The following is an English translation of the Notice of the 70th Ordinary General Meeting of Shareholders of Minebea Co., Ltd., to be held on June 29, 2016.
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 6, 2016

To the Shareholders

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

Minebea Co., Ltd.
Yoshihisa Kainuma
Representative Director

Notice of the 70th Ordinary General Meeting of Shareholders

The 70th 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., Tuesday, June 28, 2016.

Particulars of the Meeting

1. Date and Time:
10:00 a.m., Wednesday, June 29, 2016

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 70th fiscal year (April 1, 2015 to March 31, 2016), and the Audit Report on the Consolidated Financial Statements by the Independent Auditors and the Audit & Supervisory Board
2) The Non-Consolidated Financial Statements for the 70th fiscal year (April 1, 2015 to March 31, 2016)

To vote on:

First Proposal:
Appropriation of Surplus

Second Proposal:
Partial Amendments to the Articles of Incorporation

Third Proposal:
Election of Ten (10) Directors

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., Tuesday, June 28, 2016.

(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, etc.” and complete the procedure by 5:30 p.m., Tuesday, June 28, 2016.

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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 use your mobile phones (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., Tuesday, June 28, 2016, 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 or Adobe® Reader® Version 6.0 or later for PDF file browser
    * Internet Explorer is a trademark and product name of Microsoft Corporation while Adobe® Acrobat® Reader® and Adobe® Reader® are trademarks and product names of US Adobe Systems Incorporated. These 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, 2015 to March 31, 2016)

1. Status of the Corporate Group

(1) Operating performance of the fiscal year

(i) Operating performance

The weak yen, high share prices, and low oil prices were initially expected to fuel Japan's economy during the year under review. However spring-to-summer consumer spending, capital expenditures, and exports remained stagnant as a second-half slowdown in China and other emerging economies, falling resource prices, and a rising yen cast a dark shadow over the economy. The U.S. economy continued to grow mainly in the household sector due to the robust performance of the service industry and a better job market. Despite declining exports to non-EU countries, local consumption kept the European economy moving forward on a moderate upward trajectory. Excess production capacity and slowing investment in real estate development in China has gradually unveiled a picture of economic uncertainty in Asia. Although ASEAN countries, whose economies rely largely on China, didn't see exports to China grow, they enjoyed moderate economic recoveries due partly to public investments, measures to spur consumption, and other initiatives.

Working against this backdrop, the Minebea Group has been concentrating on cutting costs, creating high-value-added products, developing new technologies, and enhancing its marketing approach to improve profitability even further.

As a result, net sales soared by 109,138 million yen (21.8%) year on year to total 609,814 million yen, reaching 600 billion yen for the first time ever. Operating income fell 8,663 million yen (-14.4%) year on year to total 51,438 million yen while ordinary income was down 13,479 million yen (-22.4%) year on year at 46,661 million yen. Net income attributable to owners of the parent decreased 3,501 million yen (-8.8%) year on year to reach 36,386 million yen.

Performance by segment is as follows:

Commencing with the fiscal year under review, Minebea has made some organizational changes, including the integration of our in-house manufacturing division with the electronic device and component manufacturing headquarters. Along with these changes come changes to the segment information.

Machined Components Business

Products in our Machined components business segment include our mainstay product, ball bearings, mechanical components, such as rod-end bearings used primarily in aircraft and hard disk drive (HDD) pivot assemblies, etc. as well as fasteners for automobiles and aircraft. Strong demand in all major markets fueled both sales and profits of ball bearings. Sales of aircraft rod-end bearings rose on the wings of soaring sales in the civil aviation market where demand was particularly strong for energy-efficient planes. Pivot assembly sales dipped slightly in the face of the shrinking HDD market but improved production efficiency drove operating income up.

All these factors combined brought net sales for the fiscal year under review up 8,026 million yen (5.2%) year on year to total 163,811 million yen. Operating income also jumped 1,132 million yen (2.9%) year on year to total 40,854 million yen.

Electronic Devices and Components Business

The core products of our Electronic devices and components business include electronic devices (LED backlights for LCDs, measuring components, etc.), HDD spindle motors, stepping motors, DC motors, fan motors, precision motors, and special devices. Surging demand buoyed sales of LED backlights for LCDs as market preferences shifted to high-end smartphones. Minebea's LED backlights for LCDs enjoy a technological edge when it comes to making thinner products and the fact that they have more components enables them to command a higher price. Although sales increased substantially, they fell short of our initial forecast. This decline was due to the unexpectedly large gap between the volume initially requested by major customers and the volume actually sold in the second half of the fiscal year, resulting in a year-on-year drop in income. Both sales and profits of measuring components also rose substantially due partly to the acquisition of the Sartorius Mechatronics T&H Group in the previous fiscal year. HDD spindle motor sales slightly declined due to a shrinking HDD market while stepping motors saw both sales and profits grow mainly in the office automation equipment and automobile markets.

As a result, net sales for the fiscal year under review increased sharply by 100,743 million yen (29.2%) year on year to total 445,467 million yen while operating income dropped 8,411 million yen (-27.4%) year on year to total 22,336 million yen.

Other Businesses

Net sales in our Other business segment, which includes machines produced in-house, were up 370 million yen (222.5%) year-on-year to total 536 million yen. The segment posted an operating loss of 124 million yen, adding up to a year-on-year loss of 96 million yen.

In addition to the figures noted above, 11,627 million yen in corporate expenses, etc. not belonging to any particular segment has been included as adjustments. Adjustments for the previous fiscal year amounted to 10,340 million yen on a consolidated basis.

(ii) Capital expenditures

During the fiscal year under review, capital expenditures were 7,735 million yen for the Machined Components Business, 29,012 million yen for the Electronic Devices and Components Business, 178 million yen for the Other Businesses, and 6,953 million yen for the whole company (common), totaling 43,878 million yen.

The main capital expenditures for the Machined Components Business were equipment for bearings and mechanical components related facilities in Thailand. The main capital expenditures for the Electronic Devices and Components Business were equipment for LED backlights for LCDs and components related facilities in Thailand.

Other capital expenditures for other businesses and at the whole company (common) were mainly expenditures related to the augmented production capacity of the Cambodian plant.

Capital expenditures included 2,311 million yen for intangible fixed assets and an increase of 62 million yen in assets through new finance lease agreements.

(iii) Financing

Own funds and borrowings were applied to capital expenditures and operating funds during the fiscal year under review.

At the end of the fiscal year under review, borrowings including bonds stood at 137,109 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

There are no important matters to be reported.

(vii) Acquisition or disposition of shares, other equity or subscription rights to shares, etc. of other companies

There are no important matters to be reported.

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

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

	Fiscal 2013 (4/12–3/13)	Fiscal 2014 (4/13–3/14)	Fiscal 2015 (4/14–3/15)	Fiscal 2016 (4/15–3/16)
Net sales (millions of yen)	282,409	371,543	500,676	609,814
Ordinary income (millions of yen)	7,673	28,065	60,140	46,661
Net income attributable to owners of the parent (millions of yen)	1,804	20,878	39,887	36,386
Net income per share (yen)	4.83	55.94	106.73	97.26
Total assets (millions of yen)	362,805	381,278	490,043	459,427
Net assets (millions of yen)	137,858	163,463	233,679	237,973

Note: Amounts less than 1 million yen are omitted.

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

	Fiscal 2013 (4/12–3/13)	Fiscal 2014 (4/13–3/14)	Fiscal 2015 (4/14–3/15)	Fiscal 2016 (4/15–3/16)
Net sales (millions of yen)	204,291	247,885	343,358	451,101
Ordinary income (millions of yen)	8,424	13,470	24,109	15,950
Net income (millions of yen)	2,880	8,005	9,575	11,750
Net income per share (yen)	7.71	21.45	25.62	31.41
Total assets (millions of yen)	355,589	366,852	389,214	368,266
Net assets (millions of yen)	175,315	180,911	187,119	192,539

Note: Amounts less than 1 million yen are omitted.

(3) Significant parent company and subsidiaries

(i) Parent company

Not applicable.

(ii) Significant 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 and electronic devices
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 and electronic devices
New Hampshire Ball Bearings, Inc.	U.S.A.	USD 94,000 thousand	100.0% (100.0%)	Manufacture and sales of bearings
NMB-Minebea-GmbH	Germany	EUR 11,274 thousand	100.0%	Sales of machined components and electronic devices
MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD.	China	USD 239,060 thousand	100.0%	Manufacture and sales of machined components and electronic devices
MINEBEA (HONG KONG) LIMITED	Hong Kong	HKD 100,000 thousand	100.0%	Sales of machined components and electronic devices
NMB SINGAPORE LIMITED	Singapore	SGD 38,000 thousand	100.0%	Manufacture of bearings and sales of machined components and electronic devices
MINEBEA (CAMBODIA) Co., Ltd.	Cambodia	USD 50,000 thousand	100.0%	Manufacture and sales of electronic devices

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

(4) Tasks to be accomplished

Minebea Group has upheld "The Five Principles" described in the following as a set of our company credos.

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

Based on these company credos, the company's basic management policy is to fulfill its social responsibility and to maximize the corporate value for its various stakeholders, such as shareholders, business partners, local communities, global society and employees. Aiming at concentrating its management resources on the fields where it has the collective and comprehensive strengths of the corporate group, Minebea Group has worked proactively on "the development of high-value-added products" and "the advancement of the quality of the products." In addition, we strive to reinforce our corporate management centering on "the strengthening of our financial standing" as well as to implement "the company management having a high-degree of transparency" in a comprehensive manner both internally and externally.

We take corporate citizenship seriously. That is 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.

We have developed new "Five Arrows" strategies, described in the following, which will guide us through the fiscal year ending March 2018 with a view to moving ahead with the aforementioned initiatives specifically and further boosting our bottom line.

(a) Sell 180 million ball bearings externally per month on average.
Bearing sales have steadily grown and the monthly external sales volume has reached 165 million units. We will cultivate new demand in existing product markets and develop new applications to achieve monthly external sales of 180 million units on average.

(b) Develop and boost sales of new "Electro Mechanics Solutions" products to take the EMS business to new heights.
While we have already achieved higher-than-projected EMS sales, we will work to establish the technological capability needed to make EMS more complex and sophisticated with an eye to developing and boosting sales of new products.

(c) Establish a business foundation for lighting devices and parts.
We will combine our optical and ultra-precision machining technologies with the wireless communication technology of PARADOX ENGINEERING SA, a consolidated subsidiary of the Company, to move forward with our smart city, SALIOT (Smart Adjustable Light for the Internet Of Things), and other businesses.

(d) Take sales of measuring components and related products to 50 billion yen.
We have raised the annual sales target to 50 billion yen as a result of the acquisition of the Sartorius Mechatronics T&H GmbH.

(e) Take aircraft components sales to 70 billion yen.
We will leverage our global presence and maximize synergy with our new subsidiary, CEROBEAR GmbH, to tap new demand in the commercial aircraft market and supply components for new aircraft models with the aim of bringing rod-end bearing and other aircraft component sales to 70 billion yen.

In November 2014, the Korea Fair Trade Commission (KFTC) issued an order for corrective action to Minebea and its Korean subsidiary for violating the Monopoly Regulation and Fair Trade Act (a competition law) in connection with the trading of small-sized ball bearings in Korea. KFTC imposed a surcharge amounting to 4,912 million won (527 million yen equivalent) on Minebea, and its Korean subsidiary has fully paid the said surcharge in the current fiscal year. In relation to the order issued by KFTC, the Seoul Central District Prosecutor's Office brought a charge as of September 11, 2015 against the two companies concerning the violation of the Korea Fair Trade Law (competition law). The Seoul Central District Court issued the ruling on October 30, 2015 that Minebea and its Korean subsidiary were sentenced to a fine of 100 million

won (10 million yen equivalent) and a fine of 70 million won (7 million yen equivalent), respectively. The said amount of fines has been paid in full.
Minebea reached an agreement in February 2015 with the U.S. Department of Justice and pleaded guilty to violating U.S. antitrust laws concerning the sale of certain small-sized ball bearing products. We paid a fine totaling 13.5 million dollars (1,610 million yen equivalent), and as a result, we have paid the said amount in full in the current fiscal year.
A class action suit in relation to the investigations of these cases has been brought in Canada against Minebea and its subsidiaries.

However, we can neither reasonably project the amount of said losses arising from surcharges, etc. depending on the outcome of the lawsuit mentioned above at this time nor predict whether they will affect our operating performance or financial standing, etc.

Upon investigations made by competition authorities in Singapore against Minebea and its subsidiary, we have fully cooperated with the authorities. Although there has been no significant progress made this fiscal year, we received a notice dated as of May 4, 2016 from the Singaporean competition authorities that the investigations had been completed.

With regard to these legal actions, we deeply apologize to all the parties concerned including our shareholders and customers for so many worries. In order to prevent the recurrence of any act that leads to these actions, Minebea will enhance the antitrust law compliance program further and provide thorough education on compliance to all executives and employees.

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

(5) Main business lines (As of March 31, 2016)

Classification	Products
Machined components business	Ball bearings, rod-end bearings, hard disk drive (HDD) pivot assemblies, and fasteners for automobile and aircraft, etc.
Electronic devices and components business	Electronic devices (LED backlights for LCDs, measuring components, etc.), HDD spindle motors, stepping motors, DC motors, fan motors and precision motors, special devices, etc.
Other businesses	Machines produced in-house, etc.

(6) Major offices and plants (As of March 31, 2016)

(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)

(ii) Major subsidiaries' offices and plants

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

(7) Employees (As of March 31, 2016)

(i) Employees of the corporate group

Classification	Number of employees	Increase (decrease) from the end of the previous year
Machined components business	17,592	(709)
Electronic devices and components business	44,096	(792)
Other businesses	183	43
Whole company (common)	609	(29)
Total	62,480	(1,487)

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 any business segment.*
3. *Commencing with the fiscal year under review, Minebea has made some organizational changes, including the integration of our in-house manufacturing division with the Electronic device and component manufacturing headquarters. Along with these changes come changes to the segment information.*

(ii) Employees of the Company

Number of employees	Increase (decrease) from the end of the previous year	Average age	Average of working years
3,464	89	43.8	17.5

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

(8) Major lenders (As of March 31, 2016)

Lenders	Outstanding borrowing (millions of yen)
Sumitomo Mitsui Trust Bank, Limited	39,599
Syndicate loans	25,850
Sumitomo Mitsui Banking Corporation	17,591
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	17,564

Notes:

1. *The syndicate loan refers to the total amount of 4 syndicate loans which are organized by 1 from Sumitomo Mitsui Trust Bank, Limited, 2 from The Bank of Tokyo-Mitsubishi UFJ, Ltd. and 1 from Sumitomo Mitsui Banking Corporation.*

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

In December 2015, Minebea Co., Ltd. and MITSUMI ELECTRIC CO., LTD. agreed to proceed with a discussion and consideration of a business integration, and have held in-depth discussions. As a result of which the two companies executed a business integration agreement and a share exchange agreement on March 30, 2016.

The Share Exchange based on the share exchange agreement is scheduled to be conducted with the effective date of March 17, 2017, subject to obtaining the approval of the Share Exchange Agreement at the extraordinary general meeting of shareholders of MITSUMI to be held on December 27, 2016. Pursuant to the main clause of Article 796, paragraph (2) of the Companies Act, Minebea is expected to conduct the Share Exchange following the procedures for a short-form share exchange that does not require obtaining the approval of shareholders of Minebea at its general meeting of shareholders.

Upon the Share Exchange, Minebea will become the wholly-owning parent company and MITSUMI will become the wholly-owned subsidiary.

(Translation)

2. Shares of the Company

(1) Overview of shares (As of March 31, 2016)

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

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

(iii) Number of shareholders: 26,667 persons

(iv) Number of Shares Constituting One Unit of Shares 1,000 shares

(Due to the amendments to the Articles of Incorporation as of May 1, 2016, the number of shares constituting one unit of shares was changed from the previous 1,000 shares to 100 shares.)

(v) Major shareholders (top 10 shareholders):

Name of shareholders	Number of shares (thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	23,649	6.25
Japan Trustee Services Bank, Ltd. (Trust account)	18,677	4.94
Takahashi Industrial and Economic Research Foundation	15,447	4.09
Sumitomo Mitsui Trust Bank, Limited	15,349	4.06
Japan Trustee Services Bank, Ltd. (Trust account 4)	13,623	3.60
Zenkyoren (National Mutual Insurance Federation of Agricultural Cooperatives)	10,380	2.74
KEIAISHA Co., Ltd.	10,100	2.67
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	10,057	2.66
Sumitomo Mitsui Banking Corporation	10,000	2.64
The Dai-ichi Life Insurance Company, Limited.	5,062	1.34

Notes:

1. *The Company holds 21,021,093 shares of treasury stock, which is 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	250 (4)
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	350 (6)
Series III subscription rights to shares of Minebea Co., Ltd. issued in 2014 (July 18, 2014)	June 27, 2014	252	25,200 shares of common stock	117,400 yen	100 yen	From July 19, 2014 to July 17, 2044	210 (6)

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 Audit & Supervisory Board Members.

(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.

(Translation)

3. Corporate Officers

(1) Directors and Audit & Supervisory Board Members (As of March 31, 2016)

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	Hiroharu Katogi	Officer in charge of Administration, Accounting & IT Division; Officer in charge of Personnel & General Affairs Division; Officer in charge of Corporate Finance Department, Internal Control Promotion Office, and Internal Auditing Office at Finance & Compliance Promotion 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	Chief of Electronic Device & Component Manufacturing Headquarters; Officer in charge of Automotive & Global Motor Business 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
Director, Senior Managing Executive Officer	Ryozo Iwaya	Deputy Chief of Electronic Device & Component Manufacturing Headquarters, Officer in charge of Electronic Device Div. at Electronic Device & Component Manufacturing Headquarters, Head of Lighting Device Business Unit
Director, Managing Executive Officers	Shigeru None	Deputy Officer in charge of Sales Division; General Manager of Japan & Asian Regional Sales
Director	Kohshi Murakami	Attorney at law
Director	Takashi Matsuoka	Director and Vice President Executive Officer, KEIAISHA Co., Ltd.
Standing Audit & Supervisory Board Member	Kazunari Shimizu	
Standing Audit & Supervisory Board Member	Kazuyoshi Tokimaru	
Audit & Supervisory Board Member	Hisayoshi Rikuna	Certified Public Tax Accountant
Audit & Supervisory Board Member	Shinichiro Shibasaki	Attorney at law

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. Kazuyoshi Tokimaru, Hisayoshi Rikuna and Shinichiro Shibasaki are Outside Audit & Supervisory Board Members. Mr. Shinichiro Shibasaki is an independent auditor notified pursuant to the provisions of the financial instruments exchange.*
3. *Audit & Supervisory Board Member Mr. Kazuyoshi Tokimaru has been for many years engaged in financial affairs in a commercial bank and has considerable knowledge of finance and accounting.*
4. *Audit & Supervisory Board Member Mr. Hisayoshi Rikuna is familiar with tax services as a certified public tax accountant and has considerable knowledge of finance and accounting.*
5. *At the conclusion of the 69th Ordinary General Meeting of Shareholders held on June 26, 2015, the terms of office of Audit & Supervisory Board Member, Messrs. Akifumi Kamoi, Kazuaki Tanahashi expired, and therefore they retired from the position.*
6. *Directors' responsibilities in the Company changed on April 1, 2016 as follows:*

Name	Before change	After change
Hirotaka Fujita	Chief of Electronic Device & Component Manufacturing Headquarters; Officer in charge of Automotive & Global Motor Business Division	Chief of Electronic Device & Component Manufacturing Headquarters
Ryozo Iwaya	Deputy Chief of Electronic Device & Component Manufacturing Headquarters, Officer in charge of Electronic Device Div. at Electronic Device & Component Manufacturing Headquarters, Head of Lighting Device Business Unit	Deputy Chief of Electronic Device & Component Manufacturing Headquarters; Officer in charge of Electronic Device Division

(2) Overview of limited liability agreements

The Company and each Outside Director and each Audit & Supervisory Board Member 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 and regulations.

(3) Amount paid as remuneration to Directors and Audit & Supervisory Board Members

Categories	Number of persons to be paid	Amount of remuneration, etc. (thousands of yen)			
		Basic remuneration	Bonuses	Stock options	Total
Directors (Outside Directors)	10 (2)	335,545 (17,776)	180,063 (–)	7,759 (–)	523,367 (17,776)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	6 (4)	53,536 (36,041)	– (–)	– (–)	53,536 (36,041)
Total	16	389,081	180,063	7,759	576,903

Notes:

1. *The above table includes amounts paid to Messrs. Akifumi Kamoi and Kazuaki Tanahashi, who retired from the position as Audit & Supervisory Board Member at the conclusion of the 69th Ordinary General Meeting of Shareholders held on June 26, 2015.*
2. *The remuneration for Directors excludes the salary to be paid for service as officer or employee for Directors who concurrently hold 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 1 billion yen (this amount includes maximum annual remuneration of 50 million yen for Outside Directors) at the 69th Ordinary General Meeting of Shareholders held on June 26, 2015. 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 Audit & Supervisory Board Members 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 63 thousand yen of bonuses to directors that were paid in the fiscal year under review and 180,000 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.*

(4) 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 Vice President Executive Officer of KEIAISHA Co., Ltd. The Company purchases machinery and equipment, components and grease and other materials, etc. from KEIAISHA Co., Ltd.

(ii) Main activities during the fiscal year under review

Name	Attendance and contributions
Director Kohshi Murakami	He attended all 13 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 12 of the 13 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.
Audit & Supervisory Board Member Kazuyoshi Tokimaru	He attended all 11 meetings of the Board of Directors and all 12 meetings of the Audit & Supervisory Board since he took office as Audit & Supervisory Board Member on June 26, 2015. He provided necessary counsel on a timely basis for deliberation of agenda items and other topics at such meetings.
Audit & Supervisory Board Member Hisayoshi Rikuna	He attended all 13 meetings of the Board of Directors and all 15 meetings of the Audit & Supervisory Board 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.
Audit & Supervisory Board Member Shinichiro Shibasaki	He attended all 13 meetings of the Board of Directors and all 15 meetings of the Audit & Supervisory Board 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.

Note: Each of the Outside Officers (Outside Directors and Outside Audit & Supervisory Board Members) always provided counsel from the point of view of compliance with laws and regulations.

Concerning the matter of a violation of the Anti-Monopoly Act under "1. Status of the Corporate Group (4) Tasks to be accomplished," the Outside Officers requested that Group-wide efforts be devoted to preventing recurrence and gave various proposals from the points of view of compliance and internal control.

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	95 million yen
Total amount of money and other property benefit to be paid from the Company and its subsidiaries to Independent Auditors	263 million yen

Notes:

1. *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.*
2. *The Audit & Supervisory Board decided to agree on the amount of remuneration, etc. of Independent Auditors after making necessary examination of whether the content of Independent Auditors' audit plan, performance of duties and a basis for calculation of estimated remuneration, etc. are appropriate.*

(3) Non-auditing services

The Company pays considerations to KPMG AZSA LLC for its financial due diligence and tax due diligence.

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

The Audit & Supervisory Board will recommend the agenda for the proposed meeting regarding removal or refusal of reappointment of Independent Auditors if the Audit & Supervisory Board believes that it is necessary due to causes including the Independent Auditors' difficulty in performing their duties.

When an Independent Auditor is deemed to fall under the items set forth in each item of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board removes the Independent Auditor based on the consent of all Audit & Supervisory Board Members. In this case, the Audit & Supervisory Board Member appointed by the Audit & Supervisory Board will report its resolution relating to the removal of Independent Auditors 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., NMB-Minebea-GmbH, 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 regulations and Articles of Incorporation (Compliance system)

1) The Minebea Group 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 and regulations, the Company’s Articles of Incorporation and the Company Credo.
2) These Code of Conduct and Compliance Guidelines have set the specific guidelines and 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.
3) The Minebea Group will have nothing to do with anti-social forces and organizations 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.
4) Activities of the Compliance Committee are reported to the Board of Directors regularly, or whenever necessary.
5) 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 (Information Storage and Management System)

1) The Minebea Group has established the Minebea Group Document Management Rules for maintaining documents (including electronic records) and other relevant materials.
2) 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 Audit & Supervisory Board Member.

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

1) The Minebea Group 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.
2) 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.
3) 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 to assures that the execution of duties by the Directors and Executive Officers are efficiently performed (system for an Efficient Execution of Duties)

1) The Minebea Group makes rapid and highly strategic management judgments by limiting the number of Directors to 10 or less. At the same time, the Company makes significant transfer of the authority for business execution from Directors to Executive Officers by introducing an Executive Officer System to facilitate a clear distinction between management and supervisory functions and business executing functions and speed up the business execution.
2) The Minebea Group sets group-wide goals that are shared by Directors, Executive Officers and employees and spreads those goals across the group. In addition, to achieve the goals, chiefs of manufacturing headquarters and business units and officers in charge of divisions determine specific objectives to be implemented by each headquarters, business unit or division and efficient methods of achieving the objectives. 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 (Management of Group Companies)

1) Minebea's manufacturing and headquarters, business units and divisions take all necessary steps to provide effective guidance on group company business operations.
2) Our common commitment to legal and ethical standards is reflected in the "Minebea Group Code of Conduct" and the "Compliance Guidelines".
3) "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.
4) In order to increase the effects of the internal control system audits for Group Companies currently done by the Audit & Supervisory Board Members, we maintain a cooperative posture toward the Audit & Supervisory Board Members.
5) We set numerical goals for each group company, review them regularly, and provide relevant organizations with feedback after performing a thorough performance review.
6) The Internal Auditing Office regularly audits the Group Companies.

(6) Structures to ensure that the Audits by the Audit & Supervisory Board Members are effective (Audit System matters)

1) **Issues concerning when an Audit & Supervisory Board Member requests for an employee to assist him/her and issues concerning such employee's independence from Directors**
   (i) When such employee is required, he/she is properly set, and we assist the audit.
   (ii) When an employee in charge of work to assist duties of an Audit & Supervisory Board Member receives directions on the work from the Audit & Supervisory Board Member, a system that allows such employee to concentrate on following commands and orders is established.
   (iii) The audit support by such employee is done under the Audit & Supervisory Board Member's directions and orders.
   (iv) The Audit & Supervisory Board's opinion is respected on the personnel changes and personnel evaluation regarding such employee.

2) **Structure of Directors', Executive Officers' and employees' report to the Audit & Supervisory Board Member, and other reporting structure to the Audit & Supervisory Board Member**
   (i) The Directors report the following to the Audit & Supervisory Board
      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. or e. in the previous paragraph (i) hereof to the Audit & Supervisory Board. 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 Audit & Supervisory Board.
   (iii) Group companies' Directors, Audit & Supervisory Board Members or employees who execute business operations or any person who receives a report from them may report a matter concerning b. or e. of (i) above directly to the Audit & Supervisory Board.
   (iv) Executives and employees of the Company and group companies shall not to be treated disadvantageously by reason of their reporting on each item listed above.

3) **Other matters in order to ensure the efficiency of the Audit & Supervisory Board Member's audit**
   (i) The Audit & Supervisory Board Member 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 Audit & Supervisory Board Members based on discussions with the Audit & Supervisory Board and reports those results to the Audit & Supervisory Board.

(iii)As a general rule, costs arising from execution of duties by Audit & Supervisory Board Members are expensed based on the annual budget planned by the Audit & Supervisory Board. When an Audit & Supervisory Board Member asks for advance payment of costs, etc. required for execution of his or her duties by necessity, the costs or obligations are processed promptly.

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

6. Overview of operation of the internal control system

Based on the "Basic Policy for Internal Control System," the Company operates the international control system as follows:

(1) Compliance system

The Company clearly positioned "The Five Principles" as its company credo and amended the "Minebea Group Code of Conduct" accordingly.
In addition, the Company held meetings of the Compliance Committee and implemented various measures regarding maintenance of the compliance system and compliance. One outside director became a member of the Compliance Committee and as maintenance of the compliance consultation center, the scope of notified parties for whistle blowing was expanded to include Audit & Supervisory Board Members.
Compliance training was implemented for officers, management-level employees, mid-career employees, and new employees as well as at overseas business sites. Furthermore, the Company conducts "Employee Compliance Awareness Survey" and continues its efforts to increase awareness about compliance.

(2) Information storage and management system

Based on the "Minebea Group Document Management Rules," the Company has appropriately stored significant minutes of meetings, various written decisions, financial statements and other documents.

(3) Risk management structure

The Company holds meetings of the Risk Management Committee to confirm the status of maintenance of the risk management structure. Specifically, the Company expanded business sites for which a basic plan for business continuity plans (BCP) is developed. In addition, training based on BCP has been implemented at business sites for which BCP was already formulated.
For events requiring risk management that have occurred around the world, the Company strives to prevent risks from arising through measures such as restriction on overseas travel and provision of reminders.

(4) System for an efficient execution of duties

Based on the "Board of Directors' Rules" and other regulations, necessary resolutions are made at the Board of Directors meetings. The Company made significant transfer of the authority to Executive Officers by an Executive Officer System to ensure efficient execution of duties. With the Company's goals as the company credo, the Board of Directors formulates mid-term and annual business plans and gives direction strategically. When plans are considered, constructive discussions are made at a business plan review meeting that all Directors, Audit & Supervisory Board Members, Executive Officers, chiefs of business units, etc. attend, a Top Meeting held around the end of the first half where achievement of the plans is confirmed and deliberations are conducted for the future and other meetings. Based on the results of these discussions, the Company makes decisions on business execution through deliberations at the Board of Directors after discussions at the Senior Executive Officers Council, which is an advisory body for President and Chief Executive Officer.
The progress of plans is reported at the Board of Directors on a quarterly basis and monitored.

(5) Management of group companies

Each manufacturing and headquarters and business unit and each division of the Company provide effective guidance on group company business operations.
Based on the "Rules for Management of Group Companies," group companies are managed and operated.
The status of operations is confirmed through audits by Audit & Supervisory Board Members and internal audits. A periodic audit is made for particularly important business sites.

(6) Audit system matters

Audit & Supervisory Board Members attend the Board of Directors' meetings and other important meetings, interview the Company's Directors and Executive Officers and review important written decisions while visiting domestic and overseas group companies for audits and interviewing directors and other persons concerned of group companies.

Audit & Supervisory Board Members periodically have a meeting with the Internal Auditing Office, hear an annual audit plan and its objectives, etc. and receive a report about all internal audit results. In implementing audits, Audit & Supervisory Board Members have prior discussions on auditing points and other matters, and join and observe internal audits where necessary.

Audit & Supervisory Board Members periodically interview President and Chief Executive Officer, and also hold a regular meeting with the Independent Auditor to confirm the audit system and an audit plan, receive an explanation on implementation of an audit, etc. and exchange opinions. Furthermore, a liaison council with Outside Directors has been set up to periodically exchange views.

An employee to assist Audit & Supervisory Board Members on a full-time basis has been assigned to the Audit & Supervisory Board Members Office. Directions and orders to and personnel evaluations of such employee are given by Audit & Supervisory Board Members.

An annual budget is appropriated by the Audit & Supervisory Board, and relevant costs are expensed based on the annual budget.

7. 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 2019 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

The Company updated the "countermeasures to large-scale acquisition of Minebea shares (takeover defense measures)," of which the update is resolved at the 65th Ordinary General Meeting of Shareholders held on June 29, 2011, based on resolutions of the Board of Directors meeting held on May 30, 2014 and the Company's 68th Ordinary General Meeting of Shareholders held on June 27, 2014, with the content partially revised (takeover defense measures after the revision are hereinafter referred to as "the Plan").

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/corp/investors/management/governance/takeover_defense_measures/

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 require any Acquirer to submit to the Company, before commencement or implementation of the Acquisition, a legally binding letter of intent that contains an undertaking that the Acquirer will comply with the procedures established under the Plan and the Acquisition Statement including predetermined information necessary for examination of details of 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. On the other hand, if the Independent Committee considers that an Acquisition by an Acquirer does not fall under any of the triggering events set in the Plan, it will not recommend the 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 68th Ordinary General Meeting of Shareholders held on June 27, 2014.

(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 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 68th Ordinary General Meeting of Shareholders, it is with the Effective Period of approximately three years and if the Board of Directors 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 Audit & Supervisory Board Members of the Company.

8. Policy on deciding cash dividend, etc. from surplus

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.

(Translation)

Consolidated Balance Sheet

(As of March 31, 2016)

(Unit: millions of yen)

Assets	
Item	**Amount**
Current assets	**249,820**
Cash and cash equivalents	39,594
Notes and accounts receivable	92,275
Marketable securities	1,545
Finished goods	39,717
Work in process	29,873
Raw materials	18,799
Supplies	4,939
Goods in transit	9,681
Deferred tax assets	4,016
Other	9,557
Allowance for doubtful receivables	(179)
Fixed assets	**209,597**
Tangible fixed assets	**177,993**
Buildings and structures	146,446
Machinery and transportation equipment	312,225
Tools, furniture and fixtures	51,198
Land	25,573
Leased assets	366
Construction in progress	6,250
Accumulated depreciation	(364,068)
Intangible fixed assets	**12,905**
Goodwill	5,721
Other	7,184
Investments and other assets	**18,699**
Investments in securities	8,760
Long-term loans receivable	240
Deferred tax assets	7,643
Other	2,076
Allowance for doubtful receivables	(22)
Deferred charges	**9**
Total assets	**459,427**

Note: Amounts less than 1 million yen are omitted.

(Translation)

(Unit: millions of yen)

Liabilities	
Item	**Amount**
Current liabilities	**165,424**
Notes and accounts payable	35,807
Short-term loans payable	66,165
Current portion of bonds	10,000
Current portion of convertible bond-type bonds with subscription rights to shares	7,700
Current portion of long-term loans payable	13,479
Lease obligations	64
Accrued income taxes	5,385
Accrued bonuses	6,157
Allowance for bonuses to directors	180
Allowance for after-care of products	302
Allowance for environmental remediation expenses	463
Allowance for business restructuring losses	216
Other	19,502
Long-term liabilities	**56,029**
Long-term loans payable	39,765
Lease obligations	45
Allowance for retirement benefits to executive officers	187
Allowance for environmental remediation expenses	513
Net defined benefit liability	13,246
Other	2,271
Total liabilities	**221,454**
Net assets	
Shareholders' equity	**279,914**
Common stock	**68,258**
Capital surplus	**95,772**
Retained earnings	**125,133**
Treasury stock	**(9,249)**
Total accumulated other comprehensive income	**(49,129)**
Difference on revaluation of available-for-sale securities	**588**
Deferred gains or losses on hedges	**283**
Foreign currency translation adjustments	**(47,390)**
Remeasurements of defined benefit plans	**(2,611)**
Subscription rights to shares	**130**
Non-controlling interests	**7,058**
Total net assets	**237,973**
Total liabilities and net assets	**459,427**

Note: Amounts less than 1 million yen are omitted.

(Translation)

Consolidated Statement of Income

(From April 1, 2015 to March 31, 2016)

(Unit: millions of yen)

Item	Amount	
Net sales		**609,814**
Cost of sales		**486,671**
Gross profit		**123,143**
Selling, general and administrative expenses		**71,704**
Operating income		**51,438**
Other income		
Interest income	532	
Dividends income	175	
Rent income of fixed assets	270	
Dividends income of insurance	206	
Other	581	**1,765**
Other expenses		
Interest expenses	1,168	
Foreign currency exchange losses	3,112	
Share of loss of entities accounted for using equity method	21	
Investigation related expenses	178	
Other	2,061	**6,542**
Ordinary income		**46,661**
Extraordinary income		
Gain on sales of fixed assets	37	
Insurance income	3,337	
Government subsidy	973	
Gain on liquidation of affiliates	83	**4,431**
Extraordinary loss		
Loss on sales of fixed assets	19	
Loss on disposal of fixed assets	118	
Loss on reduction of fixed assets	928	
Impairment loss	6	
Loss on disaster	137	
Business restructuring losses	514	
Loss on abolishment of retirement benefit plan	1,465	
Loss for after-care of products	356	
Loss related to Anti-Monopoly Act	17	
Allowance for environmental remediation expenses	567	**4,130**
Income before income taxes		**46,963**
Income taxes (including enterprise tax)	12,757	
Adjustment of income taxes	(2,393)	10,363
Net income		**36,599**
Net income attributable to non-controlling interests		212
Net income attributable to owners of the parent		**36,386**

Note: Amounts less than 1 million yen are omitted.

(Translation)

Consolidated Statement of Changes in Net Assets

(From April 1, 2015 to March 31, 2016)

(Unit: millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current fiscal year	68,258	95,237	94,730	(9,406)	248,820
Changes					
Cash dividend from retained earnings			(5,983)		(5,983)
Net income attributable to owners of the parent			36,386		36,386
Purchase of treasury stocks				(8)	(8)
Disposal of treasury stocks		534		165	700
Changes (net) in non-shareholders' equity items					
Total changes	–	534	30,402	156	31,094
Balance at end of current fiscal year	68,258	95,772	125,133	(9,249)	279,914

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Difference on revaluation of available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current fiscal year	1,677	(2)	(21,144)	(3,213)	(22,682)	127	7,413	233,679
Changes								
Cash dividend from retained earnings								(5,983)
Net income attributable to owners of the parent								36,386
Purchase of treasury stocks								(8)
Disposal of treasury stocks								700
Changes (net) in non-shareholders' equity items	(1,088)	285	(26,246)	601	(26,447)	2	(355)	(26,800)
Total changes	(1,088)	285	(26,246)	601	(26,447)	2	(355)	4,293
Balance at end of current fiscal year	588	283	(47,390)	(2,611)	(49,129)	130	7,058	237,973

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: 68 companies

The names of principal consolidated subsidiaries:

NMB-Minebea Thai Ltd.
NMB (USA) Inc.
NMB Technologies Corporation
New Hampshire Ball Bearings, Inc.
NMB-Minebea-GmbH
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
Shiono Precision Co., Ltd.
SARTORIUS MECHATRONICS PHILIPPINES, INC.
PARADOX ENGINEERING SDN BHD
PARADOX ENGINEERING ASIA PACIFIC
SYLLOGISM SYSTEMS SRL
TINYNODE SA

Among the companies noted above, PARADOX ENGINEERING SDN BHD, PARADOX ENGINEERING ASIA PACIFIC, SYLLOGISM SYSTEMS SRL as well as TINYNODE SA, in which we newly acquired additional shares of PARADOX ENGINEERING SA during this period have been added to our list of non-consolidated subsidiaries beginning this fiscal year.

Also starting this fiscal year, Sartorius-Verwaltungs-GmbH has been changed from a non-consolidated subsidiary to a consolidated subsidiary.

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) Affiliated companies under the equity method

Number of affiliated companies under the equity method: 2 companies

The names of affiliated companies:

SEFFICE Co. Ltd.
KJ Pretech Co., Ltd.

PARADOX ENGINEERING SA is no longer categorized as equity-method affiliates beginning this fiscal year as we acquired its additional shares and it became consolidated subsidiary.

(2) Non-consolidated subsidiaries not accounted for by the equity method

NMB-MINEBEA DO BRASIL IMPORTACAO E COMERCIO DE COMPONENTES DE PRECISAO LTDA, Shiono Precision Co., Ltd., SARTORIUS MECHATRONICS PHILIPPINES, INC., PARADOX ENGINEERING SDN BHD, PARADOX ENGINEERING ASIA PACIFIC, SYLLOGISM SYSTEMS SRL and TINYNODE SA 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.

(3) 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 (2 companies)

MINEBEA PHILIPPINES, INC.	Philippines company
NMB-Minebea de Mexico, S.de R.L. de C.V.	Mexican company

Increase due to a change from affiliated companies under equity method to consolidated subsidiaries through additional acquisition of shares (1 company)

PARADOX ENGINEERING SA	Swiss company

Increase due to a change from non-consolidated subsidiaries to consolidated subsidiaries (1 company)

Sartorius-Verwaltungs-GmbH	German company

Decrease due to a company liquidation (2 companies)

NMB Mechatronics (Thailand) Co., Ltd.	Thailand company
MOATECH ELECTRONICS (BEIHAI) CO., LTD.	Chinese company

(2) Change in scope for equity method

Decrease due to a change from affiliated companies under equity method to consolidated subsidiaries through additional acquisition of shares (1 company)

PARADOX ENGINEERING SA

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
Cixi New MeiPeiLin Precision Bearing Co., Ltd	December 31	*1
DONGGUAN CHENGQU DAIICHI PRECISION MOLD CO. LTD	December 31	*1
MINEBEA (CAMBODIA) Co., Ltd.	December 31	*1
MINEBEA PHILIPPINES, INC.	December 31	*1
NMB-Minebea de Mexico, S.de R.L. de C.V.	December 31	*1
Sartorius Intec K.K.	December 31	*2
Sartorius Intec USA, Inc.	December 31	*2
SARTORIUS INTEC UK LIMITED	December 31	*2
Sartorius Mechatronics T&H GmbH	December 31	*2
Sartorius Mechatronics C&D GmbH & Co. KG	December 31	*2
Sartorius-Verwaltungs-GmbH	December 31	*2
Sartorius Industrial Scales GmbH & Co. KG	December 31	*2
Sartorius Industrial Weighing Verwaltungs GmbH	December 31	*2
Sartorius Intec Austria GmbH	December 31	*2
SARTORIUS INTEC ITALY S.R.L.	December 31	*2
SARTORIUS INTEC FRANCE S.A.S.	December 31	*2
Sartorius Mechatronics Switzerland AG	December 31	*2
SARTORIUS INTEC BELGIUM	December 31	*2
Sartorius Intec Netherlands B.V.	December 31	*2
SARTORIUS INTEC SPAIN, S.L.	December 31	*2
SARTORIUS INTEC POLAND Sp. z o.o.	December 31	*2
Sartorius Industrial Weighing Equipment (Beijing) Co., Limited	December 31	*2
SARTORIUS MECHATRONICS INDIA PRIVATE LIMITED	December 31	*2
MOATECH CO., LTD.	December 31	*2
MOATECH MANUFACTURING PHILS., INC.	December 31	*2
MOATECH REALTY, INC.	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.

For the depreciation of buildings, however, the straight-line method is adopted.

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.

We adopt the declining-balance method to depreciate part of machines and equipment used for the manufacture of LED backlights for LCDs.

(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 after-care of products
We post reasonably projected amounts to be incurred in the future as expenses for after-care of products.

(vi) 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.

(vii) 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 non-controlling 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 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)
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. 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 allocates them to anticipated transactions in foreign currencies with same maturities and same amounts in foreign currency at closing of forward 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) 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
We calculate retirement benefit obligations by attributing projected benefit obligations to periods up to the end of the current fiscal year on a benefit formula basis.

(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

(Adoption of accounting standard for business combinations, etc.)

Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013), Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013), Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013) and others have been applied effective from the current fiscal year ended March 31, 2016. As a result, any change resulting from the Company's ownership interests in its subsidiary when the Company retains control over the subsidiary is accounted for as capital surplus, and acquisition related costs are expensed in the year in which the costs are incurred. For any business combinations on or after the beginning of current fiscal year, subsequent measurement of the provisional amount recognized based on the purchase price allocation due to the completion of accounting for the business combination are reflected in the consolidated financial statements for the fiscal year to which the date of that business combination occurs. In addition, the presentation method of net income was amended, and the presentation of "minority interests" was changed to "non-controlling interests." To reflect these changes in presentation, adjustments have been made to the consolidated financial statements for the last fiscal year presented herein.

The aforementioned accounting standards are adopted as of the beginning of this fiscal year and thereafter, according to the transitional treatment provided for in paragraph 58-2 (4) of the Accounting Standard for Business Combinations, paragraph 44-5 (4) of the Consolidated Accounting Standard and paragraph 57-4 (4) of the Accounting Standard for Business Divestitures.

As a result, operating income, ordinary income and income before income taxes for the current fiscal year decreased 304 million yen, respectively.

In addition, net income per share for the current fiscal year decreased 0.81 yen.

(Changes in the accounting method of significant hedge transactions)

The Company adopted 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. However, as a result of the change in the hedge policy, etc. adopted by the Company, the accounting method of significant hedge transactions has been changed to the deferred hedge accounting since the start of the current fiscal year, aiming at more accurately presenting the status of foreign currency-denominated receivables and payables as well as derivatives transactions.

The said changes in the accounting method have minor impacts on the financial results of the past accounting periods, and as such, no restatements have been made for the past accounting periods.

In addition, there are very minor impacts of the said changes on the profit and loss of the current consolidated statement of operations.

7. Change in accounting policy which is difficult to distinguish from the change in accounting estimates

(Change in the depreciation method of buildings)

The Company and consolidated domestic subsidiaries adopted the declining balance method primarily for the depreciation method of buildings; however, the Company has adopted the straight-line method since this current fiscal year.

This change has been adopted based on our decision that the straight-line depreciation method can account for the current economic situation of the Company more accurately and adequately than the declining balance method as a result of reviewing the depreciation methods. Having reviewed the depreciation method on recent occasions such as acquisition of the Headquarters building and construction of the Matsuida Plant and the Kashiwazaki Plant, the Company came up with the conclusion that the straight-line depreciation method is appropriate for such buildings that are to be used stably for a long-period of time, irrespective of the profitability and operational situation of the facilities so that the benefits of utilization shall be realized in proportion to the lapse of time.

Due to the change, depreciation and amortization costs decreased in the current fiscal year, while operating income, ordinary income and income before income taxes increased 353 million yen, respectively, as compared with the previous fiscal year.

8. Additional information

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

As it has been reported earlier, some of our consolidated subsidiaries have been investigated by Korean, U.S., and Singapore competition authorities for the alleged infringement of competition laws in the respective countries related to the trading of small-sized ball bearing products, etc.

In Korea, the Korea Fair Trade Commission (KFTC) issued an order for corrective action to the Company and its Korean subsidiary in November 2014 for violating the Monopoly Regulation and Fair Trade Act (a competition law) in connection with the trading of small-sized ball bearings in Korea. KFTC imposed a surcharge amounting to 4,912 million won (527 million yen equivalent) on the Company, and the Company has fully paid the said surcharge in the current fiscal year.
In relation to the order issued by KFTC, the Seoul Central District Prosecutor's Office brought a charge as of September 11, 2015 against the two companies concerning the violation of the Korea Fair Trade Law (competition law). The Seoul Central District Court issued the ruling on October 30, 2015 that the Company and its Korean subsidiary were sentenced to a fine of 100 million won (10 million yen equivalent) and a fine of 70 million won (7 million yen equivalent), respectively. The said amount of fines has been paid in full.
In the United States, the Company reached an agreement in February 2015 with the U.S. Department of Justice and pleaded guilty to violating U.S. antitrust laws concerning the sale of certain small-sized ball bearing products. We paid a fine totaling 13.5 million dollars (1,610 million yen equivalent), and as a result, we have paid the said amount in full in the current fiscal year.
A class action suit in relation to the investigations of these cases has been brought in Canada against the Company and its subsidiaries.
However, we can neither reasonably project the amount of said losses arising from surcharges, etc. depending on the outcome of the lawsuit mentioned above at this time nor predict whether they will affect our operating performance or financial standing, etc.
Please refer to "Notes to Subsequent Events" in regards to the investigations made by competition authorities in Singapore against the Company and its subsidiary.

(Transactions of delivering the Company's own stock to employees etc. through trusts)

(1) Outline of the transactions

The Company has introduced the "Trust-type Employee Shareholding Incentive Plan" (the "Plan"), in order to provide the Group's employees with incentives to increase the corporate value of the Company, and to promote the benefit and welfare of the employees of the Group and others. The Plan is an incentive plan, in which all employees of the Group who are members of the "Minebea Employee Stock Holding Partnership" ("Stock Holding Partnership") (a Group employee who is a member of the Stock Holding Partnership is hereinafter referred to as an "Employee") may participate. Based on the Plan, as of May 10, 2012, the Company entered into the Minebea Employee Stock Holding Partnership Exclusive Trust Agreement (the "Trust Agreement") with the bank in which the Company is Truster and the Bank is Trustee. As per the Plan and the Trust Agreement, the "Minebea Employee Stock Holding Partnership Exclusive Trust Account" (the "Trust"), which had been established for the purpose of securing the Company shares for the Stock Holding Partnership to effect purchases, has borrowed money from banks (the Company guarantees the Trust's borrowings) for a considerable number of Company shares that were expected to be acquired by the Stock Holding Partnership by the end of May 2017, and acquired Company shares in a number equal to such borrowings from the market at the time the Plan was introduced in May 2012. Subsequently, the Trust is to continuously transfer the Company shares to the Stock Holding Partnership in accordance with certain plans (conditions and methods) and terminate, e.g. if all of the Company shares belonging to the trust assets of the Trust are transferred. If any capital gains, such as gains on sale of the Company shares, accumulate within the Trust by the time of its termination, and if any money remains within the Trust after repaying all the debts such as borrowings to be borne by the Trust, then such money is to be distributed as residual assets to those Employees that fulfill the requirements for eligible beneficiaries.
A trust administrator or an agent of the beneficiaries gives instructions to the trustee of the Trust with regard to preserving and exercising the rights (including the exercise of voting rights) relating to the Company shares held as the trust assets in the Trust, while eligible beneficiaries of the Trust will preserve and exercise their rights in accordance with such instructions. A trust administrator or an agent of the beneficiaries of the Trust shall follow the guidelines relating to the exercise of the voting rights stipulated in the Trust Agreement, in case of executing instructions regarding the exercise of voting rights on behalf of beneficiaries.

(2) Since the said trust agreement was concluded before the first applicable fiscal year of the adoption of the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ PITF No. 30 dated as of December 25, 2013 and revised as of March 26, 2015), the transaction has been accounted for with the accounting method that had been adopted.

(3) The items relating to the Company shares owned by the Trust

1. Book value of the Company shares owned by the Trust
   As of March 31, 2015: 1,377 million yen
   As of March 31, 2016: 1,212 million yen
2. The Company shares owned by the Trust are accounted for as treasury stock.
3. Number of the Company shares owned by the Trust at the end of each fiscal year and the average number of shares owned by the Trust
   Number of the Company shares owned by the Trust at the end of each fiscal year

As of March 31, 2015: 4,267,000 shares
As of March 31, 2016: 3,754,000 shares
Average number of shares owned by the Trust
As of March 31, 2015: 4,419,652 shares
As of March 31, 2016: 4,043,423 shares

4. The number of the Company shares mentioned in part 3. was included in the treasury stock to be deducted in terms of calculating relevant per share indicators.

(Execution of business integration agreement and share exchange agreement in connection with business integration of the Company and MITSUMI ELECTRIC CO., LTD.)

The Company concluded an agreement for business integration (the "Business Integration") and an agreement for share exchange (the "Share Exchange") with MITSUMI ELECTRIC CO., LTD. ("MITSUMI," the Company and MITSUMI hereinafter collectively the "Two Companies") based the resolution of the Meeting of the Board of Directors of the Company held on March 30, 2016.

(1) Purpose of the Business Integration

Through the Business Integration, the Two Companies will aim to become a genuine solutions company by realizing synergies of integration described below, and will further improve their corporate value as an electro mechanics solutions company.

(i) Growth and evolution of business portfolio
(ii) Enhancement of cost competitiveness and capacity to generate cash flow by optimizing manufacturing structure and bases
(iii) Enhancement of development capabilities and provision of solutions

(2) Method of the Business Integration
Share exchange with The Company becoming as the wholly-owning parent company and MITSUMI as the wholly-owned subsidiary

(3) Outline of the Share Exchange
(i) Schedule of the Share Exchange

Execution of the Business Integration agreement and the Share Exchange agreement (Two Companies)	March 30, 2016
Extraordinary general meeting of shareholders to approve the Share Exchange agreement (MITSUMI)	December 27, 2016 (planned)
Effective date of the Share Exchange	March 17, 2017 (planned)

The above schedule is currently anticipated. If there is any change to the schedule due to filings with the Fair Trade Commission or other relevant Japanese or foreign authorities, obtaining of permits and approvals, or other reasons during the course of procedures and discussions over the Business Integration, the Two Companies will announce such change promptly. The Share Exchange is a short-form share exchange for The Company and is expected to be conducted without obtaining the approval of shareholders of The Company at its general meeting of shareholders.

(ii) Details of allotment in the Share Exchange

	The Company	MITSUMI
The share exchange ratio for the Share Exchange	1	0.59
Number of shares to be delivered in the Share Exchange	Common stock of the Company: 47,913,630 shares (planned)	

Notes:

1. *Share allotment ratio*
   0.59 shares of common stock of the Company will be allotted and delivered for each share of MITSUMI common stock.
2. *Number of shares to be delivered through the Share Exchange*
   Common stock of the Company: 47,913,630 shares (planned)
   The above number of shares of common stock has been calculated based on the total number of issued and outstanding shares (87,498,119 shares) of common stock and the number of treasury stock (6,288,575 shares) of MITSUMI as of December 31, 2015.
   The shares to be delivered will comprise treasury stock held by The Company and newly issued shares.

(iii) Treatment of bonds with stock acquisition rights in connection with the Share Exchange

With respect to the stock acquisition rights accompanying the Euro-Yen Denominated Convertible Bonds with Stock Acquisition Rights due 2022 issued by MITSUMI, The Company will allot and deliver to the holders of such stock acquisition rights the stock acquisition rights of The Company to replace the stock acquisition rights of MITSUMI according to the terms of the stock acquisition rights and the share exchange ratio, and The Company will assume and succeed to all of MITSUMI's obligations under the bonds with stock acquisition rights.

(4) Basis for the share exchange ratio for the Share Exchange

In the calculation of the share exchange ratio, the Company appointed Nomura Securities Co., Ltd. ("Nomura Securities") as a third-party calculation institution and Mori Hamada & Matsumoto as a legal advisor, and MITSUMI appointed Daiwa Securities Co., Ltd. (Daiwa Securities) as a third-party calculation institution and Anderson Mōri & Tomotsune as a legal advisor.

Nomura Securities made an analysis using an average market price analysis, a comparable company analysis and the discount cash flow analysis (the "DCF Analysis") with regard to the Company and using an average market price analysis and the DCF Analysis with regard to MITSUMI, and calculated the share exchange ratio, comprehensively taking into account results of the analysis.

Daiwa Securities made an analysis using a market price analysis, a comparable company analysis and the DCF Analysis with regard to the both companies, and calculated the share exchange ratio, comprehensively taking into account results of the analysis.

The share exchange ratio was determined through discussions between the parties and by reference to the results of calculation and the legal advice of their legal advisors.

(Translation)

Notes to Consolidated Balance Sheet

(1) Assets pledged as collateral and collateralized obligations

(i) Assets pledged as collateral

Buildings and structures 661 million yen

(ii) Collateralized obligations

Long-term loans payable 850 million yen

(including 134 million yen Current portion of long-term loans payable)

(2) Marketable securities and Investment in securities

The balance of money in trust is 4,365 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.

(3) 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 and 17, 2012; (5) a fifth revised assessment of income tax liability in the amount of 366 million baht on April 5, 2013; (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), (2), (3) and (4), following the petition to the Revenue Department, the Company took the cases to the Tax Court of Thailand on August 25, 2009 for the case (1) and on November 16, 2015 for the cases (2), (3) and (4). Regarding items (5) and (6), the Company 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) Insurance income

Insurance payments totaling 2,803 million yen, carried by the insurance policies that cover the damages and costs including lost earnings caused by the large-scale floods which occurred in Thailand in October 2011, and insurance money received totaling 534 million yen, due to the determination of the insurance amount paid to cover the damages and losses associated with the factory explosion at our consolidated subsidiary in the U.S. in February 2014.

(2) Government subsidy

Fixed amount granted as a subsidy for the "Project to Promote Investment in Advanced Equipment as Measures to Deal with Yen Appreciation and Energy Constraints" by the Ministry of Economy, Trade and Industry.

(3) Loss on reduction of fixed assets

Losses associated with the inclusion in deductible expenses relating to item (2) described above.

(4) Business restructuring losses

These business restructuring losses consist of a loss of 264 million yen incurred by the personnel reduction in one of the foreign consolidated subsidiaries located in the U.S.; a loss of 204 million yen incurred by the rationalization of small-sized motor business; and other losses totaling 45 million yen.

(5) Loss on abolishment of retirement benefit plan

This is due to the loss on abolishment of retirement benefit plan in our consolidated subsidiaries in the U.S.

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)	25,281,915	6,178	513,000	24,775,093
Total	25,281,915	6,178	513,000	24,775,093

Notes:
1. The increase of 6,178 shares in the number of treasury shares of common stock reflects the increase from the purchase of fractional shares.
2. The decrease of 513,000 shares in the number of treasury shares of common stock reflects the decrease of shares from the disposal of treasury stock by the Employee Stock Holding Partnership Exclusive Trust Account.
3. The number of treasury shares of common stock includes our shares owned by the Employee Stock Holding Partnership Exclusive Trust Account (4,267,000 shares at the beginning of the current fiscal year and 3,754,000 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 69th Ordinary General Meeting of Shareholders held on June 26, 2015

Total amount of dividends:	2,243 million yen
Dividend per share:	6.00 yen
Record date:	March 31, 2015
Effective date:	June 29, 2015

Note: Total dividend does not include 25 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 5, 2015

Total amount of dividends:	3,740 million yen
Dividend per share:	10.00 yen
Record date:	September 30, 2015
Effective date:	December 4, 2015

Note: Total dividend does not include 41 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 70th Ordinary General Meeting of Shareholders to be held on June 29, 2016.

Total amount of dividends:	3,743 million yen
Dividend per share:	10.00 yen
Record date:	March 31, 2016
Effective date:	June 30, 2016

Note: Total dividend does not include 37 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	Series III subscription rights to shares
Class of shares underlying subscription rights to shares	Shares of common stock	Shares of common stock	Shares of common stock
Number of shares underlying subscription rights to shares	25,000 shares	35,000 shares	21,000 shares
Outstanding balances of subscription rights to shares	6 million yen	12 million yen	24 million yen

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

	Series II subscription rights to shares	Series III 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	158,200 shares	232,400 shares
Outstanding balances of subscription rights to shares	44 million yen	42 million yen

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 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, 2016, 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	39,594	39,594	–
(ii) Notes and accounts receivable	92,275	92,275	–
(iii) Marketable and investment securities	8,506	8,477	(29)
(iv) Long-term loans receivable	240	234	(5)
Total assets	140,616	140,581	(35)
(v) Notes and accounts payable	35,807	35,807	–
(vi) Short-term loans payable	66,165	66,165	–
(vii) Current portion of bonds	10,000	10,053	53
(viii) Current portion of convertible bond-type bonds with subscription rights to shares	7,700	7,740	40
(ix) Current portion of long-term loans payable	13,479	13,553	74
(x) Long-term loans payable	39,765	40,234	468
Total liabilities	172,918	173,553	635
Derivative transactions (*1)	304	304	–

*(*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

<u>Assets</u>

(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.

<u>Liabilities</u>

(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 bonds,

(viii) Current portion of 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 new issue to derive the present value.

(ix) 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.

<u>Derivative transactions</u>

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	1,301
Investments in subsidiaries	406
Investments in affiliated companies	6
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	39,594	–	–	–
Notes and accounts receivable	92,275	–	–	–
Marketable and investment securities of which securities with maturity	1,545	2,852	–	–
Long-term loans receivable	–	177	62	–
Total	133,415	3,030	62	–

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	35,807	–	–	–
Short-term loans payable	66,165	–	–	–
Bonds	10,000	–	–	–
Convertible bond-type bonds with subscription rights to shares	7,700	–	–	–
Long-term loans payable	13,479	39,765	–	–
Total	133,152	39,765	–	–

Notes to Per Share Information

(1) Net assets per share 616.43 yen
(2) Net income per share 97.26 yen

Notes to Subsequent Events

(Investigations by Singaporean competition authorities)
Upon investigations made by competition authorities in Singapore against Minebea and its subsidiary, we have fully cooperated with the authorities. We received a notice dated as of May 4, 2016 from the Singaporean competition authorities that the investigations had been completed. There shall be no impact expected on our consolidated earnings.

(Translation)

Non-Consolidated Balance Sheet

(As of March 31, 2016)

(Unit: millions of yen)

Assets	
Item	**Amount**
Current assets	**108,177**
Cash and cash equivalents	4,025
Notes receivable	2,000
Accounts receivable	60,957
Purchased goods	3,938
Finished goods	1,100
Work in process	5,860
Raw materials	1,735
Supplies	126
Goods in transit	1,047
Advances to vendor	191
Prepaid expenses	793
Short-term loans receivable from affiliates	22,436
Accounts receivable - other	995
Temporary advance	41
Deferred tax assets	1,821
Other	1,104
Fixed assets	**260,079**
Tangible fixed assets	**41,274**
Buildings	16,073
Structures	1,046
Machinery and equipment	4,316
Vehicles	17
Tools, furniture and fixtures	2,118
Land	15,438
Leased assets	91
Construction in progress	2,172
Intangible fixed assets	**3,731**
Goodwill	253
Patents	192
Leasehold rights	35
Software	3,219
Other	30
Investments and other assets	**215,073**
Investments in securities	4,276
Investments securities in subsidiaries and affiliates	165,992
Investments in capital	0
Investments in capital with subsidiaries and affiliates	44,065
Long-term loans receivable from subsidiaries and affiliates	179
Long-term prepaid expenses	152
Deferred tax assets	270
Other	135
Deferred charges	**9**
Bond issuance expenses	9
Total assets	**368,266**

Note: Amounts less than 1 million yen are omitted.

(Translation)

(Unit: millions of yen)

Liabilities	
Item	**Amount**
Current liabilities	**135,331**
Accounts payable	48,852
Short-term loans payable	44,050
Current portion of bonds	10,000
Current portion of convertible bond-type bonds with subscription rights to shares	7,700
Current portion of long-term loans payable	13,211
Lease obligations	58
Accounts payable - other	3,694
Accrued expenses	1,490
Accrued income taxes	1,156
Deposits received	758
Deferred income	1
Accrued bonuses	3,829
Allowance for bonuses to directors	180
Allowance for after-care of products	302
Other	44
Long-term liabilities	**40,395**
Long-term loans payable	39,050
Lease obligations	37
Allowance for retirement benefits	696
Allowance for retirement benefits to executive officers	177
Other	433
Total liabilities	**175,727**
Net assets	
Shareholders' equity	**191,895**
Common stock	**68,258**
Capital surplus	**95,772**
Capital reserve	94,756
Other	1,015
Retained earnings	**37,114**
Earned surplus	2,085
Other	35,029
Reserve for reduction entry	2,188
Reserve for general purpose	6,500
Retained earnings carried forward	26,340
Treasury stock	**(9,249)**
Revaluation / Translation differences	**599**
Difference on revaluation of available-for-sale securities	**599**
Deferred gains or losses on hedges	**0**
Subscription rights to shares	**43**
Total net assets	**192,539**
Total liabilities and net assets	**368,266**

Note: Amounts less than 1 million yen are omitted.

(Translation)

Non-Consolidated Statement of Income

(From April 1, 2015 to March 31, 2016)

(Unit: millions of yen)

Item	Amount	
Net sales		**451,101**
Cost of sales		**413,579**
Gross profit		**37,522**
Selling, general and administrative expenses		**25,512**
Operating income		**12,009**
Other income		
Interest income	385	
Dividends income	4,299	
Rent income of fixed assets	273	
Dividends income of insurance	205	
Other	103	**5,266**
Other expenses		
Interest expenses	594	
Interest on bonds	114	
Foreign currency exchange losses	186	
Investigation related expenses	178	
Other	252	**1,326**
Ordinary income		**15,950**
Extraordinary income		
Gain on sales of fixed assets	4	
Affiliates liquidating dividends	38	**43**
Extraordinary loss		
Loss on sales of fixed assets	0	
Loss on disposal of fixed assets	10	
Impairment loss	6	
Loss on valuation of investments in securities with subsidiaries and affiliates	483	
Loss on valuation of investments in capital with subsidiaries and affiliates	947	
Loss for after-care of products	220	
Loss related to Anti-Monopoly Act	10	**1,678**
Income before income taxes		**14,314**
Income taxes (including enterprise tax)	2,818	
Adjustment of income taxes	(254)	2,563
Net income		**11,750**

Note: Amounts less than 1 million yen are omitted.

(Translation)

Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2015 to March 31, 2016)

(Unit: millions of yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
						Other			
	Common stock	Capital reserve	Other	Total capital surplus	Earned surplus	Reserve for reduction entry	Reserve for general purpose	Retained earnings carried forward	Total retained earnings
Balance at beginning of current fiscal year	68,258	94,756	480	95,237	2,085	2,188	6,500	20,573	31,347
Changes									
Cash dividend from retained earnings								(5,983)	(5,983)
Net income								11,750	11,750
Purchase of treasury stocks									
Disposal of treasury stocks			534	534					
Changes (net) in non-shareholders' equity items									
Total changes	–	–	534	534	–	–	–	5,766	5,766
Balance at end of current fiscal year	68,258	94,756	1,015	95,772	2,085	2,188	6,500	26,340	37,114

	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 current fiscal year	(9,406)	185,437	1,646	(0)	1,645	35	187,119
Changes							
Cash dividend from retained earnings		(5,983)					(5,983)
Net income		11,750					11,750
Purchase of treasury stocks	(8)	(8)					(8)
Disposal of treasury stocks	165	700					700
Changes (net) in non-shareholders' equity items			(1,047)	0	(1,046)	7	(1,038)
Total changes	156	6,458	(1,047)	0	(1,046)	7	5,419
Balance at end of current fiscal year	(9,249)	191,895	599	0	599	43	192,539

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 components, 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.

For the depreciation of buildings, however, the straight-line method is adopted.

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

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.

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, 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.

(i) Method of attributing expected retirement benefits to periods

We calculate retirement benefit obligations by attributing projected benefit obligations to periods up to the end of the current fiscal year on a benefit formula basis.

(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 after-care of products:

We post reasonably projected amounts to be incurred in the future as expenses for after-care of products.

(5) Accounting method of hedge transactions

(i) Method of hedge accounting

The Company adopts the deferred hedge method. 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)

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. 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 allocates them to anticipated transactions in foreign currencies with same maturities and same amounts in foreign currency at closing of forward 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) Changes in Accounting Policy

(Adoption of accounting standard for business combinations, etc.)

Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013), Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013) and others have been applied effective from the current fiscal year ended March 31, 2016. As a result, acquisition related costs are expensed in the year in which the costs are incurred.

For any business combinations on or after the beginning of current fiscal year, subsequent measurement of the provisional amount recognized based on the purchase price allocation due to the completion of accounting for the business combination are reflected in the non-consolidated financial statements for the fiscal year to which the date of that business combination occurs.

The aforementioned accounting standards are adopted as of the beginning of this fiscal year and thereafter, according to the transitional treatment provided for in paragraph 58-2 (4) of the Accounting Standard for Business Combinations and paragraph 57-4 (4) of the Accounting Standard for Business Divestitures.

There is no impact on the financial statements.

(Changes in the accounting method of significant hedge transactions)

The Company adopted 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. However, as a result of the change in the hedge policy, etc. adopted by the Company, the accounting method of significant hedge transactions has been changed to the deferred hedge accounting since the start of the current fiscal year, aiming at more accurately presenting the status of foreign currency-denominated receivables and payables as well as derivatives transactions.

The said changes in the accounting method have minor impacts on the financial results of the past accounting periods, and as such, no restatements have been made for the past accounting periods.

In addition, there are very minor impacts of the said changes on the profit and loss of the current non-consolidated statement of operations.

(8) Change in accounting policy which is difficult to distinguish from the change in accounting estimates

(Change in the depreciation method of buildings)

The Company adopted the declining balance method primarily for the depreciation method of buildings; however, the Company has adopted the straight-line method since this current fiscal year.

This change has been adopted based on our decision that the straight-line depreciation method can account for the current economic situation of the Company more accurately and adequately than the declining balance method as a result of reviewing the depreciation methods. Having reviewed the depreciation method on recent occasions such as acquisition of the Headquarters building and construction of the Matsuida Plant, the Company came up with the conclusion that the straight-line depreciation method is appropriate for such buildings that are to be used stably for a long-period of time, irrespective of the profitability and operational situation of the facilities so that the benefits of utilization shall be realized in proportion to the lapse of time.

Due to the change, depreciation and amortization costs decreased in the current fiscal year, while operating income, ordinary income and income before income taxes increased 353 million yen, respectively, as compared with the previous fiscal year.

(9) Additional information

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

As it has been reported earlier, some of our consolidated subsidiaries have been investigated by Korean, U.S., and Singapore competition authorities for the alleged infringement of competition laws in the respective countries related to the trading of small-sized ball bearing products, etc.

In Korea, the Korea Fair Trade Commission (KFTC) issued an order for corrective action to the Company and its Korean subsidiary in November 2014 for violating the Monopoly Regulation and Fair Trade Act (a competition law) in connection with the trading of small-sized ball bearings in Korea. KFTC imposed a surcharge amounting to 4,912 million won (527 million yen equivalent) on the Company, and the Company has fully paid the said surcharge in the current fiscal year.

In relation to the order issued by KFTC, the Seoul Central District Prosecutor’s Office brought a charge as of September 11, 2015 against the two companies concerning the violation of the Korea Fair Trade Law (competition law). The Seoul Central District Court issued the ruling on October 30, 2015 that the Company and its Korean subsidiary were sentenced to a fine of 100 million won (10 million yen equivalent) and a fine of 70 million won (7 million yen equivalent), respectively. The said amount of fines has been paid in full.

In the United States, the Company reached an agreement in February 2015 with the U.S. Department of Justice and pleaded guilty to violating U.S. antitrust laws concerning the sale of certain small-sized ball bearing products. We paid a fine totaling 13.5 million dollars (1,610 million yen equivalent), and as a result, we have paid the said amount in full in the current fiscal year.

A class action suit in relation to the investigations of these cases has been brought in Canada against the Company and its subsidiaries.

However, we can neither reasonably project the amount of said losses arising from surcharges, etc. depending on the outcome of the lawsuit mentioned above at this time nor predict whether they will affect our operating performance or financial standing, etc.
Please refer to "Notes to Subsequent Events" in regards to the investigations made by competition authorities in Singapore against the Company and its subsidiary.

(Transactions of delivering the Company's own stock to employees etc. through trusts)

(i) Outline of the transactions

The Company has introduced the "Trust-type Employee Shareholding Incentive Plan" (the "Plan"), in order to provide the Group's employees with incentives to increase the corporate value of the Company, and to promote the benefit and welfare of the employees of the Group and others. The Plan is an incentive plan, in which all employees of the Group who are members of the "Minebea Employee Stock Holding Partnership" ("Stock Holding Partnership") (a Group employee who is a member of the Stock Holding Partnership is hereinafter referred to as an "Employee") may participate. Based on the Plan, as of May 10, 2012, the Company entered into the Minebea Employee Stock Holding Partnership Exclusive Trust Agreement (the "Trust Agreement") with the bank in which the Company is Truster and the Bank is Trustee. As per the Plan and the Trust Agreement, the "Minebea Employee Stock Holding Partnership Exclusive Trust Account" (the "Trust"), which had been established for the purpose of securing the Company shares for the Stock Holding Partnership to effect purchases, has borrowed money from banks (the Company guarantees the Trust's borrowings) for a considerable number of Company shares that were expected to be acquired by the Stock Holding Partnership by the end of May 2017, and acquired Company shares in a number equal to such borrowings from the market at the time the Plan was introduced in May 2012. Subsequently, the Trust is to continuously transfer the Company shares to the Stock Holding Partnership in accordance with certain plans (conditions and methods) and terminate, e.g. if all of the Company shares belonging to the trust assets of the Trust are transferred. If any capital gains, such as gains on sale of the Company shares, accumulate within the Trust by the time of its termination, and if any money remains within the Trust after repaying all the debts such as borrowings to be borne by the Trust, then such money is to be distributed as residual assets to those Employees that fulfill the requirements for eligible beneficiaries.
A trust administrator or an agent of the beneficiaries gives instructions to the trustee of the Trust with regard to preserving and exercising the rights (including the exercise of voting rights) relating to the Company shares held as the trust assets in the Trust, while eligible beneficiaries of the Trust will preserve and exercise their rights in accordance with such instructions. A trust administrator or an agent of the beneficiaries of the Trust shall follow the guidelines relating to the exercise of the voting rights stipulated in the Trust Agreement, in case of executing instructions regarding the exercise of voting rights on behalf of beneficiaries.

(ii) Since the said trust agreement was concluded before the first applicable fiscal year of the adoption of the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ PITF No. 30 dated as of December 25, 2013 and revised as of March 26, 2015), the transaction has been accounted for with the accounting method that had been adopted.

(iii)The items relating to the Company shares owned by the Trust

1. Book value of the Company shares owned by the Trust
   As of March 31, 2015: 1,377 million yen
   As of March 31, 2016: 1,212 million yen
2. The Company shares owned by the Trust are accounted for as treasury stock.
3. Number of the Company shares owned by the Trust at the end of each fiscal year and the average number of shares owned by the Trust
   Number of the Company shares owned by the Trust at the end of each fiscal year
   As of March 31, 2015: 4,267,000 shares
   As of March 31, 2016: 3,754,000 shares
   Average number of shares owned by the Trust
   As of March 31, 2015: 4,419,652 shares
   As of March 31, 2016: 4,043,423 shares
4. The number of the Company shares mentioned in part 3. was included in the treasury stock to be deducted in terms of calculating relevant per share indicators.

(Execution of business integration agreement and share exchange agreement in connection with business integration of the Company and MITSUMI ELECTRIC CO., LTD.)
These notes are omitted because the relevant information is indicated in Notes to Consolidated Financial Statements, 8. Additional information in the consolidated financial statements.

(Translation)

Notes to Non-Consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment: 58,937 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.	21,061
Sartorius Mechatronics T&H GmbH	3,533
MINEBEA ELECTRONICS MOTOR (ZHUHAI) CO., LTD.	338
Precision Motors Deutsche Minebea GmbH	293
Other 6 companies	533
Total	25,761

(3) Monetary receivables from and monetary payables to subsidiaries and affiliates:
Short-term receivables 44,775 million yen
(excluding short-term loan receivables from subsidiaries and affiliates)
Short-term payables 40,443

Notes to Non-Consolidated Statement of Income

(1) Transaction with subsidiaries and affiliates:
Sales: 377,176 million yen
Purchase: 328,770
Amount of other operational transactions: 4,599
Amount of non-operating transactions: 4,618

(2) Loss on valuation of investments in securities with subsidiaries and affiliates
This is a loss on valuation of shares of our consolidated subsidiary in Switzerland, namely PARADOX ENGINEERING SA.

(3) Loss on valuation of investments in capital with subsidiaries and affiliates
This is a loss on valuation of investments of our consolidated subsidiary in China, namely SHANGHAI SHUN DING TECHNOLOGIES LTD.

(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)	25,281,915	6,178	513,000	24,775,093

Notes:

1. *The increase of 6,178 shares in the number of treasury shares of common stock reflects the increase from the purchase of fractional shares.*
2. *The decrease of 513,000 shares in the number of treasury shares of common stock reflects the decrease of shares from the disposal of treasury stock by the Employee Stock Holding Partnership Exclusive Trust Account.*
3. *The number of treasury shares of common stock includes our shares owned by the Employee Stock Holding Partnership Exclusive Trust Account (4,267,000 shares at the beginning of the current fiscal year and 3,754,000 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 depreciation	429	million yen
Impairment loss	113	
Loss on valuation of investments in securities	517	
Loss on valuation of investments in securities with subsidiaries and affiliates	5,257	
Excess of allowed limit chargeable to accrued bonuses	1,183	
Accrued enterprise taxes	159	
Allowance for retirement benefits	210	
Retirement bonuses for directors	31	
Intangible fixed assets related to taxes	159	
Others	640	
Sub-total	8,703	
Valuation allowance	(5,578)	
Total deferred tax assets	3,124	
(Deferred tax liabilities)		
Reserve for reduction entry	990	
Difference on revaluation of available-for-sale securities	40	
Deferred gains or losses on hedges	0	
Total deferred tax liabilities	1,031	
Net deferred tax assets	2,092	

(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	33.1%
(Adjustments)	
Items to be regarded as taxable expenses, such as entertainment expenses	1.1
Items to be excluded from gross revenue, such as dividends income	(9.2)
Inhabitant tax levied per capita	0.3
Valuation allowance	0.9
Decrease of deferred tax assets at the fiscal year-end due to a change of the tax rate	1.1
Security deposit adjustment through mutual consultation	(5.0)
Tax credit	(4.8)
Others	0.4
Ratio of income tax burden after the application of tax effect accounting	17.9

(3) Adjustment of deferred tax assets and deferred tax liabilities due to change of corporate tax rates

The Act for Partial Revision of the Income Tax Act, etc. (Act No. 15 of 2016) and the Act on Partial Revision of the Local Tax Act, etc. (Act No. 13 of 2016) were enacted by the Diet on March 29, 2016, resulting a reduction in the rates of income taxes used to calculate deferred tax assets and liabilities from the fiscal year beginning on or after April 1, 2016. With this revision, the effective statutory tax rate is changed from the previous rate of 33.1% to 30.9% for temporary differences expected to be eliminated in the fiscal year beginning on April 1, 2016, and in the fiscal year beginning on April 1, 2017, and to 30.6% for temporary difference expected to be eliminated in the fiscal year beginning on April 1, 2018.

As a result of this tax rate change, the amount of deferred tax assets (net of deferred tax liabilities) has decreased by 159 million yen, while adjustment of income taxes and difference on revaluation of available-for- sale securities have increased by 156 million yen and 2 million yen respectively.

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
Indicated in (2) Depreciation, Significant Accounting Policies.

Notes to Transactions with Relevant Parties

(1) Subsidiaries etc.

Name of company, etc.	Voting rights or ownership (%)	Contents of relation		Contents of transaction	Transaction amount (millions of yen)	Account title	Year end balance (millions of yen)
		Concurrently serving etc.	Business relations				
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	27,398	Accounts receivable	4,247
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	1,493	Accounts payable - other	244
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	230,479	Accounts payable	24,701
				Sales of the Company's products and products purchased	19,208	Accounts receivable	3,323
				Fund loan	46,700	Short-term loans receivable	12,300
				Recovery of funds	47,900	–	–
				Interest income	177	–	–
				–	–	Guarantee of obligation	21,061
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	35,159	Accounts payable	4,992
MINEBEA (HONG KONG) LIMITED	100.0	Concurrently serving 1	MINEBEA (HONG KONG) LIMITED sells the Company's products and products purchased mainly in China.	Sales of the Company's products and products purchased	227,398	Accounts receivable	20,346
MINEBEA (CAMBODIA) Co., Ltd.	100.0	Concurrently serving 2	Loans from the Company.	Fund loan	44,116	Short-term loans receivable	8,019
				Recovery of funds	44,678	–	–
				Interest income	185	–	–
NMB KOREA CO., LTD.	100.0	Concurrently serving 2	NMB KOREA CO., LTD. sells the Company's products and products purchased mainly in Korea.	Sales of the Company's products and products purchased	60,758	Accounts payable	8,398

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		Contents of transaction	Transaction amount (millions of yen)	Account title	Year end balance (millions of yen)
			Concurrently serving etc.	Business relations				
Companies which the Company's directors and nearly related person have over 50% of voting rights	KEIAISHA Co., Ltd.	(Owned) Direct 2.67%	Concurrently serving 1	The Company purchases machinery and equipment, components, grease and other materials etc.	Purchase of machinery and equipment, components, grease and other materials etc.	2,803	Accounts payable *2	268
					Tools, furniture and fixtures lease transactions & rent etc.	637	Leased assets	41
							Lease obligations *2	44
							Accounts payable - other, current liabilities and others *2	24
					Land rent, etc.	35	Accounts receivable - others *2	2
					Non-operating income	12		

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.*

(Translation)

Notes to Per Share Information

(1)	Net assets per share	514.15 yen
(2)	Net income per share	31.41 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	20,375
Service costs	1,052
Interest costs	189
Actuarial gains or losses incurred during the year	1,866
Payment of retirement benefits	(598)
Closing balance of retirement benefit obligations	22,885

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

	(millions of yen)
Opening balance of pension assets	19,857
Expected returns on pension assets	397
Actuarial gains or losses incurred during the year	(702)
Contributions by the employer	878
Payment of retirement benefits	(596)
Closing balance of pension assets	19,834

(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	22,876
Pension assets	(19,834)
	3,042
Retirement benefit obligations of unfunded plans	8
Unfunded retirement benefit obligations	3,051
Unrecognized actuarial gains or losses	(1,692)
Unrecognized prior service costs	(661)
Net amount of liabilities and assets recorded in the balance sheet	696
Allowance for retirement benefits	696
Net amount of liabilities and assets recorded in the balance sheet	696

(iv) Amounts of retirement benefit costs and its components

	(millions of yen)
Service costs	1,052
Interest costs	189
Expected returns on pension assets	(397)
Amortization of actuarial difference treated as expense	(99)
Unrecognized prior service costs expenses	330
Retirement benefit costs of defined benefit plans	1,076

(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	52%
Stocks	25
Insurance assets (general account)	14
Others	9
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 (weighted average)

Discount rate	0.3%
Long-term expected rate of return	2.0%
Method of periodic allocation of expected retirement benefit amounts	Benefit formula basis

(3) Defined contribution plans
The amount of the Company's required contributions to defined contribution plans is 174 million yen.

Notes to Subsequent Events

(Investigations by Singaporean competition authorities)
Upon investigations made by competition authorities in Singapore against Minebea and its subsidiary, we have fully cooperated with the authorities. We received a notice dated as of May 4, 2016 from the Singaporean competition authorities that the investigations had been completed. There shall be no impact expected on our consolidated earnings.

(Translation)

Report of the Independent Auditors for Consolidated Financial Statements

AUDIT REPORT OF THE INDEPENDENT AUDITORS

May 6, 2016

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

KPMG AZSA LLC

Toshihiro Otsuka (seal)
Designated Limited Liability Partner
Certified Public Accountant

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

Takuju Kamiyama (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, 2015 to March 31, 2016, 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.

Emphasis of Matter
As described in additional information of the notes to consolidated financial statements, the Company executed a business integration agreement and a share exchange agreement with MITSUMI ELECTRIC CO., LTD. on March 30, 2016.
This event does not affect our opinion.

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 6, 2016

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

KPMG AZSA LLC

Toshihiro Otsuka (seal)
Designated Limited Liability Partner
Certified Public Accountant

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

Takuju Kamiyama (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 70th fiscal year from April 1, 2015 to March 31, 2016, 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.

Emphasis of Matter
As described in additional information of the notes to consolidated financial statements, the Company executed a business integration agreement and a share exchange agreement with MITSUMI ELECTRIC CO., LTD. on March 30, 2016.
This event does not affect our opinion.

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 Audit & Supervisory Board

AUDIT REPORT

As the results of deliberation, the Audit & Supervisory Board prepared this Audit Report in accordance with reports presented by each Audit & Supervisory Board Member with respect to the performance of duties by the Directors during the 70th fiscal year from April 1, 2015 to March 31, 2016, and report the results as follows:

1. Method and Content of Audit Conducted by Audit & Supervisory Board Members and Audit & Supervisory Board

(1) The Audit & Supervisory Board established the audit policy and audit plan, etc., received reports from each Audit & Supervisory Board Member 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.

(2) Each Audit & Supervisory Board Member conformed to the auditing standards prescribed by the Audit & Supervisory Board, complies with the audit policy and audit plan, etc., maintains communication with Directors, Executive Officers, the Internal Auditing Office, and other employees, etc., endeavored to collect information and establishes a system necessary for auditing services, and conducted audit by the following method:

1) We attended 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, asked them details when necessary, reviewed important written decisions, and investigated business and financial conditions at the head office as well as at the main business offices of the Company. For subsidiaries, we communicated and exchanged information with their Directors, Audit & Supervisory Board Members, and others and received reports on their business from the subsidiaries when necessary.

2) We received reports from Directors, Executive Officers, 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 the corporate group that consists of a joint stock company and its subsidiaries.

3) 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.

4) 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 business report, supplementary statements and 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 regulations and the Articles of Incorporation.

2) We found no wrongful act or material fact in violation of laws and regulations 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 each measure stipulated in Article 118, Item 3 (b) of the Ordinance for Enforcement of the Companies Act, which is described in the business report, are consistent with such basic policy, would not interfere with the shareholders' common interests and are introduced not for maintaining the positions of the Companies officers.

(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.

Concerning the matter of a violation of the Anti-Monopoly Act mentioned in the Business Report, we have confirmed that the Company is making Group-wide efforts to further strengthen the compliance structure in order to prevent recurrence. From now, the Audit & Supervisory Board will continue to confirm efforts to further strengthen and thoroughly implement compliance, including complying with the Anti-Monopoly Act.

May 10, 2016

Audit & Supervisory Board of Minebea Co., Ltd.

Kazunari Shimizu (seal)
Standing Audit & Supervisory Board Member

Kazuyoshi Tokimaru (seal)
Standing Outside Audit & Supervisory Board Member

Hisayoshi Rikuna (seal)
Outside Audit & Supervisory Board Member

Shinichiro Shibasaki (seal)
Outside Audit & Supervisory Board Member

(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 70th 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 10 yen.
In this case, total dividends are 3,781,466,020 yen.
Since the interim dividend in the amount of 10 yen has been distributed, the annual dividend for the current term would be 20 yen per share (dividend increase of 8 yen compared with the previous fiscal year).

(3) Effective date for surplus dividend
June 30, 2016

Second Proposal:
Partial Amendments to the Articles of Incorporation

1. Reason for the Proposal
   (1) The Company and MITSUMI ELECTRIC CO., LTD. are scheduled to consummate the business integration by way of a share exchange on March 17, 2017. Along with the business integration, Article 1. (Trade Name) and Article 17. (Total Number of Directors) of the existing Articles of Incorporation will be partially amended as follows.
   With regard to the said amendments, a supplemental provision will be added where the amendments shall come into effect on the effective date of the share exchange (March 17, 2017) subject to the condition that the share exchange shall become effective in accordance with the share exchange agreement dated as of March 30, 2016.
   (2) Other minor changes such as wording will be implemented as well.

2. Details of the Amendments
   Details of the amendments are as follows.

(Underlined parts are amended.)

Existing Articles of Incorporation	Proposed Amendments
Chapter I General Provisions (Trade Name) Article 1. The trade name of the Company shall be <u>*Minebea Kabushiki Kaisha*</u>. In English translation, it shall be expressed and referred to as follows: <u>MINEBEA CO., LTD.</u>	Chapter I General Provisions (Trade Name) Article 1. The trade name of the Company shall be <u>*MINEBEA MITSUMI Kabushiki Kaisha*</u>. In English translation, it shall be expressed and referred to as follows: <u>MINEBEA MITSUMI Inc.</u>
CHAPTER IV Directors and the Board of Directors (Total Number of Directors) Article 17. The Company shall have not more than <u>ten (10)</u> Directors.	CHAPTER IV Directors and the Board of Directors (Total Number of Directors) Article 17. The Company shall have not more than <u>twelve (12)</u> Directors.
(Newly added)	<u>Supplementary Provision</u> <u>The amendments to Article 1. (Trade Name) and Article 17. (Total Number of Directors) shall come into effect on the effective date of the share exchange (March 17, 2017) subject to the condition that the share exchange shall become effective in accordance with the share exchange agreement dated as of March 30, 2016.</u> <u>This supplementary provision shall be deleted on the said date.</u>

End

Third Proposal:
Election of Ten (10) Directors

The terms of office of all ten (10) Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, it is hereby proposed that ten (10) Directors be elected.
The candidates for Director of the Company are as follows:

No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company (including significant concurrent positions outside the Company)	Number of shares of the Company held
1	Yoshihisa Kainuma (February 6, 1956)	Apr. 1983 Member of Daini Tokyo Bar Association Dec. 1988 Director and General Manager of Legal Department of the Company Sep. 1989 Member of New York State Bar Association Dec. 1992 Managing Director and Deputy General Manager of Operations Headquarters Dec. 1994 Senior Managing Director, General Manager of European and American Regional Sales Headquarters, Deputy General Manager of Operations Headquarters Jun. 2003 Director, Senior Managing Executive Officer Apr. 2009 Representative Director, President and Chief Executive Officer (Present)	70,000
2	Hirotaka Fujita (May 23, 1952)	Apr. 1976 Joined the Company Jun. 2003 Executive Officer Jun. 2005 Managing Executive Officer Jun. 2007 Director (Present) Jun. 2009 Senior Managing Executive Officer (Present), Chief of Rotary Component Business Headquarters, Head of Information Motor Business Unit May 2012 Chief of Electronic Device & Component Manufacturing Headquarters Apr. 2013 Deputy Chief of Electronic Device & Component Manufacturing Headquarters, Officer in charge of Electronic Device Division Jan. 2015 Chief of Electronic Device & Component Manufacturing Headquarters; Officer in charge of Electronic Device Division; Officer in charge of Global Motor Division Apr. 2015 Chief of Electronic Device & Component Manufacturing Headquarters (Present); Officer in charge of Automotive & Global Motor Business Division	29,000
3	Daishiro Konomi (September 30, 1951)	Apr. 1975 Joined the Company Sep. 1999 Deputy General Manager of European Region Operations Jun. 2005 Executive Officer Jul. 2005 General Manager of Regional Affairs for Europe (Present) Apr. 2011 General Manager of Regional Affairs for Europe and the Americas of Sales Division Jun. 2011 Managing Executive Officer Jun. 2013 Director, Senior Managing Executive Officer; Officer in charge of Sales Division (Present)	30,000
4	Tamio Uchibori (September 6, 1952)	Apr. 1977 Joined the Company Dec. 2003 General Manager of Business Administration Department Jun. 2007 Executive Officer, Head of Corporate Planning Division, General Manager of Corporate Planning Department, Operations Headquarters Jun. 2011 Managing Executive Officer May 2012 Deputy Officer in charge of Administration, Planning & Accounting Division, Head of Corporate Planning Department Jun. 2013 Director, Senior Managing Executive Officer; Officer in charge of Corporate Planning Division (Present) and Head of Corporate Planning Department	23,000

No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company (including significant concurrent positions outside the Company)	Number of shares of the Company held
5	Ryozo Iwaya (April 24, 1958)	Apr. 1981 Joined the Company Dec. 1989 Head of Tokyo Sales Division at Tokyo Branch Jun. 2009 Executive Officer, Head of Lighting Device Business Unit at Electronic Device & Component Business Headquarters Jun. 2013 Managing Executive Officer Apr. 2015 Deputy Chief of Electronic Device & Component Manufacturing Headquarters, Officer in charge of Electronic Device Division at Electronic Device & Component Manufacturing Headquarters (Present), Head of Lighting Device Business Unit Jun. 2015 Director, Senior Managing Executive Officer (Present)	3,000
6	*Tetsuya Tsuruta (September 4, 1955)	Apr. 1981 Joined the Company Oct. 2005 Head of Mechanical Assembly Business Unit Jun. 2007 Executive Officer Jun. 2015 Managing Executive Officer (Present) Jan. 2016 Deputy Chief of Machined Component Manufacturing Headquarters; Head of Rod End/Fastener Business Unit at Machined Component Manufacturing Headquarters (Present)	3,000
7	Shigeru None (August 23, 1959)	Apr. 1982 Joined the Company Sep. 1999 Manager of Osaka Branch Jun. 2007 Executive Officer Apr. 2011 Deputy Officer in charge of Sales Division; General Manager of Japan & Asian Regional Sales (Present) Jun. 2012 Managing Executive Officers (Present) Jun. 2015 Director (Present)	8,000
8	*Hiromi Yoda (June 26, 1952)	Aug. 1978 Joined the Company Apr. 2001 General Manager of Business Administration Department Jun. 2009 Executive Officer Jun. 2012 Managing Executive Officer (Present) Jun. 2013 Deputy Officer in charge of Administration, Accounting & IT Division (Present)	3,000
9	Kohshi Murakami (February 8, 1940)	Apr. 1967 Appointed an assistant Judge, Tokyo District Court Apr. 1999 Presiding Justice of the Division (Acting Chief Justice, Specialized Economic and Financial Affairs Department), 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 Outside Corporate Auditor of SANEI-INTERNATIONAL CO., LTD. Apr. 2008 Employed as Visiting Professor, Yokohama National University May 2008 Member of the Independent Committee of the Company (Present) Jun. 2008 Director of the Company (Present) Apr. 2010 Employed as Professor, Juris Doctor Program, Daito Bunka University	-
10	Takashi Matsuoka (January 17, 1964)	Apr. 2003 General Manager of Planning Division, KEIAISHA Co., Ltd. Jun. 2003 Director, KEIAISHA Co., Ltd. Jun. 2004 Managing Director, KEIAISHA Co., Ltd. Jun. 2005 Director of the Company (Present) Jun. 2007 Senior Managing Director, KEIAISHA Co., Ltd. Jun. 2011 Director and Senior Managing Executive Officer, KEIAISHA Co., Ltd. Jun. 2014 Director and Vice President Executive Officer, KEIAISHA Co., Ltd. (Present)	93,765

Notes:

1. Persons marked with an asterisk are candidates for new Directors.

2. Special relationship between respective candidates and the Company is as follows:

(1) Mr. Takashi Matsuoka concurrently holds a post as Director and Vice President Executive Officer of KEIAISHA Co., Ltd. The Company purchases machinery and equipment, components and grease and other materials, etc. from KEIAISHA Co., Ltd.

(2) There are no conflicts of interest existing between other candidates and the Company.

3. *Messrs. Kohshi Murakami and Takashi Matsuoka are candidates for Outside Director of the Company. The Company has filed a notification to financial instruments exchanges explaining that Kohshi Murakami is an independent officer, pursuant to the provisions prescribed by those exchanges.*
4. *Special notes regarding candidates for outside directors are as follows:*
   (1) Reason for election of Outside Director
   (i) Mr. Kohshi Murakami has a wealth of experience and keen insight as a former Presiding Justice of the Division of the Tokyo High Court and as an attorney. He will provide guidance to ensure the sound management of the Company and promote compliance, therefore, we hereby ask that he be elected as Outside Director of the Company. Mr. Kohshi Murakami has never been involved in corporate management by means other than being outside officer, however, we have concluded that he is able to perform the duties of an outside director properly because of the above reason and since he is currently fulfilling his responsibilities as Outside Director of the Company appropriately.
   (ii) Mr. Takashi Matsuoka has profound knowledge regarding corporate operations and we anticipate to reflect such knowledge to the management of the Company, and since he is currently fulfilling his responsibilities as Outside Director of the Company appropriately, we hereby ask that he be elected as Outside Director of the Company.
   (2) The number of years since the candidates for our outside directors assumed the office:
   (i) Mr. Kohshi Murakami would have been in office for eight years at the conclusion of the Meeting since he assumed the post of Outside Director.
   (ii) Mr. Takashi Matsuoka would have been in office for 11 years at the conclusion of the Meeting since he assumed the post of Outside Director.
   (3) Outlines of facts at the Company in violation of laws and regulations or in violation of the Articles of Incorporation or other facts of inappropriate execution of business at the Company during the candidates' last periods in office as Outside Directors of the Company, and of conduct by the said candidates to prevent such facts from occurring and as responses after the occurrence of such facts
   Concerning the matter of a violation of the Anti-Monopoly Act mentioned on page 7 of this Business Report under "1. Status of the Corporate Group (4) Tasks to be accomplished," the outside directors requested that Group-wide efforts be devoted to preventing recurrence and gave various proposals from the points of view of compliance and internal control.
   (4) Concerning limited liability agreements with Outside Director
   The Company executed agreement with Outside Directors for limiting their liabilities under Paragraph 1, Article 423 of the Companies Act so that the Outside Directors 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 continue the said liability limitation agreement with Mr. Kohshi Murakami and Mr. Takashi Matsuoka.