

The following is an English translation of the Notice of the 72nd Ordinary General Meeting of Shareholders of MinebeaMitsumi Inc., to be held on June 28, 2018.
The Company provides this translation for your reference and convenience only and without any guarantee as to its accuracy or otherwise.

Securities Code 6479

June 5, 2018

To the Shareholders

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

MINEBEA MITSUMI Inc.
Yoshihisa Kainuma
Representative Director

Notice of the 72nd Ordinary General Meeting of Shareholders

The 72nd Ordinary General Meeting of Shareholders of MinebeaMitsumi Inc. (“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 by 5:30 p.m., Wednesday, June 27, 2018.

Particulars of the Meeting

1. Date and Time:

10:00 a.m., Thursday, June 28, 2018 (reception starts at 9:00 a.m.)

2. Place:

Convention Hall Asama
Karuzawa Prince Hotel West
Karuzawa, Karuzawa-machi, Kitasaku-gun, Nagano Prefecture

3. Purpose:

To report on:

- 1) The Business Report and the Consolidated Financial Statements for the 72nd fiscal year (April 1, 2017 to March 31, 2018), 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 72nd fiscal year (April 1, 2017 to March 31, 2018)

To vote on:

First Proposal:

Appropriation of Surplus

Second Proposal:

Election of Eleven (11) Directors

Third Proposal:

Election of One (1) Audit & Supervisory Board Member

(Translation)

4. Guidance on Exercising Voting Rights, etc.:

Please refer to “Guidance on Exercising Voting Rights, etc.” on page 3.

Information on Disclosure on the Internet

1. This notice of the Meeting is also posted on our website.
2. 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.

MinebeaMitsumi website: (<http://www.minebeamitsumi.com/>)

(Translation)

Guidance on Exercising Voting Rights, etc.

You may exercise your voting rights using one of the following three methods:

Exercise of your voting rights by attending the Ordinary General Meeting of Shareholders

Please submit the voting card to the reception desk at the Meeting. (You do not need to affix a seal.)

Date and Time:

10:00 a.m., Thursday, June 28, 2018 (Reception start time: 9:00 a.m.)

Place:

Convention Hall Asama
Karuizawa Prince Hotel West

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 post it to the Company without a postage stamp.

Exercise due date:

To be received no later than 5:30 p.m. on Wednesday, June 27, 2018

(Translation)

Exercising Voting Rights via the Internet, etc.

You may exercise your voting rights via the Internet only by accessing the Voting Rights Exercise Site designated by the Company.

Voting Rights Exercise Site URL: <https://www.web54.net>

Exercise due date: 5:30 p.m., Wednesday, June 27, 2018

Handing of Voting Rights

1. 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.
2. The deadline for the exercise of voting rights is 5:30 p.m., Wednesday, June 27, 2018, but shareholders are requested to do so as early as possible.
3. If you exercise your voting rights more than once by mail and via the Internet, etc., the voting via the Internet, etc. shall prevail. In the case where you exercise your voting rights via the Internet, etc. more than once, or in case of exercising your voting rights in duplicate via PC or smartphone, the last vote shall prevail.
4. 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.
5. Depending on the Internet usage environment of your PC or smartphone, you may not be able to access the voting rights exercise site.

Handing of Password and Voting Code

1. Password is important information to verify whether the person exercising voting rights is a legitimate shareholder. Please maintain the password as strictly confidential as when dealing with a seal or a personal identification number.
2. In case you commit more errors than a certain number of tries to input your password, you will not be allowed to use the password. If you would like your password to be reissued, please follow the instruction on the screen for the necessary procedures.
3. Voting code indicated on the voting card is valid only for this General Meeting of Shareholders.

For questions about how to use PCs, etc.

1. If you have any questions on the use of PCs, etc. 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 (only within Japan))

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)

Reference Documents for the General Meeting of 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 year-end dividends for the 72nd 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 13 yen.

In this case, total dividends are 5,478,529,043 yen.

Since the interim dividend in the amount of 13 yen has been distributed, the annual dividend for the current term would be 26 yen per share.

(3) **Effective date for surplus dividend**

June 29, 2018

Second Proposal:

Election of Eleven (11) Directors

The terms of office of all twelve (12) Directors will expire at the conclusion of this General Meeting of Shareholders.

Accordingly, it is hereby proposed that eleven (11) Directors including three (3) Outside Directors be elected.

The candidates for Director of the Company are as follows:

No.		Name	Current Position and Responsibilities at the Company	Status of attendance at the Board of Directors Meeting
1	Reelection	Yoshihisa Kainuma	Representative Director, Chairman & President (CEO & COO)	100% (13/13)
2	Reelection	Shigeru Moribe	Representative Director, Vice Chairman	100% (11/11)
3	Reelection	Ryozo Iwaya	Director, Senior Managing Executive Officer Chief of Electronic Device & Component Manufacturing Headquarters; Chief of MITSUMI Business Headquarters	100% (13/13)
4	Reelection	Tetsuya Tsuruta	Director, Senior Managing Executive Officer Deputy Chief of Sales Headquarters	100% (13/13)
5	Reelection	Shigeru None	Director, Senior Managing Executive Officer Chief of Sales Headquarters	100% (13/13)
6	Reelection	Shuji Uehara	Director, Senior Managing Executive Officer Chief of Tokyo Head Office, Chief of Business Administration and Accounting & Corporate Finance Headquarters; Officer in charge of Business Management Div. at MITSUMI Business Headquarters	100% (11/11)
7	Reelection	Michiya Kagami	Director, Senior Managing Executive Officer Chief of Engineering Headquarters; Officer in charge of Engineering Development Div. at Electronic Device & Component Manufacturing Headquarters	100% (11/11)
8	Reelection	Hiroshi Aso	Director, Managing Executive Officer, Deputy Chief of Engineering Headquarters Deputy Chief of MITSUMI Business Headquarters Officer in charge of Engineering Development Div. Officer in charge of Semiconductor Business Div. at MITSUMI Business Headquarters	100% (11/11)
9	Reelection Outside Independent	Kohshi Murakami	Outside Director	100% (13/13)
10	New election Outside Independent	Atsuko Matsumura	–	–
11	Reelection Outside Independent	Takashi Matsuoka	Outside Director	100% (13/13)

(Translation)

No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
1	Yoshihisa Kainuma (February 6, 1956) (Reelection)	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 Jan. 2017 Director, Chairman of the Board of Directors, MITSUMI ELECTRIC CO., LTD. Apr. 2017 Director, MITSUMI ELECTRIC CO., LTD. (Present) Jun. 2017 Representative Director, Chairman & President (CEO & COO) (Present)	72,900
<p>(Reason for nomination as candidate for Director)</p> <p>Mr. Yoshihisa Kainuma has been in command of management of the entire Group as Representative Director since 2009, with a track record of tackling business challenges from a medium- to long-term perspective, expanding the Group's operations, and steadily implementing and achieving an improvement in corporate value under his strong leadership. We continuously propose him as a candidate for Director, considering that his management skills backed by such abundant experience and achievements will contribute to a further sustainable growth of the Group.</p>			
2	Shigeru Moribe (October 27, 1956) (Reelection)	Mar. 1980 Joined MITSUMI ELECTRIC CO., LTD. May 1990 General Manager of Development Headquarters, MITSUMI ELECTRIC CO., LTD. Apr. 1991 Director, Head of Singapore branch, MITSUMI ELECTRIC CO., LTD. Apr. 1994 Managing Director, MITSUMI ELECTRIC CO., LTD. Oct. 1999 Senior Managing Director, General Manager of Sales Headquarters, MITSUMI ELECTRIC CO., LTD. Apr. 2002 Representative Director, President, MITSUMI ELECTRIC CO., LTD. Jan. 2017 Adviser of the Company Apr. 2017 Director, Chairman of the Board of Directors, MITSUMI ELECTRIC CO., LTD. (Present) Jun. 2017 Representative Director, Vice Chairman (Present)	188,387
<p>(Reason for nomination as candidate for Director)</p> <p>Mr. Shigeru Moribe served as Representative Director, President of MITSUMI ELECTRIC CO., LTD. for many years until the business integration between the Company and the said company in 2017, and he has a wealth of experience and keen insight as a corporate manager. We continuously propose him as a candidate for Director since he properly oversees the management of the Group as Representative Director, Vice Chairman at present.</p>			

(Translation)

No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
3	Ryozo Iwaya (April 24, 1958) (Reelection)	<p>Apr. 1981 Joined the Company</p> <p>Dec. 1989 Head of Tokyo Sales Division at Tokyo Branch</p> <p>Jun. 2009 Executive Officer, Head of Lighting Device Business Unit at Electronic Device & Component Business Headquarters</p> <p>Jun. 2013 Managing Executive Officer</p> <p>Apr. 2015 Deputy Chief of Electronic Device & Component Manufacturing Headquarters, Officer in charge of Electronic Device Division at Electronic Device & Component Manufacturing Headquarters, Head of Lighting Device Business Unit</p> <p>Jun. 2015 Director, Senior Managing Executive Officer (Present)</p> <p>Jan. 2017 Chief of Mitsumi Business Headquarters (Present), Representative Director, Vice President and Chief Executive Officer, MITSUMI ELECTRIC CO., LTD.</p> <p>Apr. 2017 Representative Director, President and Chief Executive Officer, MITSUMI ELECTRIC CO., LTD. (Present)</p> <p>Jun. 2017 Chief of Electronic Device & Component Manufacturing Headquarters (Present)</p>	3,600
<p>(Reason for nomination as candidate for Director)</p> <p>Mr. Ryozo Iwaya has held important positions in the Sales Division, the electronic devices & components manufacturing business, etc., and he has a wealth of experience and keen insight. We continuously propose him as a candidate for Director since he, as Director, Chief of Electronic Device & Component Manufacturing Headquarters, and Chief of MITSUMI Business Headquarters, strategically leads these two businesses and properly fulfills his role at present.</p>			
4	Tetsuya Tsuruta (September 4, 1955) (Reelection)	<p>Apr. 1981 Joined the Company</p> <p>Oct. 2005 Head of Mechanical Assembly Business Unit</p> <p>Jun. 2007 Executive Officer</p> <p>Jun. 2015 Managing Executive Officer</p> <p>Jan. 2016 Deputy Chief of Machined Component Manufacturing Headquarters, Head of Rod End/Fastener Business Unit at Machined Component Manufacturing Headquarters</p> <p>Jun. 2016 Director, Senior Managing Executive Officer (Present), Chief of Machined Component Manufacturing Headquarters, Officer in charge of Spindle Motor Division at Electronic Device & Component Manufacturing Headquarters, Officer in charge of Production Support Division</p> <p>Sep. 2017 Chief of Machined Component Manufacturing Headquarters, Officer in charge of Production Support Division</p> <p>May 2018 Deputy Chief of Sales Headquarters (Present)</p>	9,000
<p>(Reason for nomination as candidate for Director)</p> <p>Mr. Tetsuya Tsuruta has held important positions in the Sales Division and the machined components manufacturing business, and he has a wealth of experience and keen insight. We continuously propose him as a candidate for Director since we expect that he will properly fulfill his role as Director, Deputy Chief of Sales Headquarters by making use of his experience holding positions as a unit head and Chief of Machined Component Manufacturing Headquarters for many years.</p>			

(Translation)

No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company, and significant concurrent positions outside the Company		Number of shares of the Company held
5	Shigeru None (August 23, 1959) (Reelection)	Apr. 1982 Sep. 1999 Jun. 2007 Apr. 2011 Jun. 2012 Jun. 2015 Jun. 2016 Jun. 2017 May 2018	Joined the Company Manager of Osaka Branch Executive Officer Deputy Officer in charge of Sales Division Managing Executive Officer Director (Present) Senior Managing Executive Officer (Present) Officer in charge of Sales Division Chief of Sales Headquarters (Present)	9,400
(Reason for nomination as candidate for Director) Mr. Shigeru None has held important positions in the Sales Division for many years, and he has a wealth of experience and keen insight. We continuously propose him as a candidate for Director since he oversees all the sales divisions in Japan and abroad as Director, Chief of Sales Headquarters and properly fulfills his role at present.				
6	Shuji Uehara (January 15, 1955) (Reelection)	Apr. 1977 Sep. 2001 Jun. 2007 Jun. 2011 Jun. 2012 Jan. 2013 Apr. 2015 Jun. 2016 Jan. 2017 Jun. 2017 May 2018	Joined the Company General Manager of Business Administration Department Executive Officer General Manager of Regional Affairs for South East Asia Managing Executive Officer Chief of HDD Motor Manufacturing Headquarters Deputy Chief of Electronic Device & Component Manufacturing Headquarters Senior Managing Executive Officer (Present), Chief of Business Administration Headquarters Officer in charge of Business Management Div. at MITSUMI Business Headquarters, Director, Vice President and Chief Executive Officer, MITSUMI ELECTRIC CO., LTD. (Present) Director (Present) Chief of Tokyo Head Office, Chief of Business Administration Headquarters and Accounting & Corporate Finance Headquarters (Present)	12,500
(Reason for nomination as candidate for Director) Mr. Shuji Uehara has held important positions in the Business Administration Department and the electronic devices and components manufacturing business, and he has a wealth of experience and keen insight. We continuously propose him as a candidate for Director since he is well-versed in general administrative tasks and properly fulfills his role as Director, Chief of Tokyo Head Office, Chief of Business Administration and Accounting & Corporate Finance Headquarters at present.				

(Translation)

No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company, and significant concurrent positions outside the Company	Number of shares of the Company held
7	Michiya Kagami (September 11, 1957) (Reelection)	Jan. 1989 Joined the Company Jul. 2005 Head of Electronics Development Division at Engineering Headquarters Jun. 2009 Deputy Chief of Electronic Device & Component Business Headquarters Jun. 2011 Executive Officer Mar. 2013 Head of Engineering Development Department of Electronic Device Division at Electronic Device & Component Manufacturing Headquarters Jun. 2015 Managing Executive Officer Aug. 2015 Deputy Chief of Electronic Device & Component Manufacturing Headquarters, Officer in charge of Engineering Development Division at Electronic Device & Component Manufacturing Headquarters Jun. 2017 Director, Chief of Engineering Headquarters, Officer in charge of Engineering Development Division at Electronic Device & Component Manufacturing Headquarters (Present) May 2018 Senior Managing Executive Officer (Present)	7,000
(Reason for nomination as candidate for Director) Mr. Michiya Kagami has held important positions in the development branches of the electronic devices & components business for many years, and he has a wealth of experience and keen insight in research and development. We continuously propose him as a candidate for Director since he properly fulfills his role as Director and Chief of Engineering Headquarters at present.			
8	Hiroshi Aso (April 3, 1957) (Reelection)	Mar. 1981 Joined Kyushu MITSUMI CO., LTD. Oct. 2007 Head of Power Supply Business Unit, MITSUMI ELECTRIC CO., LTD. Jun. 2010 Director, General Manager of Semiconductor Business Headquarters, MITSUMI ELECTRIC CO., LTD. Apr. 2016 Director, Managing Executive Officer (Present), General Manager of Development Headquarters and Semiconductor Business Headquarters, Officer in charge of Automotive Devices Business Unit, MITSUMI ELECTRIC CO., LTD. Jan. 2017 Adviser, Deputy Chief of Mitsumi Business Headquarters, Officer in charge of Development Division, Officer in charge of Semiconductor Business Division, Officer in charge of Automotive Devices Business Division of the Company Jun. 2017 Director, Managing Executive Officer Deputy Chief of Engineering Headquarters Deputy Chief of MITSUMI Business Headquarters Officer in charge of Engineering Development Division Officer in charge of Semiconductor Business Division at MITSUMI Business Headquarters (Present)	7,267
(Reason for nomination as candidate for Director) Mr. Hiroshi Aso held important positions in the development division, the power supply business, the semiconductor business, etc. of MITSUMI ELECTRIC CO., LTD. until the business integration between the Company and the said company in 2017, and he has a wealth of experience and keen insight. We continuously propose him as a candidate for Director since he properly fulfills his role as Director and Deputy Chief of Engineering Headquarters at present.			

(Translation)

No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company, and significant concurrent positions outside the Company		Number of shares of the Company held
9	Kohshi Murakami (February 8, 1940) (Reelection) (Outside) (Independent)	Apr. 1967 Apr. 1999 Apr. 2005 Jun. 2005 Nov. 2005 Apr. 2008 May 2008 Jun. 2008 Apr. 2010	Assistant Judge, Tokyo District Court Presiding Justice of the Division (Acting Chief Justice, Specialized Economic and Financial Affairs Department), Tokyo High Court Professor, Graduate School of Law, Kyoto University Joined TMI Associates as Special Counsel (Present) Outside Corporate Auditor of SANEI-INTERNATIONAL CO., LTD. Visiting Professor, Yokohama National University Member of the Independent Committee of the Company (Present) Outside Director of the Company (Present) Professor, Juris Doctor Program, Daito Bunka University	—
<p>(Reason for nomination as candidate for Outside Director)</p> <p>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-at-law. He will provide guidance to ensure the sound management of the Company and promote compliance, therefore, we continuously propose him as Outside Director.</p> <p>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 has contributed to improvement in the supervisory function of the Board of Directors by providing useful advice and recommendations at the Board of Directors meetings as Outside Director of the Company.</p>				
10	Atsuko Matsumura (December 7, 1955) (New election) (Outside) (Independent)	Apr. 1978 Apr. 1981 Apr. 1987 Apr. 1988 Apr. 1991 Apr. 1999 Apr. 2006 Apr. 2010 Apr. 2015 Jun. 2016	Joined Japan Center for Economic Research Visiting research fellow, Economic Research Institute, Economic Planning Agency (currently Economic and Social Research Institute) Part-time Lecturer, Jissen Women's Junior College Full-time Lecturer, OTSUMA WOMEN'S UNIVERSITY Full-time Lecturer, Faculty of Economics, Tokyo International University Associate Professor, Faculty of Economics, Tokyo International University Professor, Faculty of Economics, Tokyo International University (Present) Part-time Lecturer, Department of Social and Family Economy, Faculty of Human Sciences and Design, Japan Women's University (Present) Part-time Lecturer, Department of Politics, Faculty of Law, Keio University (Present) Outside Director, RENESAS EASTON Co., Ltd. (Present)	—
<p>(Reason for nomination as candidate for Outside Director)</p> <p>Ms. Atsuko Matsumura has expertise in economics as a university professor as well as broad knowledge and experience as an educator. We propose her as Outside Director so that her abundant knowledge and experience will be reflected in the management of the Company.</p> <p>Ms. Atsuko Matsumura has never been involved in corporate management by means other than being outside officer, however, we have concluded that she is able to perform the duties of an Outside Director properly because of the above reason.</p>				
11	Takashi Matsuoka (January 17, 1964) (Reelection) (Outside) (Independent)	Apr. 2003 Jun. 2003 Jun. 2004 Jun. 2005 Jun. 2007 Jun. 2011 Jun. 2014	General Manager of Planning Division, KEIAISHA Co., Ltd. Director, KEIAISHA Co., Ltd. Managing Director, KEIAISHA Co., Ltd. Outside Director of the Company (Present) Senior Managing Director, KEIAISHA Co., Ltd. Director and Senior Managing Executive Officer, KEIAISHA Co., Ltd. Director and Vice President Executive Officer, KEIAISHA Co., Ltd. (Present)	93,765
<p>(Reason for nomination as candidate for Outside Director)</p> <p>Mr. Takashi Matsuoka has been in charge of the Planning Division, etc. of KEIAISHA Co., Ltd. for many years, and he has broad insight and experience in business operation. We continuously propose him as Outside Director because he has properly performed the duties of an Outside Director of the Company by proactively participating in discussions at the Board of Directors meetings in this position since 2005.</p> <p>The Company has conducted constant commercial transactions with KEIAISHA Co., Ltd. where Mr. Takashi Matsuoka serves as Director and Vice President Executive Officer, including purchase of machinery and equipment, components and grease and other materials from the said company. However, because the value of transactions with the said company is insignificant in terms of transaction size of the Company and there is no possibility that these transactions affect decision-making of the Company, we have concluded that he is able to perform the duties of an Outside Director properly.</p>				

(Translation)

Notes:

1. *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 from KEIAISHA Co., Ltd.*

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

2. *Mr. Kohshi Murakami, Ms. Atsuko Matsumura, and Mr. Takashi Matsuoka, candidates for Outside Directors, meet the requirements for independent officers stipulated by the Tokyo Stock Exchange, Inc. If this proposal is approved as drafted, the Company will continue to notify Mr. Murakami and Mr. Matsuoka as independent officers, and newly notify Ms. Matsumura as an independent officer.*

3. *Special notes regarding candidates for outside directors are as follows:*

(1) *The number of years since the candidates for outside directors assumed the office:*

(i) *Mr. Kohshi Murakami would have been in office for ten 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 13 years at the conclusion of the Meeting since he assumed the post of Outside Director.*

(2) *Concerning limited liability agreements with Outside Director*

The Company concluded agreements 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 as expected.

The amount subject to the limitation of liabilities of damages shall be the amount set forth by laws and regulations. If this proposal is approved as drafted, the Company will continue the said liability limitation agreement with Mr. Kohshi Murakami and Mr. Takashi Matsuoka, and plans to conclude the said liability limitation agreement with Ms. Atsuko Matsumura.

Third Proposal:

Election of One (1) Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Mr. Shinichiro Shibasaki will expire at the conclusion of this General Meeting of Shareholders. Accordingly, it is hereby proposed that one (1) Audit & Supervisory Board Member be elected.

The candidate for Audit & Supervisory Board Member of the Company is as follows, and we have already obtained approval from the Audit & Supervisory Board with respect to this proposal.

Name (Date of Birth)	Career Summary, Position at the Company, and significant concurrent positions outside the Company		Number of shares of the Company held	
Shinichiro Shibasaki (December 2, 1958) (Reelection) (Outside) (Independent)	Apr.	1989	Registered as attorney-at-law Joined Inami and Ota	-
	Apr.	1993	Inami and Ota changed its name to Inami, Ota and Shibasaki (Partner)	
	Oct.	2010	Member of Dispute Resolution Committee of The General Insurance Association of Japan (Present)	
	May	2011	Inami, Ota and Shibasaki changed its name to Law Office Juricom (Partner) (Present)	
	Apr.	2012	Part-time Professor, Tokai University School of Medicine	
	Jun.	2014	Outside Audit & Supervisory Board Member of the Company (Present), Independent Committee Member of the Company (Present)	
	Apr.	2015	Visiting Professor, Tokai University School of Medicine (Present)	
(Reason for nomination as candidate for Outside Audit & Supervisory Board Member) Mr. Shinichiro Shibasaki is well-versed in corporate legal affairs as an attorney-at-law. We continuously propose him as Outside Audit & Supervisory Board Member so that his professional knowledge will be reflected in the Company's audit. Mr. Shinichiro Shibasaki 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 Audit & Supervisory Board Member properly because of the above reason and since he has provided appropriate supervision over and advice on the management of the Company as its Outside Audit & Supervisory Board Member since 2014.				

Notes:

1. A candidate for Outside Audit & Supervisory Board Member Mr. Shinichiro Shibasaki does not have any special interest in the Company.
2. A candidate for Outside Audit & Supervisory Board Member Mr. Shinichiro Shibasaki satisfies the requirements regarding an independent auditor pursuant to the provisions of the Tokyo Stock Exchange, Inc. If this proposal is approved as drafted, the Company plans to continue to notify the Tokyo Stock Exchange that Mr. Shibasaki is an independent auditor of the Company.
3. Mr. Shinichiro Shibasaki will have been in office for four years at the conclusion of the Meeting since he assumed the post of Outside Audit & Supervisory Board Member.
4. The Company concluded agreements with Audit & Supervisory Board Members for limiting their liabilities under Paragraph 1, Article 423 of the Companies Act so that the Audit & Supervisory Board Members may fully perform their roles as expected.
The amount subject to the limitation of liabilities of damages shall be the amount set forth by laws and regulations. If this proposal is approved as drafted, the Company will conclude the said liability limitation agreement with Mr. Shinichiro Shibasaki.

(Reference) Composition of the Audit & Supervisory Board after the election

	Name	Present position at the Company	Attendance at the Meeting of the Board of Directors	Attendance at the Audit & Supervisory Board
Not up for election	Kazunari Shimizu	Standing Audit & Supervisory Board Member	100% (13/13)	100% (15/15)
Not up for election	Kazuyoshi Tokimaru	Standing Outside Audit & Supervisory Board Member	100% (13/13)	100% (15/15)
Outside				
Independent				
Not up for election	Hisayoshi Rikuna	Outside Audit & Supervisory Board Member	100% (13/13)	100% (15/15)
Outside				
Independent				
Reelection	Shinichiro Shibasaki	Outside Audit & Supervisory Board Member	100% (13/13)	100% (15/15)
Outside				
Independent				

Business Report
(April 1, 2017 to March 31, 2018)

1. Status of the Corporate Group

(1) Operating performance of the fiscal year

(i) Operating performance

During the fiscal year under review (April 1, 2017 to March 31, 2018), the Japanese economy continued its gradual recovery. Although there was a growing sense of uncertainty about the future in the second half of the fiscal year due to such factors as appreciation of the yen stemming from U.S. trade policy, consumer spending and corporate earnings improved on a full-year basis. In the U.S. economy, consumer spending and corporate production remained robust against a backdrop of improvements in both employment conditions and domestic and foreign demand. Recent growth in consumer spending slowed in the European economy due to higher prices, but corporate production and exports increased against the backdrop of a strong global economy. In Asia, corporate production and exports increased in China owing to the global economic recovery, and consumer spending remained robust in response to favorable employment and income conditions.

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

As a result, net sales were up 240,213 million yen (37.6%) year on year to 879,139 million yen, the highest since our founding. Operating income was up 30,147 million yen (61.5%) year on year to 79,162 million yen, ordinary income was up 29,645 million yen (61.3%) to 78,038 million yen, and income attributable to owners of the parent was up 18,236 million yen (44.3%) to 59,382 million yen, all breaking previous records.

Performance by segment is as follows:

Machined Components Business

The main products in our Machined components segment include our anchor product line, ball bearings, in addition to mechanical components such as rod-end bearings used primarily in aircraft and hard disk drive (HDD) pivot assemblies, etc. as well as fasteners for aircraft. Sales of ball bearings to external customers hit record highs five times on a monthly basis as demand soared for energy-efficient models, safety devices in the automobile market and for fan motors. In March, the number of units reached 213 million. Rod-end bearing sales increased in response to a recovery in orders in the small and medium aircraft market despite declining production of large models in the civil aircraft market. Meanwhile, pivot assembly sales were down both in volume and amount despite our solid market share due to the impact of the shrinking HDD market.

As a result, net sales were up 20,081 million yen (12.8%) year on year to 176,391 million yen, and operating income was up 3,580 million yen (9.1%) to 42,727 million yen.

Electronic Devices and Components Business

The core products of our Electronic devices and components segment include electronic devices (LED backlights for LCDs, sensing devices (measuring components), etc.), HDD spindle motors, stepping motors, DC motors, air movers (fan motors), precision motors, and special devices. Demand for our LED backlights for LCDs that offer a technological advantage in thin smartphones remained strong. Sales of stepping motors and other motors also grew mainly in the automobile and office automation markets.

As a result, net sales were up 9,845 million yen (2.2%) year on year to 451,460 million yen, and operating income was up 9,291 million yen (42.4%) to 31,189 million yen.

MITSUMI Business

The main products in MITSUMI business segment are semiconductor devices, optical devices, mechanical parts, high frequency components, power supply components. All products, including camera actuators, mechanical parts for game consoles, products for smartphones such as switches and protection IC, antennas, communication modules, and connectors performed well.

As a result, net sales were up 210,250 million yen (521.2%) year on year to 250,592 million yen, and operating income was up 19,197 million yen (829.2%) to 21,512 million yen.

As MITSUMI ELECTRIC CO., LTD. merged with the Company on January 27, 2017, the results for the previous fiscal year were from January 27, 2017 to March 31, 2017.

Other Businesses

Machines produced in-house are the main products in our Other business segment. Net sales increased 37 million yen (5.6%) year on year to reach 695 million yen, and the operating loss fell 5 million yen, to total 125 million yen.

Aside from the above, 16,140 million yen in corporate expenses that do not belong to the segments is shown as an adjustment. Adjustments in the previous fiscal year came to 14,223 million yen.

(ii) Capital expenditures

During the fiscal year under review, capital expenditures were 12,227 million yen for the Machined components business, 15,751 million yen for the Electronic devices and components business, 16,729 million yen for the MITSUMI business, 163 million yen for the Other businesses, and 9,299 million yen for the whole company (common), totaling 54,171 million yen. The main capital expenditures for the Machined components business were equipment for bearings related facilities in Thailand. The main capital expenditures for the Electronic devices and components business were equipment for motors and backlights, etc. related facilities in Thailand. The main capital expenditures for the MITSUMI business were equipment for optical devices related facilities, etc. in the Philippines.

Other capital expenditures for other businesses and at the whole company (common) were mainly expenditures related to the construction of a new plant in Slovakia.

Capital expenditures included 973 million yen for intangible assets and an increase of 163 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 157,414 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

As of September 1, 2017, the Company acquired all the shares in C&A Tool Engineering, Inc., a U.S. manufacturer of precision machinery metal processing for medical, aerospace, industrial and fuel systems and other markets, and the Company transferred part of the shares to the Development Bank of Japan on September 11, 2017. The Company's investment share is 51.1%.

As of November 3, 2017, NMB Minebea S.A.R.L, one of the European subsidiaries of MinebeaMitsumi, acquired all shares of MACH AERO BRETIGNY RECTIFICATION SAS, a French company engaged in the sales and manufacture of precision machined components for aircraft. In addition, NMB Minebea S.A.R.L and NMB-Minebea UK LTD jointly acquired all shares of MACH AERO COMPONENTS PRIVATE LIMITED in India.

(2) Financial position and profit/loss in recent 3 years**(i) Financial position and profit/loss of the corporate group**

	Fiscal 2015 (4/14–3/15)	Fiscal 2016 (4/15–3/16)	Fiscal 2017 (4/16–3/17)	Fiscal 2018 (4/17–3/18)
Net sales (millions of yen)	500,676	609,814	638,926	879,139
Ordinary income (millions of yen)	60,140	46,661	48,393	78,038
Income attributable to owners of the parent (millions of yen)	39,887	36,386	41,146	59,382
Net income per share (yen)	106.73	97.26	107.33	141.14
Total assets (millions of yen)	490,043	459,427	643,312	707,844
Net assets (millions of yen)	233,679	237,973	326,218	373,253

Note: Amounts less than 1 million yen are omitted.

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

	Fiscal 2015 (4/14–3/15)	Fiscal 2016 (4/15–3/16)	Fiscal 2017 (4/16–3/17)	Fiscal 2018 (4/17–3/18)
Net sales (millions of yen)	343,358	451,101	452,506	472,446
Ordinary income (millions of yen)	24,109	15,950	11,084	24,802
Net income (millions of yen)	9,575	11,750	3,199	20,050
Net income per share (yen)	25.62	31.41	8.35	47.65
Total assets (millions of yen)	389,214	368,266	482,615	477,887
Net assets (millions of yen)	187,119	192,539	245,927	250,668

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 24,645 thousand	100.0%	Holding company
NMB Technologies Corporation	U.S.A.	USD 0.38 thousand	100.0% (100.0%)	Sales of machined components, electronic devices, and MITSUMI products
New Hampshire Ball Bearings, Inc.	U.S.A.	USD 10 thousand	100.0% (100.0%)	Manufacture and sales of bearings
NMB-Minebea-GmbH	Germany	EUR 11,274 thousand	100.0%	Sales of machined components, electronic devices, and MITSUMI products
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 70,000 thousand	100.0%	Manufacture and sales of electronic devices
MITSUMI ELECTRIC CO., LTD.	Japan	JPY 20,000 million	100.0%	Manufacture and sales of electrical appliances and communication 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

MinebeaMitsumi Group has upheld a basic management philosophy based on the following three principles.

- (i) Transparent management based on our company credo “The Five Principles”
 - 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, MinebeaMitsumi 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.

- (ii) Create new value through “difference” that transcends conventional wisdom
It will be necessary for the manufacturing of the future to deliver new value propositions to society. In 2017, we established the slogan “Passion to Create Value through Difference,” and going forward we will continue to create new value through “difference” that transcends conventional wisdom, demonstrating strengths that cannot be found in other companies.

- (iii) Approach manufacturing with an attitude of sincerity
To share our attitude to manufacturing, how we think about manufacturing, and how we pursue best practices for implementing manufacturing across the MinebeaMitsumi Group is of the utmost importance. The MinebeaMitsumi Group will continue to pursue the thoroughgoing “sincere attitude to manufacturing” that has hitherto, in response to the needs of society, provided better products, more quickly, more inexpensively, in more quantity, and more astutely than before.

In line with the basic management philosophy described above, MinebeaMitsumi Group will conduct a thorough review of productivity, aiming to significantly boost the profitability of existing products. In addition, we will expand the EMS (Electro Mechanics Solutions) business, which consists of a fusion of machined components technology with the electronic device and component technology of MITSUMI ELECTRIC CO., LTD. and MinebeaMitsumi Group. Also, by leveraging our integrated strength in manufacturing, sales, engineering and development, we will bolster our ability to meet customer requests and provide flexibility in pricing. Furthermore, while taking regional risk into consideration, we will roll out large-scale overseas mass production facilities and global research and development structures, using M&A and alliances to actively boost profitability and increase corporate value, with the aim of achieving 1 trillion yen in net sales or 100 billion yen in operating income.

In order to move forward with the above and achieve sustainable growth for the MinebeaMitsumi Group, we are promoting a new management strategy unique to the Company. Specifically, by fusing “financial capital” with the “non-financial capital” types of intellectual capital, human capital and manufacturing capital, we will, in addition to reinforcing our core businesses and promoting diversification, create new value through “mix & match” rather than simply gathering these separate elements, with the aim of achieving sustainable growth. An outline of the business strategies follows.

- i) Reinforcing core businesses
By further reinforcing the ultra-precision machining technology, vertically integrated manufacturing system and the global network that are the source of the underlying strengths of all its products, the MinebeaMitsumi Group will work to boost the profitability of its core businesses, including bearings and motors.
- ii) Diversified niches (the “seven spears”)
By taking the lead over its competitors in the bearing industry by specializing in the niche field of miniature bearings with an external diameter of less than 22 mm, the Company has built a high market share and

profitability. In addition, through a process of selecting businesses on which to concentrate from the viewpoints of market size and permanence, the “seven spears” (bearings, motors, sensors, connectors/switches, power sources, wireless/communications/software and analog semiconductors) have become core products in our business. By practicing diversification management, centered around the “seven spears” and based on the Company’s technological strengths, such as ultra-precision machining, and on the high profitability backed by high market shares in these specific areas (niches), we will work to achieve sustainable growth.

iii) Generating synergies through “mix & match”

The Company’s core technologies include those of ultra-precision machining, mass production, sensors (load, pressure etc.), optical, MEMS, high-frequency, electronic circuits and semiconductor design, which it will blend and utilize for the further evolution of the “seven spears.” By combining the products of this evolution, we will generate synergies in such fields as medicine and nursing care, information and communications, robotics, automotive, industrial and infrastructure to deliver new value to customers, with the aim of capturing a “quasi-conglomerate premium.”

In addition, in terms of initiatives to support sustainable growth, the MinebeaMitsumi Group will place a high priority on ESG management that takes into account environmental, social and governance concerns. Specifically, by sending out into society a variety of products that contribute to lower consumption of energy, we will promote a reduced burden on the environment and environmental conservation activities, with the goal of becoming a company that society cannot do without. At the same time, we will observe laws and regulations faithfully, practice fair and appropriate business management in compliance with business ethics, and, by performing a variety of initiatives to maintain good relationships with stakeholders, use our business to contribute to the environment and to society.

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

(5) Main business lines (As of March 31, 2018)

Classification	Products
Machined components business	Ball bearings, rod-end bearings, hard disk drive (HDD) pivot assemblies, and fasteners for aircraft, etc.
Electronic devices and components business	Electronic devices (LED backlights for LCDs, sensing devices (measuring components), etc.), HDD spindle motors, stepping motors, DC motors, air movers (fan motors), precision motors and special devices, etc.
MITSUMI business	Semiconductor devices, optical devices, mechanical parts, high frequency components and power supply components, etc.
Other businesses	Machines produced in-house, etc.

(6) Major offices and plants (As of March 31, 2018)

(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, 2018)

(i) Employees of the corporate group

Classification	Number of employees	Increase (decrease) from the end of the previous year
Machined components business	18,837	1,112
Electronic devices and components business	39,388	(1,693)
MITSUMI business	19,271	(82)
Other businesses	194	(1)
Whole company (common)	661	58
Total	78,351	(606)

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.

(ii) Employees of the Company

Number of employees	Increase (decrease) from the end of the previous year	Average age	Average of working years
3,867	105	43.9	17.5

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

(8) Major lenders (As of March 31, 2018)

Lenders	Outstanding borrowing (millions of yen)
Sumitomo Mitsui Trust Bank, Limited	43,936
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	37,270
Sumitomo Mitsui Banking Corporation	36,177
Syndicate loans	10,536

Notes:

1. Outstanding borrowing from The Bank of Tokyo-Mitsubishi UFJ, Ltd. includes 15,000 million yen for corporate bonds.
2. The syndicate loan refers to the total amount of 2 syndicate loans which are organized by 1 from The Bank of Tokyo-Mitsubishi UFJ, Ltd. and 1 from Sumitomo Mitsui Banking Corporation.
3. The Bank of Tokyo-Mitsubishi UFJ, Ltd. has changed its name to MUFG Bank, Ltd. on April 1, 2018.

2. Shares of the Company

(1) Overview of shares (As of March 31, 2018)

(i) Total number of shares authorized:	1,000,000,000 shares
(ii) Number of shares issued:	427,080,606 shares
(iii) Number of shareholders:	36,124 persons
(iv) Number of Shares Constituting One Unit of Shares	100 shares

(v) Major shareholders:

Name of shareholders	Number of shares (thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	35,013	8.31
Japan Trustee Services Bank, Ltd. (Trust account)	22,732	5.39
Takahashi Industrial and Economic Research Foundation	15,447	3.67
Sumitomo Mitsui Trust Bank, Limited	15,413	3.66
Japan Trustee Services Bank, Ltd. (Trust account 4)	14,174	3.36
Sumitomo Mitsui Banking Corporation	10,223	2.43
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	10,181	2.42
KEIAISHA Co., Ltd.	10,100	2.40
THE CHASE MANHATTAN BANK 385036	8,682	2.06
Japan Trustee Services Bank, Ltd. (Trust account 5)	7,093	1.68

Notes:

- Shareholding ratio is calculated exclusive of treasury stock (5,655,295 shares).
- The Bank of Tokyo-Mitsubishi UFJ, Ltd. has changed its name to MUFG Bank, Ltd. on April 1, 2018.

(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	100 (1)
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	150 (2)
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	90 (2)

Notes:

- The number of shares to be issued upon exercise of subscription rights to shares is 100 shares as per one subscription right to share.
- 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.
- 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.

There follows a summary of the subscription rights to shares attached to the "Euro-Yen Denominated Convertible Bonds with Stock Acquisition Rights due 2022 issued by MinebeaMitsumi Inc." that was inherited by the Company as a result of the business integration with MITSUMI ELECTRIC CO., LTD. on January 27, 2017.

Total issuance	20,000 million yen
Price per bond	10 million yen (one type)
Issue date	January 27, 2017
Redemption and term of the bond	The bonds shall be redeemed at the full par value of 10 million yen per 10 million yen amount on August 3, 2022.

Details of the subscription rights to shares

Total number of subscription rights to shares attached to the bond	2,000
Class and number of shares to be issued upon exercise of subscription rights to shares	Common stock of the Company The number of common stock of the Company is the number obtained by dividing the face value of the total issuance of the Bonds in respect to exercise requests by the conversion price provided below. However, fractions less than one share that arise due to such exercise are rounded down and amounts thereof will not be adjusted in cash.
Conversion price for subscription rights to shares	2,068 yen
Exercise period for subscription rights to shares	From January 27, 2017 to July 20, 2022

3. Corporate Officers

(1) Directors and Audit & Supervisory Board Members (As of March 31, 2018)

Title	Name	Responsibilities in the Company and significant concurrent positions outside the Company
Representative Director, Chairman & President (CEO & COO)	Yoshihisa Kainuma	Director, MITSUMI ELECTRIC CO., LTD.
Representative Director, Vice Chairman	Shigeru Moribe	Director, Chairman of the Board of Directors of MITSUMI ELECTRIC CO., LTD.
Director, Senior Managing Executive Officer	Ryozo Iwaya	Chief of Electronic Device & Component Manufacturing Headquarters, Chief of Mitsumi Business Headquarters, Representative Director, President and Chief Executive Officer of MITSUMI ELECTRIC CO., LTD.
Director, Senior Managing Executive Officer	Tamio Uchibori	Chief of Corporate Planning Headquarters
Director, Senior Managing Executive Officer	Tetsuya Tsuruta	Chief of Machined Component Manufacturing Headquarters, Officer in charge of Production Support Division
Director, Senior Managing Executive Officer	Shigeru None	Officer in charge of Sales Division
Director, Senior Managing Executive Officer	Hiroshi Yoda	Chief of Accounting & Corporate Finance Headquarters
Director, Senior Managing Executive Officer	Shuji Uehara	Chief of Business Administration Headquarters Officer in charge of Business Management Div. at MITSUMI Business Headquarters Director, Vice President Executive Officer of MITSUMI ELECTRIC CO., LTD.
Director, Managing Executive Officer	Michiya Kagami	Chief of Engineering Headquarters Officer in charge of Engineering Development Div. at Electronic Device & Component Manufacturing Headquarters
Director, Managing Executive Officer	Hiroshi Aso	Deputy Chief of Engineering Headquarters Deputy Chief of MITSUMI Business Headquarters Officer in charge of Engineering Development Div. Officer in charge of Semiconductor Business Div. at MITSUMI Business Headquarters Director, Managing Executive Officer of MITSUMI ELECTRIC CO., LTD.
Outside Director	Kohshi Murakami	Attorney at law
Outside Director	Takashi Matsuoka	Director and Vice President Executive Officer, KEIAISHA Co., Ltd.
Standing Audit & Supervisory Board Member	Kazunari Shimizu	
Outside Standing Audit & Supervisory Board Member	Kazuyoshi Tokimaru	
Outside Audit & Supervisory Board Member	Hisayoshi Rikuna	Certified Public Tax Accountant
Outside Audit & Supervisory Board Member	Shinichiro Shibasaki	Attorney at law

Notes:

- The Company has filed a notification with the Tokyo Stock Exchange, Inc. to the effect that Outside Directors Kohshi Murakami and Takashi Matsuoka, and Outside Audit & Supervisory Board Members Kazuyoshi Tokimaru, Hisayoshi Rikuna and Shinichiro Shibasaki are independent officers pursuant to the provisions prescribed by the exchange.*
- 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.*
- 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.*
- At the conclusion of the 71st Ordinary General Meeting of Shareholders held on June 29, 2017, the terms of office of Directors, Messrs. Hirotaka Fujita and Daishiro Konomi expired, and therefore they retired from the position.*

5. *Directors' assignments changed on June 29, 2017 as follows:*

Name	Before change	After change
Ryozo Iwaya	Deputy Chief of Electronic Device & Component Manufacturing Headquarters, Officer in charge of Electronic Device Division at Electronic Device & Component Manufacturing Headquarters, Chief of MITSUMI Business Headquarters	Chief of Electronic Device & Component Manufacturing Headquarters Chief of MITSUMI Business Headquarters
Shigeru None	Deputy Officer in charge of Sales Div.	Officer in charge of Sales Div.
Michiya Kagami	Deputy Chief of Electronic Device & Component Manufacturing Headquarters, Officer in charge of Engineering Development Div.	Chief of Engineering Headquarters Officer in charge of Engineering Development Div. at Electronic Device & Component Manufacturing Headquarters

6. *A Director's assignments changed on September 1, 2017 as follows:*

Name	Before change	After change
Tetsuya Tsuruta	Chief of Machined Component Manufacturing Headquarters Officer in charge of Spindle Motor Div. at Electronic Device & Component Manufacturing Headquarters Officer in charge of Production Support Div.	Chief of Machined Component Manufacturing Headquarters Officer in charge of Production Support Div.

7. *Directors' assignments changed on May 9, 2018 as follows:*

Name	Before change	After change
Tamio Uchibori	Chief of Corporate Planning Headquarters	Dismissed the post of Chief of Corporate Planning Headquarters
Tetsuya Tsuruta	Chief of Machined Component Manufacturing Headquarters, Officer in charge of Production Support Div.	Deputy Chief of Sales Headquarters
Shigeru None	Officer in charge of Sales Division	Chief of Sales Headquarters
Hiroimi Yoda	Chief of Accounting & Corporate Finance Headquarters	Dismissed the post of Chief of Accounting & Corporate Finance Headquarters
Shuji Uehara	Chief of Business Administration Headquarters Officer in charge of Business Management Div. at MITSUMI Business Headquarters	Chief of Tokyo Head Office, Chief of Business Administration and Accounting & Corporate Finance Headquarters Officer in charge of Business Management Div. at MITSUMI Business Headquarters

8. *As of May 9, 2018, Director, Managing Executive Officer Mr. Michiya Kagami was promoted to Director, Senior Managing Executive Officer.*

9. *On June 28, 2018, the term of office of the significant concurrent position held by Representative Director, Chairman & President Yoshihisa Kainuma, as Director of MITSUMI ELECTRIC CO., LTD., will expire, at which point he intends to step down.*

(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 payees	Amount of remuneration, etc. (thousands of yen)			
		Basic remuneration	Bonuses	Stock options	Total
Directors (Outside Directors)	14 (2)	309,946 (17,026)	666,851 (-)	- (-)	976,797 (17,026)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	4 (3)	51,796 (35,340)	- (-)	- (-)	51,796 (35,340)
Total	18	361,742	666,851	-	1,028,593

Notes:

1. The above table includes amounts paid to Messrs. Hirotaka Fujita and Daishiro Konomi, who retired from the position as Director at the conclusion of the 71st Ordinary General Meeting of Shareholders held on June 29, 2017.
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 1.5 billion yen (this amount includes maximum annual remuneration of 50 million yen for Outside Directors) at the 71st Ordinary General Meeting of Shareholders held on June 29, 2017. 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. During the fiscal year under review, 648 million yen in accrued bonuses for directors was posted, including anticipated payments under the performance-linked incentives remuneration system introduced in 2017.
5. 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.
6. 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**

Outside 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 from KEIAISHA Co., Ltd.

(ii) Main activities during the fiscal year under review

Name	Attendance and contributions
Outside 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.
Outside Director Takashi Matsuoka	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.
Outside Audit & Supervisory Board Member Kazuyoshi Tokimaru	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.
Outside 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.
Outside 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.

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	111 million yen
Total amount of money and other property benefit to be paid from the Company and its subsidiaries to Independent Auditors	140 million yen

Notes:

- 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.*
- 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**

Not applicable.

(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, MINEBEA (CAMBODIA) Co., Ltd.

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' & Technical Officers' and employees' execution of duties conform to laws and regulations and Articles of Incorporation (Compliance system)

- 1) The MinebeaMitsumi Group has set up a management structure regarding compliance and established the MinebeaMitsumi Group Code of Conduct (hereafter the “Code of Conduct”), the MinebeaMitsumi 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 & Technical 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 MinebeaMitsumi 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 & Technical Officers (Information Storage and Management System)

- 1) The MinebeaMitsumi Group has established the MinebeaMitsumi 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 MinebeaMitsumi Group established “MinebeaMitsumi Group Basic Rules for Risk Management” that systematically sets up risk management. The Chief Officer of the risk management of MinebeaMitsumi 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 Rules, 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 & Technical Officers are efficiently performed (system for an Efficient Execution of Duties)

- 1) The MinebeaMitsumi Group makes rapid and highly strategic management judgments by limiting the number of Directors to 12 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 MinebeaMitsumi Group sets group-wide goals that are shared by Directors, Executive Officers & Technical Officers and employees and spreads those goals across the group. In addition, to achieve the goals, chiefs of headquarters and officers in charge of divisions and chiefs of business units determine specific objectives to be implemented by each headquarters, division or business unit 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 headquarters, division and business unit. 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) MinebeaMitsumi's headquarters, divisions and business units 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 "MinebeaMitsumi 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' & Technical 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 & Technical Officers
 - i. Agreements executed by Directors or Executive Officers & Technical Officers
 - j. Matters related to litigations

- (ii) Executive Officers & Technical 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 & Technical 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 holds meetings of the Compliance Committee that one independent Outside Director attends, considers various measures regarding compliance, and reports these measures to the Board of Directors. In addition, the compliance consultation center for which the internal responsible department and an external outsourced company act as a contact point has been set up, and the provided information shall also be notified to Audit & Supervisory Board Members.

In the fiscal year under review, the Company implemented training and education programs such as seminars on the Antimonopoly Act for sales positions and basic seminars on compliance for new employees and experienced employees who newly joined the Company, and also provided compliance-related training in Thailand, which is a major overseas business site.

Furthermore, the Company has conducted "Employee Compliance Awareness Survey" to measure the extent of awareness of compliance, and continues its efforts to increase awareness about compliance.

(2) Information storage and management system

Based on the "MinebeaMitsumi 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 Risk Management Committee develops the risk management structure in the Group and promotes the development of business continuity plans (BCP) that provide for remediation activities in case any risk occurs at major production sites.

In the fiscal year under review, the Company held meetings of the Risk Management Committee and conducted examinations for further enhancement and strengthening of the Group's risk management structure.

The examinations results were discussed at a Board of Directors meeting, and it was decided that the Risk Management Committee was to be reorganized into a new Risk Management Committee and the system was to change to a structure where a person responsible for risk management, etc. is placed in each region and

business site, led by Directors at the Head Office. In order to prepare for risks that are diversified further in line with the expansion of the Group, the Company will examine and understand risks for each business site and strive to effectively promote preventive and control activities tailored to characteristics of each business site.

(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 & Technical 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 headquarters, division and business unit 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 & Technical 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.

Based on the above mentioned basic managerial policy, we will thoroughly review productivity to boost the profitability of our existing lines. We will also expand our EMS (Electro Mechanics Solutions) business which is driven by MITSUMI ELECTRIC CO., LTD. and our group's combined technological strengths in electronic devices and components as well as machined components. We will leverage the combined wealth of experience we have gained in manufacturing, sales, engineering and development to provide flexible prices and meet the needs of our customers.

We will actively work on improving our profitability 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 global R&D capabilities in light of regional risk assessment findings, while aiming to achieve either net sales of 1 trillion yen or operating income of 100 billion yen by the fiscal year ending March 2021. In order to achieve these goals, the Company will endeavor to bolster organizations that make decisions regarding corporate management and carry out business, and promote the establishment, development and expansion 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 68th Ordinary General Meeting of Shareholders held on June 27, 2014, based on resolutions of the Board of Directors meeting held on May 31, 2017 and the Company's 71st Ordinary General Meeting of Shareholders held on June 29, 2017, 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.minebeamitsumi.com/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. If the Independent Committee recommends implementation of the gratis allotment of Share Options, the Company's Board of Directors will, if it is practically possible, convene a meeting of shareholders (includes cases where advisory resolutions are made for matter, hereinafter, the "Shareholders Meeting") to confirm the intent of the Company's shareholders relating to whether or not that gratis allotment should be implemented. 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. However, if a Shareholders Meeting is to be held the Company's Board of Directors shall make a necessary resolution as appropriate in accordance with the resolution of that Shareholders Meeting.

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 71st Ordinary General Meeting of Shareholders held on June 29, 2017.

(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 be completely in harmony with the Company's 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 71st Ordinary General Meeting of Shareholders or Board of Directors of the Company resolves to abolish the Plan, the Plan will be abolished at that time and basically, upon invocation of the Plan, we decided to seek a shareholders' intention confirmation meeting. 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.

Consolidated Balance Sheet
(As of March 31, 2018)

(Unit: millions of yen)

Assets	
Item	Amount
Current assets	443,709
Cash and deposits	104,894
Notes and accounts receivable	167,115
Marketable securities	1,499
Finished goods	39,417
Work in process	41,434
Raw materials	51,603
Supplies	5,834
Goods in transit	11,834
Deferred tax assets	7,915
Other	12,855
Allowance for doubtful receivables	(696)
Fixed assets	263,854
Tangible fixed assets	223,152
Buildings and structures	162,938
Machinery and transportation equipment	352,655
Tools, furniture and fixtures	62,702
Land	34,933
Leased assets	392
Construction in progress	19,403
Accumulated depreciation	(409,872)
Intangible assets	17,125
Goodwill	7,248
Other	9,877
Investments and other assets	23,576
Investment securities	8,648
Long-term loans receivable	262
Deferred tax assets	8,823
Other	6,251
Allowance for doubtful receivables	(409)
Deferred asset	279
Total assets	707,844

Note: Amounts less than 1 million yen are omitted.

(Unit: millions of yen)

Liabilities	
Item	Amount
Current liabilities	236,205
Notes and accounts payable	98,342
Short-term debt	60,433
Current portion of long-term debt	20,304
Lease obligations	88
Accrued income taxes	6,695
Accrued bonuses	10,874
Accrued bonuses for directors	729
Provision for after-care of products	93
Provision for environmental remediation expenses	150
Provision for business restructuring losses	146
Other	38,345
Long-term liabilities	98,385
Bonds	15,000
Convertible bond-type bonds with subscription rights to shares	20,406
Long-term debt	41,271
Lease obligations	144
Asset retirement obligations	17
Provision for retirement benefits for executive officers	189
Provision for environmental remediation expenses	413
Net defined benefit liability	15,583
Other	5,359
Total liabilities	334,591
Net assets	
Shareholders' equity	412,251
Common stock	68,258
Capital surplus	142,605
Retained earnings	210,883
Treasury stock	(9,496)
Accumulated other comprehensive income	(46,302)
Difference on revaluation of available-for-sale securities	1,363
Deferred gains or losses on hedges	149
Foreign currency translation adjustments	(46,039)
Remeasurements of defined benefit plans	(1,776)
Subscription rights to shares	18
Non-controlling interests	7,286
Total net assets	373,253
Total liabilities and net assets	707,844

Note: Amounts less than 1 million yen are omitted.

Consolidated Statement of Income
(From April 1, 2017 to March 31, 2018)

(Unit: millions of yen)

Item	Amount	
Net sales		879,139
Cost of sales		701,456
Gross profit		177,683
Selling, general and administrative expenses		98,521
Operating income		79,162
Other income		
Interest income	967	
Dividends income	199	
Rent income of fixed assets	417	
Dividends from insurance	219	
Other	1,038	2,843
Other expenses		
Interest expenses	682	
Foreign exchange losses	1,929	
Other	1,354	3,967
Ordinary income		78,038
Extraordinary gain		
Gain on sales of fixed assets	147	
Gain on sales of investment securities	15	
Gain on extinguishment of tie-in shares	54	
Reversal of provision for environmental remediation expenses	26	244
Extraordinary loss		
Loss on sales of fixed assets	12	
Loss on disposal of fixed assets	1,268	
Impairment loss	5,474	
Amortization of goodwill	31	
Business restructuring losses	142	
Settlement loss	123	7,052
Income before income taxes		71,230
Current income taxes (including enterprise tax)	13,463	
Deferred income taxes	(2,032)	11,430
Net income		59,799
Income attributable to non-controlling interests		417
Income attributable to owners of the parent		59,382

Note: Amounts less than 1 million yen are omitted.

Consolidated Statement of Changes in Net Assets
(From April 1, 2017 to March 31, 2018)

(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	144,218	159,910	(1,345)	371,043
Changes					
Cash dividend from retained earnings			(8,410)		(8,410)
Income attributable to owners of the parent			59,382		59,382
Purchase of treasury stocks				(8,377)	(8,377)
Disposal of treasury stocks		1,122		218	1,341
Change in ownership interest of parent due to transactions with non-controlling interests		(2,739)			(2,739)
Exercise of subscription rights to share		4		7	11
Change (net) in non-shareholder's equity items					
Total changes	-	(1,612)	50,972	(8,151)	41,208
Balance at end of current fiscal year	68,258	142,605	210,883	(9,496)	412,251

	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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current fiscal year	1,233	1,031	(50,290)	(1,653)	(49,678)	30	4,823	326,218
Changes								
Cash dividend from retained earnings								(8,410)
Income attributable to owners of the parent								59,382
Purchase of treasury stocks								(8,377)
Disposal of treasury stocks								1,341
Change in ownership interest of parent due to transactions with non-controlling interests								(2,739)
Exercise of subscription rights to shares								11
Change (net) in non-shareholder's equity items	130	(882)	4,250	(123)	3,375	(11)	2,462	5,825
Total changes	130	(882)	4,250	(123)	3,375	(11)	2,462	47,034
Balance at end of current fiscal year	1,363	149	(46,039)	(1,776)	(46,302)	18	7,286	373,253

Note: Amounts less than 1 million yen are omitted.

Notes to Consolidated Financial Statements

Basis of Presenting Consolidated Financial Statements

1. Scope of consolidation

(1) Consolidated subsidiaries

Number of consolidated companies: 90 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.

MITSUMI ELECTRIC CO., LTD.

(2) Non-consolidated subsidiaries

The names of non-consolidated subsidiaries:

SARTORIUS MECHATRONICS PHILIPPINES, INC.

PARADOX ENGINEERING SDN BHD

SYLLOGISM SYSTEMS SRL

TINYNODE SA

Beginning in the fiscal year under review, NMB-MINEBEA DO BRASIL IMPORTACAO E COMERCIO DE COMPONENTES DE PRECISAO LTDA and Shiono Precision Co., Ltd. are excluded from non-consolidated subsidiaries since they are now included in the list of our consolidated subsidiaries, and M.G.I. Corporation is no longer on the list of non-consolidated subsidiaries due to an absorption-type merger in which MITSUMI ELECTRIC CO., LTD., a consolidated subsidiary, is the surviving company.

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: 0 companies

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

SARTORIUS MECHATRONICS PHILIPPINES, INC., PARADOX ENGINEERING SDN BHD, 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. Changes in scope of consolidation
- (1) Increase in consolidated subsidiaries through establishment of companies (3 companies)
- | | |
|--------------------------------------|--------------------|
| MINEBEAMITSUMI SHANGHAI TRADING LTD. | Chinese company |
| LLC Minebea Intec Rus | Russian company |
| MM PRIMARY HOLDINGS, INC. | Philippine company |
- (2) Increase in consolidated subsidiaries through acquisition of shares (3 companies)
- | | |
|--------------------------------------|----------------|
| C&A TOOL ENGINEERING, INC. | U.S. company |
| MACH AERO BRETIGNY RECTIFICATION SAS | French company |
| MACH AERO COMPONENTS PRIVATE LIMITED | Indian company |
- (3) Increased due to the conversion of non-consolidated subsidiaries to consolidated subsidiaries. (2 companies)
- | | |
|---|-------------------|
| NMB-MINEBEA DO BRASIL IMPORTACAO E COMERCIO DE COMPONENTES DE PRECISAO LTDA | Brazilian company |
| Shiono Precision Co., Ltd. | Japanese company |
- (4) Decrease due to a company liquidation (2 companies)
- | | |
|------------------------------------|------------------|
| QINGDAO MITSUMI ELECTRIC CO., LTD. | Chinese company |
| Sartorius Intec K.K. | Japanese company |
- (5) Decreased due to mergers (5 companies)
- | | |
|---------------------------------|----------------|
| MITSUMI ELECTRONICS CORPORATION | U.S. company |
| MITSUMI ELECTRONICS EUROPE GmbH | German company |
| AàZ Pesage S.A.S. | French company |
| AàZ Pesage Tardivel S.A.R.L. | French company |
| Centre Pesage S.A.S. | French company |

4. Fiscal years, etc. of consolidated subsidiaries

Of the consolidated subsidiaries, the settlement date of MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD., MINEBEA (CAMBODIA) Co., Ltd. and 23 other companies is December 31, and use preliminary financial statements prepared as of the consolidated closing date.

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 straight-line method.
Their major useful lives are as follows:
- | | |
|--|---------------|
| Buildings and structures | 5 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 assets (excluding leased assets)
The Company and consolidated domestic subsidiaries 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 to 10 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 post 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 post 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 post on accrual basis.
- (iii) Accrued bonuses for directors
The Company and some consolidated domestic subsidiaries make preparations for the payment of bonuses to directors by providing accrued bonuses for directors based on the anticipated amounts of payment in the fiscal year under review.

- (iv) Provision for retirement benefits for executive officers
To provide for payment of retirement allowance to executive officers, the Company and some consolidated domestic subsidiaries post retirement allowances to be required for payment at the end of the current fiscal year in accordance with regulations.
 - (v) Provision for after-care of products
We post reasonably projected amounts to be incurred in the future as expenses for after-care of products.
 - (vi) Provision 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) Provision 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 asset
Deferred asset is equally amortized over the term of bonds issued (10 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 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. Additional information

(Class action suit filed in Canada in relation to competition authorities' investigations)

As already announced, some of our consolidated subsidiaries have been investigated by competition authorities for the alleged infringement of competition laws related to the trading of small-sized ball bearing products, etc.

Class-action lawsuits were filed in Canada against MinebeaMitsumi and its subsidiaries in relation to these investigations, which have already been completed.

Among noted above, MinebeaMitsumi reached a settlement on March 2, 2018 with the plaintiffs of the lawsuits with regard to class-action lawsuits concerning small-sized ball bearings in the Canadian provinces of Quebec, Ontario and British Columbia. The settlement amount is 1.5 million Canadian dollars (123 million yen).

(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 enterprise 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 "MinebeaMitsumi 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 Employee Stock Holding Partnership Exclusive Trust Agreement (the "Trust Agreement") with the bank in which the Company is Trustee and the Bank is Trustee. As per the Plan and the Trust Agreement, the "MinebeaMitsumi 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.

Based on the determination by the Stock Holding Partnership as of January 25, 2017 to approve the extension of the end date of the trust period, the Company has resolved, at its board of directors' meeting held on February 24, 2017, to enter into the amendment agreement with the trustee of the Trust which has been established under the Plan (i.e., The Nomura Trust and Banking Co., Ltd.) and the trust administrators who represent the employees' interests to extend the end date of the trust period from May 9, 2017 to December 27, 2018, and to appoint an attorney-at-law as an additional trust administrator.

- (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
- (i) Book value of the Company shares owned by the Trust
 - As of March 31, 2017: 889 million yen
 - As of March 31, 2018: 670 million yen
 - (ii) The Company shares owned by the Trust are accounted for as treasury stock.
 - (iii) 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, 2017: 2,753,000 shares
 - As of March 31, 2018: 2,077,000 shares
 - Average number of shares owned by the Trust
 - As of March 31, 2017: 3,183,870 shares
 - As of March 31, 2018: 2,376,545 shares
 - (iv) 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.

(Adoption of consolidated tax accounting system)

The Company and some of its domestic consolidated subsidiaries have adopted the consolidated taxation system, with MINEBEA MITSUMI Inc. as the consolidated taxable parent company from this fiscal year.

(Revision of amount of deferred tax assets and deferred tax liabilities due to change in income tax rate)

The US tax reforms were enacted on December 22, 2017, and the income tax rate was lowered from progressive taxation of a maximum 35% to 21% uniformly. As a result, the statutory effective tax rate used for calculating deferred tax assets and deferred tax liabilities of our overseas consolidated subsidiaries located in the United States has been changed from the previous 40.75% to 27.98%.

As a result of this change in tax rate, deferred tax liabilities (net of deferred tax assets) decreased by 157 million yen, adjustment of income taxes (credit) increased by 161 million yen and difference on revaluation of available-for-sale securities decreased by 4 million yen.

Notes to Consolidated Balance Sheet

- (1) Accounting of notes matured at the end of consolidated fiscal year
The Company accounts for settlement of matured notes at the end of consolidated fiscal year at their exchange dates. Because the end of the current consolidated fiscal year was a holiday for financial institutions, the Company includes the following matured notes in their balance at the end of the fiscal year.
Notes receivable: 546 million yen
- (2) Assets pledged as collateral and collateralized obligations
- (i) Assets pledged as collateral
 - Buildings and structures 572 million yen
 - (ii) Collateralized obligations
 - Long-term debt 536 million yen
(including 178 million yen Current portion of long-term debt)
- (3) Marketable securities and Investment securities
The balance of money in trust is 4,241 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 MinebeaMitsumi Group.

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)
Issued shares				
Common Stock ^(Notes)	427,080,606	–	–	427,080,606
Total	427,080,606	–	–	427,080,606
Treasury Stock				
Common Stock ^(Notes)	3,758,595	4,671,201	697,501	7,732,295
Total	3,758,595	4,671,201	697,501	7,732,295

Notes:

- The increase of 4,671,201 in the number of treasury shares of common stock reflects the acquisition of 4,658,200 shares of treasury stock in accordance with a resolution of the Board of Directors, and an increase in 13,001 shares resulting from the purchase of fractional shares.
- The decrease of 697,501 shares in the number of treasury shares of common stock reflects the decrease of 676,000 shares from the disposal of treasury stock by the Employee Stock Holding Partnership Exclusive Trust Account, the decrease of 21,000 shares from exercise of stock options and the decrease of 501 shares from the Additional Purchase of fractional shares.
- The number of treasury shares of common stock includes our shares owned by the Employee Stock Holding Partnership Exclusive Trust Account (2,753,000 shares at the beginning of current fiscal year and 2,077,000 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 71st Ordinary General Meeting of Shareholders held on June 29, 2017

Total amount of dividends:	2,963 million yen
Dividend per share:	7.00 yen
Record date:	March 31, 2017
Effective date:	June 30, 2017

Note: Total dividend does not include 19 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 8, 2017

Total amount of dividends:	5,447 million yen
Dividend per share:	13.00 yen
Record date:	September 30, 2017
Effective date:	December 4, 2017

Note: Total dividend does not include 31 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 72nd Ordinary General Meeting of Shareholders to be held on June 28, 2018.

Total amount of dividends:	5,451 million yen
Source of dividends	Retained earnings
Dividend per share:	13.00 yen
Record date:	March 31, 2018
Effective date:	June 29, 2018

Note: Total dividend does not include 27 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
 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	10,000 shares	15,000 shares	9,000 shares
Outstanding balances of subscription rights to shares	2 million yen	5 million yen	10 million yen

Notes relating to Financial Instruments

(1) Matters relating to Financial Instruments

(i) Policy on handling of financial instruments

The MinebeaMitsumi 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 10 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 inherited as a consequence of the business integration with MITSUMI ELECTRIC CO., LTD., and carry a redemption date of August 3, 2022.

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 beneficiary certificates 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 MinebeaMitsumi 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 Accounting & Corporate Finance Headquarters.

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, 2018, 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 deposits	104,894	104,894	–
(ii) Notes and accounts receivable	167,115	167,115	–
(iii) Marketable and investment securities	8,728	8,728	–
(iv) Long-term loans receivable	262	256	(5)
Total assets	281,000	280,995	(5)
(v) Notes and accounts payable	98,342	98,342	–
(vi) Short-term debt	60,433	60,433	–
(vii) Current portion of long-term debt	20,304	20,385	80
(viii) Bonds	15,000	15,080	80
(ix) Convertible bond-type bonds with subscription rights to shares	20,406	25,625	5,218
(x) Long-term debt	41,271	41,324	53
Total liabilities	255,758	261,191	5,433
Derivative transactions (*1)	976	976	–

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

Notes:

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

Assets

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

Liabilities

- Notes and accounts payable, (vi) Short-term debt
As these items are settled in a short term and the market value is close to book value, they are presented in book value.
- Current portion of long-term debt, (x) Long-term debt
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.
- Bonds, (ix) Convertible bond-type bonds with subscription rights to shares
Items with market value are presented based on market value. For items without market value, the total amount of principal and interest is discounted by the expected interest rate assumed for a similar new issue to derive the present value.

Derivative transactions

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

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

Item	Amount on consolidated balance sheet (millions of yen)
Unlisted stock	1,419
Investments in capital of unlisted company	0
Investments in subsidiaries	0

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 deposits	104,894	–	–	–
Notes and accounts receivable	167,115	–	–	–
Marketable and investment securities of which securities with maturity	1,499	2,745	–	–
Long-term loans receivable	–	225	36	–
Total	273,509	2,970	36	–

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	98,342	–	–	–
Short-term debt	60,433	–	–	–
Bonds	–	–	15,000	–
Convertible bond-type bonds with subscription rights to shares	–	20,000	–	–
Long-term debt	20,304	6,271	35,000	–
Total	179,080	26,271	50,000	–

Notes to Per Share Information

- (1) Net assets per share 872.66 yen
(2) Net income per share 141.14 yen

Notes to Impairment loss

Use	Location	Impairment loss	
		Class	Amount (Millions of yen)
Business assets	Spindle motor business (Thailand)	Buildings and structures	835
		Machinery and transportation equipment	4,087
		Tools, furniture and fixtures	220
		Total	5,142
	Mechanical assembly business (Thailand)	Buildings and structures	151
		Machinery and transportation equipment	52
		Total	203
	Parts, Tools & Dies business (Thailand)	Machinery and transportation equipment	9
		Total	9
	Sensing devices business (Japan)	Other (Intangible fixed assets)	117
		Total	117
	Total		

Asset grouping method

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

Reason for the recognition of impairment losses

Because the worsening profitability and the lower capacity utilization rate due to the deterioration of market environment, etc., the future cash flow generation is expected to be less than the carrying value of the asset group or no business use is expected with regard to the assets for business use (buildings and structures, machinery and transportation equipment, tools, furniture and fixtures, and other (intangible fixed assets)) that are subject to the impairment loss in the current fiscal year, we recognized the impairment loss and reduced the asset value to the recoverable value or use value.

Calculation method of collectable amounts

For the assets for business use, a recoverable value is measured by a use value. Recoverable values of Spindle motor business are calculated by discounting the amount of an expected future cash flow by 11.2%. No future cash flow is expected to be generated from Mechanical assembly business, Parts, Tools & Die business, Sensing devices business and as such, the full amount of the carrying value has been posted as the impairment loss.

Notes to the Business Combination

Business Combination through Acquisition

C&A TOOL ENGINEERING, INC.

1. Outline of the business combination

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

Name of the acquired company: C&A TOOL ENGINEERING, INC.

Business activities: A precision machinery metal processing manufacturer for medical, aerospace, industrial and fuel systems

(2) Major reasons for the business combination

MinebeaMitsumi, centering on New Hampshire Ball Bearing Inc. (“NHBB”), its subsidiary in the United States, in collaboration with myonic GmbH and CEROBEAR GmbH in Germany, has developed the ball bearing markets for aircraft, medical and industrial equipment in the United States as well as the new production technology.

The company has decided to acquire C&A TOOL ENGINEERING, INC. (“C&A”) because it has three manufacturing facilities in Indiana, USA and we expect to generate the following business synergies between C&A and our corporate group through the coordination of our corporate group, C&A’s core business and its precision machinery metal processing technology that our corporate group does not possess.

1. The Company can expect to expand the sales of ball bearings and other products of our corporate group in the ever-growing medical device market in the United States in the future.
2. C&A has the advanced manufacturing technology in DMLS (Direct Metal Laser Sintering) (so-called 3D printing technology) and is one of the first enterprises that can provide technical support to the customers when they apply for an approval from the U.S. Food and Drug Administration. As such, the Company expects to expand the sales of the products through the utilization of DMLS going forward as well as to generate synergies with C&A’s DMLS technology. By way of cross-sectional (horizontal) expansion of DMLS technology to other business units of our corporate group, the Company expects to develop the products with superior cost competitiveness.
3. C&A has the highly-advanced precision machinery metal processing technology for hard metal-based processing used in the aerospace industry segment and has expanded the aero engine-related components business in the United States. NHBB has also delivered a great variety of bearing products for the aerospace field in the U.S.A. Therefore, the Company can diversify our product range and offerings in the aerospace industry and gain competitive advantages in the market by incorporating C&A products.
4. The Company can also expect to accelerate the entry into the medical field.

(3) Effective date of the business combination

September 1, 2017

(4) Legal form of business combination

Stock acquisition with cash considerations

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

C&A TOOL ENGINEERING, INC.

(6) Percentage of voting rights acquired

Percentage of voting rights immediately before the stock acquisition	–%
Percentage of voting rights to be acquired on the effective date of the business combination	51.1%
Percentage of voting rights subsequent to the stock acquisition	51.1%

(7) Major reasons for consummating this acquisition

Due to the fact that the Company has acquired 51.1% of the voting rights of the acquired company through stock acquisition with cash considerations.

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

From September 1, 2017 to March 31, 2018

3. Acquisition cost of the acquired company and breakdown by type of consideration			
Consideration for the acquisition	Cash	4,631	million yen
<hr/>		<hr/>	
Acquisition cost		4,631	
4. Details and amounts of major acquisition-related expenses			
Advisory cost, etc. 243 million yen			
5. Amount of goodwill amortization, and the source, method and period of goodwill amortization			
(1) Amount of goodwill			
1,246 million yen			
(2) The source of the transaction			
Primarily due to C&A TOOL ENGINEERING, INC.'s production technology and sales and marketing ability as well as the expected excess earning power resulting therefrom.			
(3) Method and period of goodwill amortization			
The goodwill is equally amortized 10 years.			
6. Amount of assets and liabilities received at the effective date of business combination and its details			
Current assets	4,457	million yen	
Fixed assets	5,860		
Goodwill	1,246		
Total assets	<hr/> 11,564 <hr/>		
Current liabilities	967		
Long-term liabilities	2,595		
Total liabilities	<hr/> 3,562 <hr/>		
7. Assuming that the business combination has been completed at the beginning date of the current consolidated fiscal year, approximate estimates of impacts of such business combination on the consolidated financial statements and the method for calculating such amounts			
Total sales	3,845	million yen	
Operating Income	(105)		
Ordinary Income	(105)		
Income before income taxes	(89)		
Income attributable to owners of the parent	(38)		
Net income per share	(0.09)	yen	

(Method for calculating approximate estimates)

The differences between total sales and the relevant profit and loss information based on the assumptions that the business combination has been completed at the beginning date of the consolidated fiscal year, and the total sales and the relevant profit and loss information on the consolidated financial statements as recorded hereof are used as the approximate estimates of impacts of the business combination on the consolidated financial statements.

Please be noted that such approximate estimates have not been audited and attested by the audit certification.

MACH AERO BRETIGNY RECTIFICATION SAS

1. Outline of the business combination

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

Name of the acquired company: MACH AERO BRETIGNY RECTIFICATION SAS

Business activities: Manufacture and sales of precision machined components for aircraft

(2) Major reasons for the business combination

MACH AERO BRETIGNY RECTIFICATION SAS (MAB) is a French company engaged in the sales and production of rod-end and spherical bearings to be used for aircraft as well as the mechanical components integrating such products. MACH AERO COMPONENTS PRIVATE LIMITED (MACPL) manages the high-volume plants located in India.

The company has carried out this business combination because France has been positioned as the hub of the aerospace business in Europe and we anticipate the following synergy effects to be generated through the effective utilization of companies having manufacturing facilities of machined components in France and India by the MinebeaMitsumi Group as a whole.

1. By taking full advantage of the customer base in Europe for aerospace-related business that has been cultivated for more than 50 years by MAB as well as of its know-how in the mechanical parts business to the maximum extent, MinebeaMitsumi will be able to accelerate the speed of expanding its European business. We expect to boost the sales of mechanical component products for aircraft and helicopters in particular.
2. MACPL's production capacity in India is well fit for the offset production of airplanes to be purchased by India (certain percentage of Indian production exceeding the threshold is required), thereby helping us to acquire new business.
3. We aim for the optimization of the supply chains for the aerospace-related business through the coordinated and mutual use of materials procurement routes by MAB, MACPL and the MinebeaMitsumi group companies, therein leading to the reduction of the lead time of procurement for the entire business group in addition to further cost reductions. On top of that, by way of the optimization of the manufacturing bases for the MinebeaMitsumi Group as a whole along with MAB and MACPL, the cost competitiveness of our products and those of MAB and MACPL are expected to improve.
4. There will be further synergies to be generated outside of Europe through the expansion of our aerospace business.

(3) Effective date of the business combination

November 3, 2017

(4) Legal form of business combination

Stock acquisition with cash considerations

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

MACH AERO BRETIGNY RECTIFICATION SAS

(6) Percentage of voting rights acquired

Percentage of voting rights immediately before the stock acquisition -%

Percentage of voting rights to be acquired on the effective date of the business combination 100.0%

Percentage of voting rights subsequent to the stock acquisition 100.0%

(7) Major reasons for consummating this acquisition

Due to the fact that NMB Minebea S.A.R.L, our consolidated subsidiary company, has acquired all the voting rights of the acquired company through stock acquisition with cash considerations.

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

From November 3, 2017 to March 31, 2018

3. Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for the acquisition	Cash	3,175	million yen
Acquisition cost		3,175	

4. Details and amounts of major acquisition-related expenses

Advisory cost, etc. 99 million yen

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

(1) Amount of goodwill

2,332 million yen

(2) The source of the transaction

Primarily due to MACH AERO BRETIGNY RECTIFICATION SAS's production technology and sales and marketing ability as well as the expected excess earning power resulting therefrom.

(3) Method and period of goodwill amortization

The goodwill is equally amortized 10 years.

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

Current assets	2,149	million yen
Fixed assets	1,445	
Goodwill	2,332	
Total assets	<u>5,928</u>	
Current liabilities	2,545	
Long-term liabilities	207	
Total liabilities	<u>2,752</u>	

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

Total sales	1,555	million yen
Operating Income	(50)	
Ordinary Income	(57)	
Income before income taxes	(107)	
Income attributable to owners of the parent	(87)	
Net income per share	(0.21)	yen

(Method for calculating approximate estimates)

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

Notes on MACH AERO COMPONENTS PRIVATE LIMITED is omitted due to its immateriality.

Transaction under Common Control, etc.

1. Summary of the business combination

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

Name of the acquired company: Minebea Intec GmbH

Business activities: Manufacturing tank and hopper, industrial scales, inspection equipment.

Providing modifications and adjustments, repair, and process optimization services

(2) Effective date of the business combination

February 8, 2018

(3) Legal form of the business combination

Acquisition of shares from non-controlling shareholders

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

No change in name.

(5) Other matters concerning the outline of transactions

The Company acquired additional non-controlling interests of Minebea Intec GmbH, a consolidated subsidiary of the Company, and made it a wholly owned subsidiary.

2. The outline of the accounting procedure

The Company accounted for the transaction as transactions with non-controlling shareholders in the category of transactions under common control in accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013) and “Guidance on the Accounting Standard for Business Combinations and the Accounting Standard for Business Divestures” (ASBJ Guidance No. 10, September 13, 2013).

3. Acquisition cost of the acquired company and breakdown by type of consideration

<u>Consideration for the acquisition</u>	<u>Cash</u>	<u>4,111</u>	<u>million yen</u>
Acquisition cost		4,111	

4. Changes in equity related to transactions with non-controlling shareholders

(1) Major factors causing changes in capital surplus

Additional acquisition of shares of a consolidated subsidiary

(2) Amount of capital surplus decreased due to transactions with non-controlling shareholders

2,739 million yen

Non-Consolidated Balance Sheet
(As of March 31, 2018)

(Unit: millions of yen)

Assets	
Item	Amount
Current assets	150,854
Cash and deposits	14,853
Notes receivable	4,123
Accounts receivable	79,319
Purchased goods	3,933
Finished goods	1,133
Work in process	6,918
Raw materials	1,919
Supplies	128
Goods in transit	1,274
Advance payments - trade	99
Prepaid expenses	865
Short-term loans receivable from affiliates	29,804
Accounts receivable - other	3,140
Advances paid	133
Deferred tax assets	2,528
Other	679
Fixed assets	326,752
Tangible fixed assets	41,055
Buildings	16,579
Structures	896
Machinery and equipment	5,296
Vehicles	16
Tools, furniture and fixtures	2,506
Land	14,835
Leased assets	33
Construction in progress	891
Intangible assets	3,823
Goodwill	300
Patents	117
Design rights	29
Leasehold rights	35
Software	3,311
Other	30
Investments and other assets	281,872
Investment securities	5,666
Investment securities in affiliates	225,204
Investments in capital	0
Investments in capital in affiliates	49,714
Long-term loans receivable from affiliates	170
Long-term prepaid expenses	111
Deferred tax assets	668
Other	524
Allowance for doubtful receivables	(189)
Deferred asset	279
Bond issuance expenses	279
Total assets	477,887

Note: Amounts less than 1 million yen are omitted.

(Unit: millions of yen)

Liabilities	
Item	Amount
Current liabilities	148,736
Accounts payable	68,366
Short-term debt	46,600
Current portion of long-term debt	20,100
Lease obligations	20
Accounts payable - other	3,895
Accrued expenses	1,657
Accrued income taxes	1,824
Deposits received	481
Deferred income	0
Accrued bonuses	4,882
Accrued bonuses for directors	648
Provision for after-care of products	93
Other	165
Long-term liabilities	78,482
Bonds	15,000
Convertible bond-type bonds with subscription rights to shares	20,406
Long-term debt	40,850
Lease obligations	15
Provision for retirement benefits	1,611
Provision for retirement benefits for executive officers	177
Other	421
Total liabilities	227,218
Net assets	
Shareholders' equity	249,282
Common stock	68,258
Capital surplus	144,934
Additional paid-in capital	126,800
Other	18,134
Retained earnings	45,585
Legal reserve	2,085
Other	43,500
Reserve for reduction entry	2,188
General reserve	6,500
Retained earnings carried forward	34,811
Treasury stock	(9,496)
Valuation, translation adjustments and others	1,368
Difference on revaluation of available-for-sale securities	1,364
Deferred gains or losses on hedges	3
Subscription rights to shares	18
Total net assets	250,668
Total liabilities and net assets	477,887

Note: Amounts less than 1 million yen are omitted.

Non-Consolidated Statement of Income

(From April 1, 2017 to March 31, 2018)

(Unit: millions of yen)

Item	Amount	
Net sales		472,446
Cost of sales		432,403
Gross profit		40,042
Selling, general and administrative expenses		32,785
Operating income		7,257
Other income		
Interest income	273	
Dividends income	17,972	
Rent income of fixed assets	238	
Dividends from insurance	217	
Other	97	
		18,799
Other expenses		
Interest expenses	575	
Interest on bonds	(42)	
Foreign exchange losses	310	
Compensation for damage	141	
Other	269	
		1,254
Ordinary income		24,802
Extraordinary gain		
Gain on sales of fixed assets	17	
Gain on sales of investment securities	10	
		28
Extraordinary loss		
Loss on sales of fixed assets	0	
Loss on disposal of fixed assets	251	
Loss on valuation of investment securities in affiliates	888	
Settlement loss	123	
		1,265
Income before income taxes		23,565
Current income taxes (including enterprise tax)	2,974	
Deferred income taxes	540	
		3,515
Net income		20,050

Note: Amounts less than 1 million yen are omitted.

Non-Consolidated Statement of Changes in Net Assets
(From April 1, 2017 to March 31, 2018)

(Unit: millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus			Legal reserve	Retained earnings			
		Additional paid-in capital	Other	Total capital surplus		Other			Total retained earnings
						Reserve for reduction entry	General reserve	Retained earnings carried forward	
Balance at beginning of current fiscal year	68,258	126,800	17,007	143,807	2,085	2,188	6,500	23,171	33,945
Changes									
Cash dividend from retained earnings								(8,410)	(8,410)
Net income								20,050	20,050
Purchase of treasury stocks									
Disposal of treasury stocks			1,122	1,122					
Exercise of subscription rights to shares			4	4					
Changes (net) in non-shareholders' equity items									
Total changes	-	-	1,126	1,126	-	-	-	11,639	11,639
Balance at end of current fiscal year	68,258	126,800	18,134	144,934	2,085	2,188	6,500	34,811	45,585

	Shareholders' equity		Valuation, translation adjustments and others			Subscription rights to shares	Total net assets
	Treasury stock	Total shareholders' equity	Difference on revaluation of available-for-sale securities	Deferred gains or losses on hedges	Total valuation, translation, adjustments and others		
Balance at beginning of current fiscal year	(1,345)	244,666	1,230	0	1,230	30	245,927
Changes							
Cash dividend from retained earnings		(8,410)					(8,410)
Net income		20,050					20,050
Purchase of treasury stocks	(8,377)	(8,377)					(8,377)
Disposal of treasury stocks	218	1,341					1,341
Exercise of subscription rights to shares	7	11					11
Changes (net) in non-shareholders' equity items			133	3	137	(11)	125
Total changes	(8,151)	4,615	133	3	137	(11)	4,741
Balance at end of current fiscal year	(9,496)	249,282	1,364	3	1,368	18	250,668

Note: Amounts less than 1 million yen are omitted.

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 sensing devices (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 made on the straight-line method.

Their major useful lives are as follows:

Buildings and structures	5 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 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 to 10 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:
 We post 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.
- Accrued bonuses:
 To make preparations for the payment of bonuses to employees, accrued bonuses are shown based on the estimated amount of payment.
- Accrued bonuses for 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.
- Provision for retirement benefits:
 To provide for payment of employee retirement benefits, the Company reported a provision 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.
- Provision for retirement benefits for executive officers:
 To provide for payment of retirement allowance to executive officers, we post retirement allowances to be required for payment at the end of the current fiscal year in accordance with regulations.
- Provision 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 asset
Deferred asset is equally amortized over the term of bonds issued (10 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) Additional information

(Class action suit filed in Canada in relation to competition authorities' investigations)

As already announced, some of our consolidated subsidiaries have been investigated by competition authorities for the alleged infringement of competition laws related to the trading of small-sized ball bearing products, etc.

Class-action lawsuits were filed in Canada against MinebeaMitsumi and its subsidiaries in relation to these investigations, which have already been completed.

Among noted above, MinebeaMitsumi reached a settlement on March 2, 2018 with the plaintiffs of the lawsuits with regard to class-action lawsuits concerning small-sized ball bearings in the Canadian provinces of Quebec, Ontario and British Columbia. The settlement amount is 1.5 million Canadian dollars (123 million yen).

(Transactions of delivering the Company's 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 enterprise 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 "MinebeaMitsumi 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, Minebea entered into the Employee Stock Holding Partnership Exclusive Trust Agreement (the "Trust Agreement") with the bank in which the Company is Trustee and the Bank is Trustee. As per the Plan and the Trust Agreement, the "MinebeaMitsumi 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.

Based on the determination by the Stock Holding Partnership as of January 25, 2017 to approve the extension of the end date of the trust period, the Company has resolved, at its board of directors' meeting held on February 24, 2017, to enter into the amendment agreement with the trustee of the Trust which has been established under the Plan (i.e., The Nomura Trust and Banking Co., Ltd.) and the trust administrators who represent the employees' interests to extend the end date of the trust period from May 9, 2017 to December 27, 2018, and to appoint an attorney-at-law as an additional trust administrator.

(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, 2017: 889 million yen
 - As of March 31, 2018: 670 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, 2017: 2,753,000 shares
 - As of March 31, 2018: 2,077,000 shares
 - Average number of shares owned by the Trust
 - As of March 31, 2017: 3,183,870 shares
 - As of March 31, 2018: 2,376,545 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.

(Adoption of consolidated tax accounting system)

The Company and some of its domestic consolidated subsidiaries have adopted the consolidated taxation system, with MINEBEA MITSUMI Inc. as the consolidated taxable parent company from this fiscal year.

Notes to Non-Consolidated Balance Sheet

(1) Accumulated depreciation of tangible fixed assets: 58,148 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)
MINEBEA (CAMBODIA) Co., Ltd.	4,780
Minebea Intec GmbH	4,364
NMB-Minebea GmbH	3,699
MINEBEA (HONG KONG) LIMITED	1,235
NMB-Minebea Thai Ltd.	728
Other 2 companies	262
Total	15,071

(3) Monetary receivables from and monetary payables to subsidiaries and affiliates:

Short-term receivables 64,002 million yen

(excluding short-term loan receivables from affiliates)

Short-term payables 55,911

Notes to Non-Consolidated Statement of Income

(1) Transaction with subsidiaries and affiliates:

Sales: 395,717 million yen

Purchase: 355,552

Amount of other operational transactions: 11,304

Amount of non-operating transactions: 18,202

(2) Loss on valuation of investment securities in affiliates

This is a loss on valuation of shares of our consolidated subsidiary in Japan, namely JAPAN 3D DEVICES Co., Ltd.

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)	3,758,595	4,671,201	697,501	7,732,295

Notes:

- The increase of 4,671,201 shares in the number of treasury shares of common stock reflects the increase of 4,658,200 shares from acquisition of treasury shares by the resolution of the Meeting of the Board of Directors and the increase of 13,001 shares from the purchase of fractional shares.
- The decrease of 697,501 shares in the number of treasury shares of common stock reflects the decrease of 676,000 shares from the disposal of treasury stock by the Employee Stock Holding Partnership Exclusive Trust Account, the decrease of 21,000 shares from exercise of stock options and the decrease of 501 shares from the Additional Purchase of fractional shares.
- The number of treasury shares of common stock includes our shares owned by the Employee Stock Holding Partnership Exclusive Trust Account (2,753,000 shares at the beginning of the current fiscal year and 2,077,000 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)

Loss on valuation of investment securities in affiliates	5,339 million yen
Excess of allowed limit chargeable to accrued bonuses	1,595
Loss on valuation of investment securities	517
Provision for retirement benefits	491
Intangible assets for tax purpose	474
Excess of allowed limit chargeable to the depreciation	450
Loss carry-forward	418
Settlement loss	335
Accrued social security premiums	225
Accrued enterprise taxes	181
Loss on valuation of inventories	88
Impairment loss	75
Retirement benefits to directors	29
Others	273
Sub-total	<u>10,496</u>
Valuation allowance	<u>(6,068)</u>
Total deferred tax assets	4,428
(Deferred tax liabilities)	
Reserve for reduction entry	990
Difference on revaluation of investment securities	238
Deferred gains or losses on hedges	1
Total deferred tax liabilities	<u>1,230</u>
Net deferred tax assets	<u>3,197</u>

- (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	30.9%
(Adjustments)	
Items not tax deductible, such as entertainment expenses	1.4
Items not taxable, such as dividends income	(22.2)
Inhabitant tax levied per capita	0.2
Valuation allowance	0.8
Withholding income taxes	4.1
Tax credits for R&D expenses, etc.	(2.1)
Others	1.8
Ratio of income tax burden after the application of tax effect accounting	<u>14.9</u>

Notes to Fixed Assets Used through Lease Contracts

(1) Finance lease transactions (lessee)

Finance lease transactions that do not transfer ownership

(i) Contents of leased assets

Tangible fixed assets: Mainly computer terminals (Tools, furniture and fixtures).

(ii) Depreciation method of leased assets

Indicated in (2) Depreciation, Significant Accounting Policies.

(2) Operating lease transactions

Outstanding future lease payments for noncancellable operating leases

Due within 1 year	399 million yen
Due after 1 year	965
Total	<hr/> 1,364

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 German.	Sales of the Company's products and products purchased	31,495	Accounts receivable	5,525
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.	Purchase of machined components, electronic devices and others	244,781	Accounts payable	35,718
				Sales of the Company's products and products purchased	23,861	Accounts receivable	7,502
MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD.	100.0	Concurrently serving 1	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	36,165	Accounts payable	5,269
MINEBEA (HONG KONG) LIMITED	100.0	Concurrently serving 2	MINEBEA (HONG KONG) LIMITED sells the Company's products and products purchased mainly in China.	Sales of the Company's products and products purchased	214,689	Accounts receivable	28,043
NMB KOREA CO., LTD.	100.0	Concurrently serving 3	NMB KOREA CO., LTD. sells the Company's products and products purchased mainly in Korea.	Sales of the Company's products and products purchased	73,944	Accounts receivable	9,025
MITSUMI ELECTRIC CO., LTD.	100.0	Concurrently serving 5	Loans from the Company.	Fund loan	193,500	Short-term loans receivable	29,700
				Recovery of funds	204,300	-	-
				Interest income	210	-	-

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.

(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 2.40%	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.	3,447	Accounts payable *2	583
					Tools, furniture and fixtures lease transactions and rent etc.	553	Leased assets	26
							Lease obligations *2	28
							Accounts payable - other, current liabilities and others *2	276
					Land rent, etc.	4	Accounts receivable - others *2	5
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.

Notes to Per Share Information

- (1) Net assets per share 597.71 yen
- (2) Net income per share 47.65 yen

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	22,633
Service costs	1,109
Interest costs	144
Actuarial gains or losses incurred during the year	(590)
Payment of retirement benefits	(551)
<u>Closing balance of retirement benefit obligations</u>	<u>22,745</u>

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

	(millions of yen)
Opening balance of pension assets	20,563
Expected returns on pension assets	411
Actuarial gains or losses incurred during the year	465
Contributions by the employer	937
Payment of retirement benefits	(549)
<u>Closing balance of pension assets</u>	<u>21,828</u>

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

	(millions of yen)
Retirement benefit obligations of funded plans	22,737
Pension assets	(21,828)
	909
Retirement benefit obligations of unfunded plans	8
Unfunded retirement benefit obligations	917
Unrecognized actuarial gains or losses	694
<u>Net amount of liabilities and assets recorded in the balance sheet</u>	<u>1,611</u>
Provision for retirement benefits	1,611
<u>Net amount of liabilities and assets recorded in the balance sheet</u>	<u>1,611</u>

(iv) Amounts of retirement benefit costs and its components

	(millions of yen)
Service costs	1,109
Interest costs	144
Expected returns on pension assets	(411)
Amortization of actuarial difference treated as expense	67
Unrecognized prior service costs expenses	330
<u>Retirement benefit costs of defined benefit plans</u>	<u>1,240</u>

(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	54%
Stocks	26
Insurance assets (general account)	13
Others	7
<u>Total</u>	<u>100</u>

(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	0.6%
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 182 million yen.

Notes to Business Combination

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

Audit Report on the Consolidated Financial Statements

AUDIT REPORT OF THE INDEPENDENT AUDITORS

May 7, 2018

To: The Board of Directors
MinebeaMitsumi Inc.

KPMG AZSA LLC

Junichi Obi (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 MinebeaMitsumi Inc. for the fiscal year from April 1, 2017 to March 31, 2018, 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 MinebeaMitsumi Inc. and its consolidated subsidiaries as of the date and for the period for which the consolidated financial statements were prepared in accordance with generally accepted accounting principles in Japan.

Interests in the Company

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

Audit Report on the Non-Consolidated Financial Statements

AUDIT REPORT OF THE INDEPENDENT AUDITORS

May 7, 2018

To: The Board of Directors
MinebeaMitsumi Inc.

KPMG AZSA LLC

Junichi Obi (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 MinebeaMitsumi Inc. for the 72nd fiscal year from April 1, 2017 to March 31, 2018, 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 MinebeaMitsumi Inc. as of the date and for the period for which the financial statements and their supplementary statements were prepared in accordance with generally accepted accounting principles in Japan.

Interests in the Company

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

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 72nd fiscal year from April 1, 2017 to March 31, 2018, 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 and Technical 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 Technical 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 Technical 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 Item 3 (b), Article 118 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.

May 8, 2018

Audit & Supervisory Board of MinebeaMitsumi Inc.

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