

## ELEVEN-YEAR SUMMARY

	2001	2000	1999	1998
<b>Statement of Income Data:</b>				
Net sales:	<b>¥287,045</b>	¥284,757	¥305,324	¥326,094
Machinery components	<b>124,461</b>	127,734	136,807	142,007
Percentage of net sales	<b>43%</b>	45%	45%	43%
Electronic devices and components	<b>151,910</b>	146,133	157,603	180,875
Percentage of net sales	<b>53%</b>	51%	52%	56%
Consumer and others	<b>10,674</b>	10,890	10,914	3,212
Percentage of net sales	<b>4%</b>	4%	3%	1%
Gross profit	<b>¥ 84,117</b>	¥ 81,534	¥ 90,161	¥107,086
Percentage of net sales	<b>29.3%</b>	28.6%	29.5%	32.8%
Operating income	<b>32,977</b>	31,069	38,546	58,811
Percentage of net sales	<b>11.5%</b>	10.9%	12.6%	18.0%
Net income (loss)	<b>14,826</b>	(2,677)	11,507	15,144
Percentage of net sales	<b>5.2%</b>	(0.9)%	3.7%	4.6%
<b>Balance Sheet Data:</b>				
Total assets	<b>¥346,965</b>	¥403,994	¥473,360	¥492,210
Total current assets	<b>137,106</b>	153,658	219,826	213,194
Total current liabilities	<b>127,290</b>	124,085	197,071	246,114
Short-term loans payable and current portion of long-term debt	<b>66,531</b>	68,022	142,828	178,228
Long-term debt	<b>118,629</b>	124,690	128,223	96,882
Working capital	<b>9,816</b>	29,573	22,755	(32,920)
Total shareholders' equity	<b>100,574</b>	154,357	145,705	141,843
Percentage of total assets	<b>29.0%</b>	38.2%	30.8%	28.8%
<b>Per Share Data:</b>				
Net income (loss):				
Primary	<b>¥ 37.14</b>	¥ (6.72)	¥ 28.94	¥ 38.42
Fully diluted	<b>34.10</b>	(5.39)	26.32	34.85
Shareholders' equity	<b>251.96</b>	386.71	366.29	357.77
Cash dividends	<b>7.00</b>	7.00	7.00	7.00
<b>Other Data:</b>				
Return on shareholders' equity	<b>11.6%</b>	(1.8)%	8.0%	11.4%
Return on total assets	<b>4.3%</b>	(0.7)%	2.4%	2.9%
Interest expense	<b>¥ 7,553</b>	¥ 7,897	¥12,231	¥16,593
Net cash provided by operating activities	<b>38,341</b>	61,692	60,740	83,878
Expenditure for purchase of property, plant and equipment	<b>39,877</b>	19,504	20,563	23,688
Free cash flow	<b>(1,536)</b>	42,188	40,177	60,190
Depreciation and amortization	<b>23,682</b>	25,026	28,034	29,616
Number of shares outstanding	<b>399,167,695</b>	399,150,527	397,787,828	396,470,473
Number of employees	<b>45,193</b>	42,399	40,482	38,733

- Notes: 1. In fiscal 2001, to concentrate resources in its best areas and improve financial strength, the Company transferred its shares in subsidiary Actus Corporation, posting an extraordinary gain of ¥5,215 million in gains on sales of investment securities in affiliates. The Company also showed an extraordinary loss of ¥2,762 million, in line with the projected loss on the withdrawal from the wheel business.
2. In fiscal 2000, to concentrate resources in its best areas and improve financial strength, the Company made decisions with regard to the transferral of its shares, etc., in Minebea Credit Co., Ltd., a wholly owned subsidiary; the liquidation of different affiliated companies; and other matters. As a result, the Company showed ¥25,782 million in extraordinary losses as losses on liquidation of subsidiaries and affiliates. The Company also applied tax effect accounting overall, which resulted in ¥6,276 million in deferred income taxes (benefit).
3. In fiscal 1995, the Company divested its consumer financing business and sold shares in its consumer financing subsidiary. This sale generated proceeds of ¥109,368 million, which were applied to the repayment of short-term loans payable and long-term debt. As a consequence, finance receivables and liabilities declined.

Millions of yen							Thousands of U.S. dollars (Note 7)
1997	1996	1995	1994	1993	1992	1991	2001
¥302,886	¥260,537	¥239,133	¥121,586	¥265,165	¥278,685	¥285,419	<b>\$2,316,747</b>
136,147	122,540	113,795	51,835	111,644	122,634	131,851	<b>1,004,528</b>
45%	47%	48%	42%	42%	44%	46%	
165,118	136,519	115,216	61,504	126,653	124,555	121,001	<b>1,226,069</b>
54%	52%	48%	51%	48%	45%	43%	
1,621	1,478	10,122	8,247	26,868	31,496	32,567	<b>86,150</b>
1%	1%	4%	7%	10%	11%	11%	
¥ 86,487	¥ 75,152	¥ 63,866	¥ 31,753	¥ 69,430	¥ 68,197	¥ 78,032	<b>\$ 678,910</b>
28.6%	28.8%	26.7%	26.1%	26.2%	24.5%	27.3%	
41,901	34,788	27,283	12,706	23,894	15,826	27,646	<b>266,158</b>
13.8%	13.4%	11.4%	10.4%	9.0%	5.7%	9.7%	
8,862	7,354	2,570	591	(61,212)	(13,643)	889	<b>119,661</b>
2.9%	2.8%	1.1%	0.5%	(23.1)%	(4.9)%	0.3%	
¥563,220	¥556,787	¥529,959	¥699,475	¥706,790	¥859,661	¥921,294	<b>\$2,800,363</b>
264,368	291,143	287,762	457,402	463,902	546,324	610,029	<b>1,106,586</b>
322,966	336,106	308,740	414,075	384,190	388,385	454,420	<b>1,027,360</b>
254,243	251,983	249,712	328,082	290,144	277,031	321,153	<b>536,973</b>
109,365	97,129	99,208	161,207	198,773	285,111	260,251	<b>957,458</b>
(58,598)	(44,963)	(20,978)	43,327	79,712	157,939	155,609	<b>79,226</b>
123,831	116,753	113,276	111,623	111,573	168,489	181,921	<b>811,735</b>
22.0%	21.0%	21.4%	16.0%	15.8%	19.6%	19.7%	
Yen							U.S. dollars (Note 7)
¥22.76	¥ 18.91	¥ 6.61	¥ 1.52	¥(157.48)	¥ (35.11)	¥ 2.29	<b>\$0.30</b>
21.03	18.68	6.61	1.52	(157.40)	(35.07)	2.31	<b>0.28</b>
317.46	300.22	291.33	287.13	287.00	433.51	468.43	<b>2.03</b>
7.00	7.00	6.00	3.00	—	6.00	11.75	<b>0.06</b>
Millions of yen							Thousands of U.S. dollars (Note 7)
7.4%	6.4%	2.3%	0.5%	(54.9)%	(7.8)%	0.5%	
1.6%	1.4%	0.4%	0.1%	(7.8)%	(1.5)%	0.1%	
29,546	26,230	52,951	16,594	1,868	17,134	(12,630)	<b>309,451</b>
50,931	37,434	22,895	8,880	19,452	35,256	61,704	<b>321,848</b>
(21,385)	(11,204)	30,056	7,714	(17,584)	(18,122)	(74,334)	<b>(12,397)</b>
29,277	22,319	18,634	9,269	17,584	24,771	22,316	<b>191,138</b>
390,076,018	388,892,609	388,824,616	388,761,608	388,758,517	388,664,237	388,368,093	
37,096	35,978	29,790	27,821	28,311	31,582	33,372	

- In fiscal 1994, the Company changed its fiscal year-end from September 30 to March 31. Accordingly, fiscal 1994 included only six months of operations, beginning in October 1993 and ending in March 1994, whereas other fiscal years consist of 12 months.
- Net loss in fiscal 1993 includes extraordinary losses totaling ¥59,118 million. As part of a thorough restructuring aimed at strengthening the corporate framework, the Company withdrew from the semiconductor business in March 1993, resulting in a loss of ¥46,792 million. To further strengthen and improve its financial position, the Company changed its method of accounting for marketable securities listed on stock exchanges, resulting in a marketable security revaluation loss of ¥12,326 million.
- In fiscal 2000, the Company reclassified its operations into three industry categories and revised figures in prior years.
- U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥123.90=US\$1, the approximate rate of exchange on March 31, 2001.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

## Results of Operations

### Net Sales

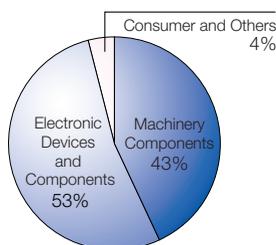
Consolidated net sales of Minebea amounted to ¥287,045 million in fiscal 2001, an increase of 0.8%, or ¥2,288 million from the previous fiscal year. If the same average yen-dollar exchange rate had been applied as in fiscal 2000, however, net sales would have been ¥10,766 million higher than the actual result.

Net sales of machinery components declined 2.6%, or ¥3,273 million, to ¥124,461 million. Net sales of bearings and bearing-related products edged down 0.7%, or ¥751 million, to ¥101,096 million. Sales of bearings remained firm, owing to an increase in demand from manufacturers of information and telecommunications equipment and household electrical appliances. In contrast, sales of rod-end and spherical bearings fell, reflecting a decline in orders in fiscal 2000 from U.S. aerospace manufacturers—the principal market for these products—while flagging conditions in the PC market after January 2001 prompted a decrease in sales of pivot assemblies. In other machinery components, net sales declined 9.7%, or ¥2,522 million, to ¥23,365 million, as sluggish sales of fasteners and wheels countered solid sales of special machinery components.

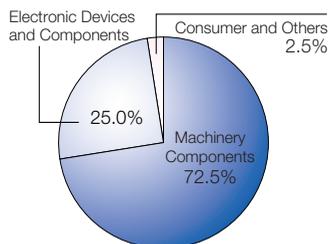
Net sales of electronic devices and components increased 4.0%, or ¥5,777 million, to ¥151,910 million. Net sales of rotary components rose 15.4%, or ¥9,845 million, to ¥73,603 million, bolstered by a substantial increase in shipments of small motors, particularly HDD spindle motors and fan motors. Despite a sharp increase in sales of PC keyboards, net sales of other electronic devices and components slipped 4.9%, or ¥4,068 million, to ¥78,307 million, owing to lower orders and falling prices for speakers; electronic devices, such as FDD subassemblies and MODs; and power electronics products, including switching power supplies.

Net sales of consumer and others amounted to ¥10,674 million, down 2.0%, or ¥216 million, from fiscal 2000. In line with its commitment to focusing on core manufacturing operations, Minebea transferred its holding in furniture and interior decor products sales subsidiary Actus Corporation to TRS, Co., Ltd., in February 2001. Accordingly, the Company's results for the period include the sales and income of Actus—which posted favorable results for the period—for the 11-month period from April 2000 through February 2001.

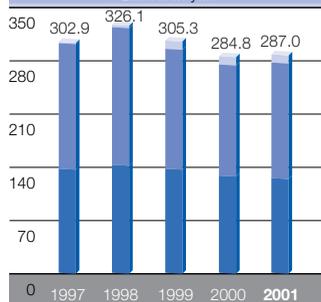
**Breakdown of Net Sales**



**Breakdown of Operating Income**



**Net Sales by Industry Category**  
Billions of yen



■ Machinery components  
■ Electronic devices and components  
■ Consumer and others

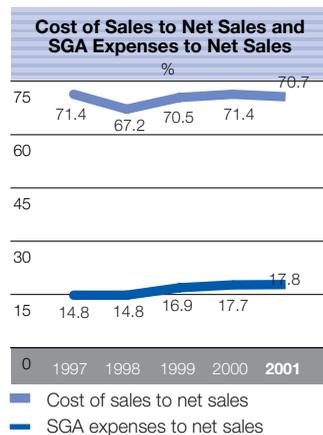
### Net Sales by Industry Category

Years ended March 31	Millions of yen				
	2001	2000	1999	1998	1997
Machinery components					
Bearings and bearing-related products	<b>¥101,096</b>	¥101,847	¥109,535	¥112,785	¥102,993
Other machinery components	<b>23,365</b>	25,887	27,272	29,222	33,154
	<b>124,461</b>	127,734	136,807	142,007	136,147
Electronic devices and components					
Rotary components	<b>73,603</b>	63,758	64,789	68,358	64,248
Other electronic devices and components	<b>78,307</b>	82,375	92,814	112,517	100,870
	<b>151,910</b>	146,133	157,603	180,875	165,118
Consumer and others	<b>10,674</b>	10,890	10,914	3,212	1,621
Net sales	<b>¥287,045</b>	¥284,757	¥305,324	¥326,094	¥302,886

### Performance by Industry Category

Year ended March 31, 2001	Millions of yen					
	Machinery Components	Electronic Devices and Components	Consumer and Others	Total before Eliminations	Eliminations	Total
Sales to external customers	<b>¥124,461</b>	<b>¥151,910</b>	<b>¥10,674</b>	<b>¥287,045</b>	¥ —	<b>¥287,045</b>
Internal sourcing	<b>9,045</b>	—	—	<b>9,045</b>	<b>(9,045)</b>	—
Total sales	<b>133,506</b>	<b>151,910</b>	<b>10,674</b>	<b>296,090</b>	<b>(9,045)</b>	<b>287,045</b>
Operating expenses	<b>109,600</b>	<b>143,651</b>	<b>9,862</b>	<b>263,113</b>	<b>(9,045)</b>	<b>254,068</b>
Operating income	<b>23,906</b>	<b>8,259</b>	<b>812</b>	<b>32,977</b>	—	<b>32,977</b>
Assets	<b>200,457</b>	<b>255,789</b>	<b>3,711</b>	<b>459,957</b>	<b>(112,992)</b>	<b>346,965</b>
Depreciation and amortization	<b>10,842</b>	<b>11,240</b>	<b>68</b>	<b>22,150</b>	—	<b>22,150</b>
Investment	<b>19,464</b>	<b>21,010</b>	<b>185</b>	<b>40,659</b>	—	<b>40,659</b>

## Cost of Sales and SGA Expenses



The cost of sales ratio improved 0.7 percentage point from fiscal 2000, to 70.7%, as a consequence of expanded production of core ball bearings and small motors, lower manufacturing costs and an increase in the ratio of high-value-added products in such key categories as HDD spindle motors. Selling, general and administrative (SGA) expenses represented 17.8% of net sales, up 0.1 percentage point, owing to a combination of factors, including higher personnel and shipping costs.

## Costs and Expenses

Years ended March 31	Millions of yen				
	2001	2000	1999	1998	1997
Net sales	<b>¥287,045</b>	¥284,757	¥305,324	¥326,094	¥302,886
Cost of sales	<b>202,928</b>	203,223	215,163	219,008	216,399
Cost of sales to net sales	<b>70.7%</b>	71.4%	70.5%	67.2%	71.4%
Gross profit	<b>84,117</b>	81,534	90,161	107,086	86,487
SGA expenses	<b>51,140</b>	50,465	51,615	48,275	44,586
SGA expenses to net sales	<b>17.8%</b>	17.7%	16.9%	14.8%	14.8%

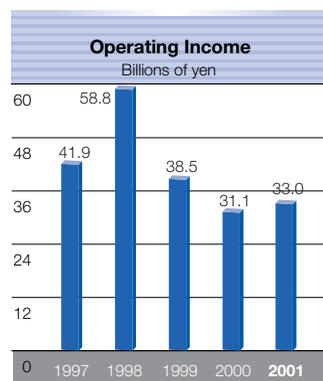
## Income

Improvements in the manufacturing cost margin pushed operating margin up 0.6 percentage point, to 11.5%. Operating margin in machinery components climbed 2.0 percentage points, to 19.2%, reflecting increased production of ball bearings. In contrast, severe pricing competition and a sluggish market for PCs after January 2001 contributed to a 0.2-percentage point decline, to 5.4%, in electronic devices and components operating margin.

Net balance of other income and expenses was a loss of ¥10,590 million, which was ¥27,091 million, or 71.9%, less than that of the previous fiscal year's. Major items included are as follows; the Company's transfer of its holding in subsidiary Actus generated ¥5,215 million in gains on sales of investment securities in affiliates. Interest expense amounted to ¥7,553 million, while other, net, was ¥3,755 million, of which ¥2,762 million represented a loss related to Minebea's withdrawal from the wheel business. Also included was a ¥1,943 million loss on liquidation of subsidiaries and affiliates and a ¥1,846 million loss on disposal of inventories. The significant decline of net balance of expenses was primarily attributable to the aforementioned gain on the Company's transfer of its holding in Actus, a ¥2,145 increase in other, net, and a ¥23,839 million decline in losses on liquidation of subsidiaries and affiliates.

Income taxes amounted to ¥7,456 million, deferred, which included taxes of ¥3,296 million based on the adoption of tax-effect accounting from the previous fiscal year.

As a result of these factors, Minebea achieved net income of ¥14,826 million, up ¥17,503 million from fiscal 2000.



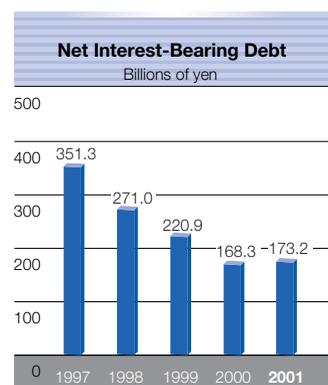
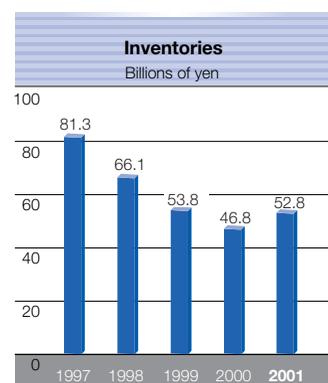
## Income

Years ended March 31	Millions of yen				
	2001	2000	1999	1998	1997
Operating income	<b>¥32,977</b>	¥31,069	¥38,546	¥58,811	¥41,901
Operating margin	<b>11.5%</b>	10.9%	12.6%	18.0%	13.8%
Net balance of other income (expenses)	<b>(10,590)</b>	(37,681)	(20,111)	(35,876)	(27,045)
Net income (loss)	<b>14,826</b>	(2,677)	11,507	15,144	8,862
Net income (loss) to net sales	<b>5.2%</b>	(0.9)%	3.7%	4.6%	2.9%
Net income (loss) per share (Yen):					
Primary	<b>37.14</b>	(6.72)	28.94	38.42	22.76
Fully diluted	<b>34.10</b>	(5.39)	26.32	34.85	21.03
Return on shareholders' equity	<b>11.6%</b>	(1.8)%	8.0%	11.4%	7.4%
Return on total assets	<b>4.3%</b>	0.7%	2.4%	2.9%	1.6%

Note: In fiscal 2000, to concentrate resources in its best areas and improve financial strength, the Company made a decision with regards to the transferral of its shares, etc., in Minebea Credit Co., Ltd., a wholly owned subsidiary; the liquidation of different affiliated companies; and other matters. As a result, the Company showed ¥25,782 million in extraordinary losses as losses on liquidation of subsidiaries; and affiliates.

## Analysis of Financial Position and Cash Flows

### Financial Position



Total assets of Minebea amounted to ¥346,965 million at fiscal 2001 year-end, down 14.1%, or ¥57,029 million. This decrease was primarily due to a change in accounting standards in Japan, as a result of which foreign currency translation adjustments of ¥64,791 million, previously included in assets, are now included in shareholders' equity. Increases were recorded in inventories and property, plant and equipment. Inventories climbed 12.6%, or ¥5,925 million, as the yen was weaker at fiscal 2001 year-end than a year earlier—the impact of which is estimated at ¥2,559 million—and the last day of the period was a holiday, which increased inventory on consignment ¥2,076 million. Net property, plant and equipment climbed 18.4%, or ¥26,175 million, as the Company increased its expenditure for purchase of property, plant and equipment to ¥39,877 million, most of which was used to expand production facilities for bearings, small motors and other core products.

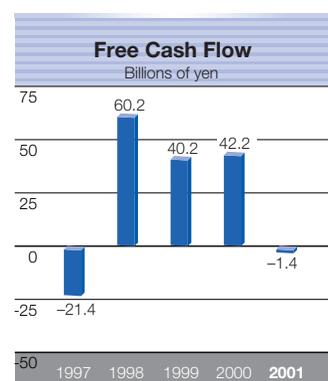
Total liabilities were ¥246,269 million, down 1.2%, or ¥3,070 million, from a year earlier. Interest-bearing debt was reduced ¥7,552 million. The Company's decision to withdraw from the wheel business resulted in a ¥2,762 million loss, which is included in accrued expenses and other current liabilities.

Total shareholders' equity was ¥100,574 million, a decline of 34.8%, or ¥53,783 million. Key reasons for this decrease include the aforementioned change to accounting standards in Japan, which resulted in the shift of foreign currency translation adjustments and difference on revaluation of other marketable securities, previously part of assets, to shareholders' equity. Retained earnings totaled ¥3,303 million, compared to a negative figure of ¥8,641 million a year earlier.

### Financial Position

As of March 31	Millions of yen				
	2001	2000	1999	1998	1997
Total assets	<b>¥346,965</b>	¥403,994	¥473,360	¥492,210	¥563,220
Total current assets	<b>137,106</b>	153,658	219,826	213,194	264,368
Inventories	<b>52,764</b>	46,839	53,816	66,074	81,293
Total current liabilities	<b>127,290</b>	124,085	197,071	246,114	322,966
Working capital	<b>9,816</b>	29,573	22,755	(32,920)	(58,598)
Interest-bearing debt	<b>185,160</b>	192,712	271,051	275,110	363,608
Net interest-bearing debt	<b>173,230</b>	168,280	220,864	270,970	351,259
Total shareholders' equity	<b>100,574</b>	154,357	145,705	141,843	123,831
Total shareholders' equity/Total assets	<b>29.0%</b>	38.2%	30.8%	28.8%	22.0%
Shareholders' equity per share (Yen)	<b>251.96</b>	386.71	366.29	357.77	317.46

### Cash Flows



Net cash provided by operating activities amounted to ¥38,341 million, down ¥23,351 million, or 37.9%, from fiscal 2000. This change reflected a decline in payables and an increase in inventories, which boosted working capital, offsetting increase in cash provided by income from operations.

An expenditure for purchase of property, plant and equipment of ¥39,877 million countered the impact of ¥5,215 million in proceeds from sales of subsidiary, generated by Minebea's transfer of its holding in Actus, ¥994 million in long-term loans receivable and ¥631 million in proceeds from sales of property, plant and equipment. As a consequence, net cash used in investing activities amounted to ¥33,978 million, up from ¥10,503 million used in fiscal 2000, but well within the reach of cash provided by operating activities.

### Free Cash Flow

Years ended March 31	Millions of yen				
	2001	2000	1999	1998	1997
Net cash provided					
by operating activities	<b>¥ 38,341</b>	¥ 61,692	¥ 60,740	¥ 83,878	¥ 29,546
Net cash used in investing activities	<b>(33,978)</b>	(10,503)	(17,254)	(33,745)	(31,866)
Net cash used in financing activities	<b>(10,834)</b>	(81,239)	(6,865)	(85,363)	12,646
Effect of exchange rate changes	<b>(6,031)</b>	4,295	9,426	27,021	(22,292)
Cash and cash equivalents					
at beginning of year	<b>24,432</b>	50,187	4,140	12,349	24,497
Cash and cash equivalents					
at end of year	<b>¥ 11,930</b>	¥ 24,432	¥ 50,187	4,140	12,349
Free cash flow	<b>¥ (1,536)</b>	¥ 42,188	¥ 40,177	¥ 60,190	¥(21,385)

## Three-Year Management Plan

Minebea's current three-year management plan, launched in fiscal 2000, outlines three basic management directions that will guide the Company's efforts to build itself into a high-growth, highly profitable company. First, Minebea will expand its production capacity for its highly profitable mainstay bearings and bearing-related products. Second, the Company will build its operations in the area of precision small motors and other rotary components until they are similar in scale to our bearing operations. Third, it will increase the ratio of high-value-added products in core product categories.

In line with these basic directions, the Company set the following numerical targets in its three-year management plan:

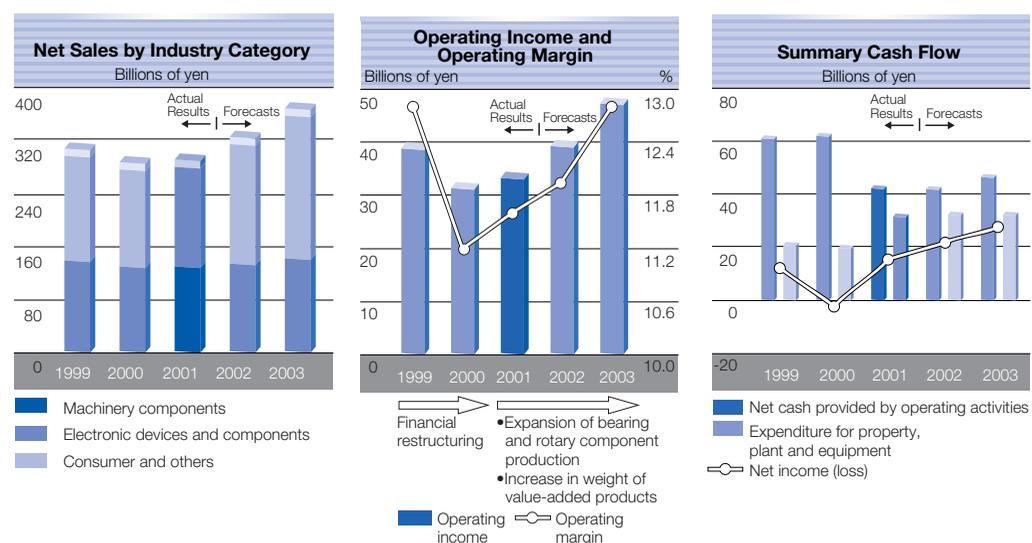
	2001		2002		2003
	Initial Target	Actual	Initial Target	New Target	Initial Target
Net sales	¥290,000	¥287,045	¥332,000	¥300,000	¥373,000
Operating income	33,000	32,977	39,000	33,000	47,000
Net income	15,000	14,826	20,000	15,000	27,000
Expenditure for purchase of property, plant and equipment	31,300	39,877	32,000	25,700	32,000

Minebea essentially achieved its targets for fiscal 2001. Currently, the Company's forecast for fiscal 2002 is for net sales of ¥300,000 million, operating income of ¥33,000 million and net income of ¥15,000 million, a slight increase from the previous fiscal year at all levels. This forecast, which is below the second year target of the three-year management plan, reflects:

- slowdowns in the global economy and the market for information and telecommunications equipment since January 2001;
- a delay in the return to profitability of Minebea's switching power supply business until fiscal 2003 or later, contrary to the Company's initial projection that this would happen in fiscal 2002;
- the anticipation that sales and operating income for speakers and fasteners will fall significantly below initial expectations; and
- the elimination of ¥13,300 million from net sales and ¥800 million from operating income as a consequence of Minebea's transfer of its shares in Actus.

Minebea thus expects the second year of its three-year management plan to be essentially a repeat of the first in terms of sales and profit performance. Nonetheless, the Company will continue to devote its efforts to achieving the new targets for fiscal 2002 and ensuring further growth and development in fiscal 2003 and beyond.

Note: Please refer to the Disclaimer Regarding Future Projections, on the inside front cover of this report, regarding the use of information on future outlook.



Note: Forecasts in the above graphs are based on an assumed exchange rate of ¥105.00=US\$1.