*kyushu bunkatsu*), Incorporation-type Demerger (*shinsetsu bunkatsu*), Share Exchange (*kabushiki koukan*), and Share Transfer (*kabushiki iten*)
These matters will be separately determined in the Gratis Allotment Resolution.

(k) Issuance of Certificates Representing the Subscription Rights to Shares
Certificates representing the Subscription Rights to Shares will not be issued.

(l) Other
In addition, the details of the Subscription Rights to Shares will be separately determined in the Gratis Allotment Resolution.

2.5 Effective Period, and Abolition, Revision or Amendment of the Plan

The effective period of the Plan (the "Effective Period") will be the period until the conclusion of the ordinary general meeting of shareholders relating to the last fiscal year ending within three years after the conclusion of the Meeting. However, if, before the expiration of the Effective Period, the Company's Board of Directors resolves to abolish the Plan, the Plan will be abolished in accordance with that resolution.

Further, the Board of Directors may revise or amend the Plan even during the Effective Period of the Plan, in cases where the revision or amendment is not contrary to the purpose of the resolution of the Meeting such as cases where any law, ordinance, or rule of a financial instruments exchange or the like concerning the Plan is established, amended or abolished and it is appropriate to reflect such establishment, amendment or abolition in the Plan, cases where it is appropriate to revise the wording for reasons such as typographical errors and omissions, and cases where the revision or amendment does not cause any disadvantage to the Company's shareholders, and subject to the approval of the Independent Committee.

If the Plan is abolished, revised or amended, the Company will promptly disclose the fact that such abolition, revision or amendment has taken place, and (in the event of a revision or amendment) the details of the revision, amendment and any other matters.

2.6 Revision Due to Amendment to Laws and Ordinances

The provisions of laws and ordinances referred to under the Plan are subject to the prevailing provisions as of May 30, 2014. If it becomes necessary after such date to revise the terms and conditions or definitions of terms set out in the paragraphs above due to the establishment, amendment or abolishment of laws and ordinances, the terms and conditions or definitions of terms set out in the paragraphs above will be read accordingly as required to a reasonable extent, taking into consideration the purposes of such establishment, amendment or abolishment.

Notes:

(Note 1) Defined in Article 27-23.4 of the Financial Instruments and Exchange Act. The same applies throughout this Proposal

(Note 2) Including persons described as a holder under Article 27-23.3 of the Financial Instruments and Exchange Act (including persons who are deemed to fall under the above by the Board of Directors). The same applies throughout this Proposal.

(Note 3) Defined in Article 27-23.1 of the Financial Instruments and Exchange Act. The same applies throughout this Proposal unless otherwise provided for.

(Note 4) Defined in Article 27-2.6 of the Financial Instruments and Exchange Act. The same applies throughout this Proposal.

(Note 5) Defined in Article 27-2.8 of the Financial Instruments and Exchange Act. The same applies throughout this Proposal.

(Note 6) Defined in Article 27-2.7 of the Financial Instruments and Exchange Act (including persons who are deemed to fall under the above by the Board of Directors); provided, however, that persons provided for in Article 3.2 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Person other than Issuer are excluded from the persons described in Article 27-2.7(i) of the Financial Instruments and Exchange Act. The same applies throughout this Proposal.

(Note 7) Defined in Article 27-2.1 of the Financial Instruments and Exchange Act.

(Note 8) Following is the outline of the rules of the Independent Committee:

- There shall be no less than three members of the Independent Committee, and the Board of Directors shall elect the members from (i) outside directors of the Company (including those who are scheduled to be elected), (ii) outside corporate auditors of the Company (including those who are scheduled to be elected), and (iii) other outside experts who are independent from the management that executes the business of the Company. However, such experts must be experienced corporate managers, former government employees, parties with knowledge of the investment banking industry, lawyers, certified public accountants, certified public tax accountant, researchers whose research focuses on the Companies Act or the like, or parties of similar qualifications, and must have executed with the Company an agreement separately specified by the Board of Directors that contains a provision obligating them to exercise the duty of care of a good manager or similar provision.

- Unless otherwise determined by a resolution of the Board of Directors, the term of office of members of the Independent Committee will be until the conclusion of the ordinary general meeting of shareholders relating to the final fiscal year ending within three years after the conclusion of the Meeting. However, the term of office of any member of the Independent Committee who is an outside director or outside corporate auditor shall end at the same time they cease to be a director or corporate auditor (except in the case of their re-appointment).

- The Independent Committee shall make decisions on the matters listed below.

(a) The implementation or non-implementation of the gratis allotment of Subscription Rights to Shares.

(b) The cancellation of the gratis allotment of Subscription Rights to Shares or the gratis acquisition of Subscription Rights to Shares.

(c) Any other matters that are for determination by the Board of Directors in respect to which it has consulted the Independent Committee.

(d) Any other prescribed matters.

- As a general rule, resolutions of meetings of the Independent Committee shall pass with a majority when all of the members of the Independent Committee are in attendance (including attendance via video conference or telephone conference; hereinafter the same). However, in unavoidable circumstances a resolution may pass with a majority of voting rights when a majority of the members of the Independent Committee are in attendance.

(Note 9) Defined in Article 27-23.5 of the Financial Instruments and Exchange Act, including persons regarded as a joint holder under Article 27-23.6 of the Financial Instruments and Exchange Act (including persons who are deemed a joint holder by the Board of Directors). The same applies throughout this Proposal.

(Note 10) Defined in Article 9.5 of the Order for Enforcement of the Financial Instruments and Exchange Act.

(Note 11) If an Acquirer is a fund, information relating to the matters described in 2.2(c) (i) about each partner and other constituent members is required.

(Note 12) The Independent Committee may recommend implementation of the gratis allotment of Subscription Rights to Shares subject to confirming the shareholders' intent in advance, or otherwise recommend that shareholders' intent be confirmed in advance with respect to the Acquirer or the Acquisition.

(Note 13) Specifically, the Company intends to set out that an "exceptional event" means when (x) the Acquirer cancels or revokes the Acquisition, or promises that it will not conduct any subsequent Acquisition, after the Gratis Allotment Resolution and the Acquirer or other Non-Qualified Parties dispose of their shares in the Company through a securities firm appointed and authorized by the Company to do so, and (y) the Acquirer's shareholding ratio determined by the Board of Directors (when calculating the shareholding ratio, Non-Qualified Parties other than the Acquirer and its joint holders are deemed to be the Acquirer's joint holders, and Subscription Rights to Shares held by Non-Qualified Parties, the conditions of which have not been satisfied, are excluded) (the "Non-Qualified Parties' Shareholding Ratio") falls below the lower of (i) the Non-Qualified Parties' Shareholding Ratio before the Acquisition, or (ii) 20%, the Acquirer or other Non-Qualified Parties making the disposal may exercise Subscription Rights to Shares to the extent that the number of shares to be issued or delivered upon exercise of the Subscription Rights to Shares is up to the number of shares disposed of and to the extent of the ratio under either (i) or (ii) above. Detailed conditions and procedures for exercise of Subscription Rights to Shares by Non-Qualified Parties will be determined separately by the Board of Directors.

(Note 14) "Specified Large Holder" means, in principle, a party who is a holder of share certificates, etc. issued by the Company and whose holding ratio of share certificates, etc. in respect of such share certificates, etc. is at least 20% (including any party who is deemed applicable to the above by the Board of Directors); provided, however, that a party that the Board of Directors recognizes as a party whose acquisition or holding of share certificates, etc. of the Company is not contrary to the Company's corporate value or the common interests of shareholders or a certain other party that the Board of Directors determines in the Gratis Allotment Resolution is not a Specified Large Holder. The same applies throughout this Proposal.

(Note 15) "Specified Large Purchaser" means, in principle, a person who makes a public announcement of purchase, etc. (as defined in Article 27-2.1 of the Financial Instruments and Exchange Act; the same applies throughout this Note 15) of share certificates, etc. (as defined in Article 27-2.1 of the Financial Instruments and Exchange Act; the same applies throughout this Note 15) issued by the Company through a tender offer and whose ratio of ownership of share certificates, etc. in respect of such share certificates, etc. owned by such person after such purchase, etc. (including similar ownership as prescribed in Article 7.1 of the Order for Enforcement of the Financial Instruments and Exchange Act) is at least 20% when combined with the ratio of ownership of share certificates, etc. of a person having a special relationship (including any party who is deemed to fall under the above by the Board of Directors); provided, however, that a party that the Board of Directors recognizes as a party whose acquisition or holding of share certificates, etc. of the Company is not contrary to the Company's corporate value or the common interests of shareholders or certain other party that the Board of Directors determines in the Gratis Allotment Resolution is not a Specified Large Purchaser. The same applies throughout this Proposal.

(Note 16) An "Affiliated Party" of a given party means a person who substantially controls, is controlled by, or is under common control with such given party (including any party who is deemed to fall under the above by the Board of Directors), or a party deemed by the Board of Directors to substantially act in concert with such given party. "Control" means to "control the determination of the financial and business policies" (as defined in Article 3.3 of the Enforcement Regulations of the Companies Act) of other corporations or entities.

---End---

(Translation)

Attachment

Profiles of the Members of the Independent Committee

Kohshi Murakami

Date of Birth February 8, 1940

Background	Apr.	1967	Appointed as assistant judge, Tokyo District Court
	Apr.	1999	Appointed as Presiding Justice of the Division, Tokyo High Court
	Apr.	2005	Employed as Professor, Graduate School of Law, Kyoto University
	Jun.	2005	Joined TMI Associates as Special Counsel (Present)
	Nov.	2005	Appointed as Outside Corporate Auditor of SANEI-INTERNATIONAL CO., LTD.
	Apr.	2008	Employed as Visiting Professor, Graduate School, Yokohama National University
	May	2008	Appointed as Member of the Independent Committee of the Company (Present)
	Jun.	2008	Appointed as Outside Director of the Company (Present)
	Apr.	2010	Employed as Professor, Juris Doctor Program, Daito Bunka University

** Mr. Murakami is an outside director. Mr. Murakami does not have any special interest in the Company. The Company notified the Tokyo Stock Exchange and the Nagoya Stock Exchange that Mr. Murakami is an independent director of the Company.*

Shinichiro Shibasaki

Date of Birth December 2, 1958

Background	Apr.	1989	Registered as attorney-at-law Joined Inami and Ota
	Apr.	1993	Inami and Ota changed its name to Inami, Ota and Shibasaki (Partner)
	Oct.	2010	Became member of Dispute Resolution Committee of The General Insurance Association of Japan (Present)
	May	2011	Inami, Ota and Shibasaki changed its name to Law Office Juricom (Partner) (Present)
	Apr.	2012	Employed as Part-time Professor, Tokai University School of Medicine (Present)

** Mr. Shibasaki does not have any special interest in the Company. Mr. Shibasaki is scheduled to be appointed as an outside corporate auditor of the Company if the Second Proposal “Election of One (1) Corporate Auditor” (on page 56 of the Convocation Notice) is approved and adopted. The Company plans to notify the Tokyo Stock Exchange and the Nagoya Stock Exchange that Mr. Shibasaki is an independent auditor of the Company.*

Takehiko Nagasaki

Date of Birth May 31, 1943

Background	Jan.	1969	Joined Tokyo Daiichi Certified Public Accountant Office
	Aug.	1971	Registered as certified public accountant
	Jul.	1988	Joined Showa Ota & Co.
	May	1989	Became Partner at Showa Ota & Co.
	Apr.	2000	Appointed as Executive Director of Century Ota Showa & Co. (now Ernst & Young ShinNihon LLC)
	May	2006	Appointed as Vice CEO at Century Ota Showa & Co.
	Aug.	2008	Appointed as Senior Advisor at Century Ota Showa & Co.
	Jun.	2009	Appointed as Outside Corporate Auditor of SAN-AI OIL Co., Ltd. (Present)
	Jul.	2009	Established and became Partner at Takehiko Nagasaki Certified Public Accountant Office (Present)
	Sep.	2009	Appointed as Member of the Independent Committee of the Company (Present)
	Apr.	2010	Appointed as Auditor of National Cancer Center (Present) Appointed as Auditor of National Center of Neurology and Psychiatry (Present)

** Mr. Nagasaki does not have any special interest in the Company.*