

CONSOLIDATED BALANCE SHEETS

As of March 31, 2002 and 2001

Assets	Millions of yen		Thousands of U.S. dollars (Note 3)
	2002	2001	2002
Current Assets:			
Cash and cash equivalents (Note 2-c)	¥ 13,952	¥ 11,930	\$ 104,705
Notes and accounts receivable (Notes 2-d and 4):			
Trade	51,281	55,277	384,848
Other	2,636	3,230	19,782
	53,917	58,507	404,630
Allowance for doubtful receivables (Note 2-d)	(501)	(734)	(3,760)
Total notes and accounts receivable	53,416	57,773	400,870
Inventories (Note 2-e)	49,887	52,764	374,387
Deferred tax assets (Note 6)	6,521	6,271	48,938
Prepaid expenses and other current assets	7,772	8,368	58,327
Total current assets	131,548	137,106	987,227
Property, Plant and Equipment (Note 2-f):			
Land	17,411	16,551	130,664
Buildings and structures	102,511	90,196	769,313
Machinery and/or transportation equipment	257,486	237,558	1,932,353
Construction in progress	1,351	3,727	10,139
	378,759	348,032	2,842,469
Accumulated depreciation	(195,321)	(179,299)	(1,465,824)
Net property, plant and equipment	183,438	168,733	1,376,645
Investments and Other Assets:			
Excess of cost over net assets acquired (Note 2-i)	14,595	15,344	109,531
Investments in affiliates (Notes 2-a, 2-g and 4)	206	303	1,546
Investments in securities (Note 2-g)	5,524	8,574	41,456
Long-term loans receivable	269	252	2,019
Deferred tax assets (Note 6)	11,143	13,388	83,625
Other (Note 2-d)	3,537	3,585	26,544
	35,274	41,446	264,721
Allowance for doubtful receivables (Note 2-d)	(223)	(320)	(1,674)
Net investments and other assets	35,051	41,126	263,047
Total Assets	¥ 350,037	¥ 346,965	\$ 2,626,919

The accompanying notes to consolidated financial statements are an integral part of these statements.

Thousands of
U.S. dollars
(Note 3)

Liabilities and Shareholders' Equity	Millions of yen		2002
	2002	2001	
Current Liabilities:			
Short-term loans payable (Note 5)	¥ 61,618	¥ 62,724	\$ 462,424
Current portion of long-term debt (Note 5)	41,843	3,807	314,018
Notes and accounts payable (Note 4):			
Trade	26,115	29,170	195,985
Other	4,672	8,145	35,062
Total notes and accounts payable	30,787	37,315	231,047
Income taxes payable (Note 6)	4,162	3,985	31,235
Accrued expenses and other current liabilities	18,498	19,459	138,822
Total current liabilities	156,908	127,290	1,177,546
Long-Term Liabilities:			
Long-term debt (Note 5)	79,212	118,629	594,461
Other (Note 2-h)	1,089	350	8,170
Total long-term liabilities	80,301	118,979	602,631
Minority Interests in Consolidated Subsidiaries	96	122	716
Shareholders' Equity (Note 7):			
Common stock, par value ¥50 per share—			
Authorized 1,000,000,000 shares			
Issued:			
March 31, 2002—399,167,695 shares			
March 31, 2001—399,167,695 shares	68,259	68,259	512,265
Capital reserve	94,757	94,757	711,124
Retained earnings	4,774	3,303	35,828
Difference on revaluation of other marketable securities	(1,719)	(953)	(12,900)
Foreign currency translation adjustments	(53,333)	(64,791)	(400,246)
Total shareholders' equity	112,738	100,575	846,071
Treasury stock	(6)	(1)	(45)
Total shareholders' equity	112,732	100,574	846,026
Contingent Liabilities (Notes 9 and 10)			
Total Liabilities and Shareholders' Equity	¥350,037	¥346,965	\$2,626,919

CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31, 2002, 2001 and 2000

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2002	2001	2000	2002
Net Sales (Note 4)	¥279,344	¥287,045	¥284,757	\$2,096,390
Cost of Sales (Note 4)	206,061	202,928	203,223	1,546,424
Gross profit	73,283	84,117	81,534	549,966
Selling, General and Administrative Expenses (Notes 2-i and 6)	51,311	51,140	50,465	385,073
Operating income	21,972	32,977	31,069	164,893
Other Income (Expenses):				
Interest income	586	360	927	4,398
Equity in loss of nonconsolidated subsidiaries and affiliates (Note 2-a)	(21)	4	6	(158)
Interest expense	(5,673)	(7,553)	(7,897)	(42,575)
Gains (losses) on sales of marketable securities, investment securities and investment securities in affiliates	(6)	5,215	—	(45)
Gains (losses) on revaluation of marketable and investment securities	(1,466)	—	573	(11,002)
Foreign currency exchange losses (Note 2-b)	(827)	(732)	(1,710)	(6,206)
Losses on disposals of inventories	(1,125)	(1,846)	(1,864)	(8,442)
Losses on sales and disposals of property, plant and equipment	(612)	(340)	(324)	(4,593)
Losses on liquidation of subsidiaries and affiliates	(937)	(1,943)	(25,782)	(7,032)
Other, net	1,058	(3,755)	(1,610)	7,940
	(9,023)	(10,590)	(37,681)	(67,715)
Income (Loss) before Income Taxes	12,949	22,387	(6,612)	97,178
Income Taxes (Note 6):				
Current	4,919	4,160	2,242	36,916
Deferred (benefit)	2,711	3,296	(6,276)	20,345
	7,630	7,456	(4,034)	57,261
Minority Interests in Earnings of Consolidated Subsidiaries	21	105	99	157
Net Income (Loss)	¥ 5,298	¥ 14,826	¥ (2,677)	\$ 39,760
			Yen	U.S. dollars (Note 3)
Per Share Data (Note 8):				
Net income (loss):				
Primary	¥13.27	¥37.14	¥(6.72)	\$0.10
Fully diluted	12.60	34.10	(5.39)	0.09
Cash dividends applicable to the year	7.00	7.00	7.00	0.05

The accompanying notes to consolidated financial statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Years ended March 31, 2002, 2001 and 2000

Millions of yen

	Number of Shares of Common Stock	Common Stock	Capital Reserve	Legal Reserve (Note 7)	Retained Earnings (Deficit) (Note 7)	Difference on Revaluation of Other Marketable Securities	Foreign Currency Translation Adjustments	Treasury Stock
Balance at March 31, 1999	397,787,828	¥67,664	¥94,162	¥ —	¥(16,120)	¥ —	¥ —	¥(1)
Net income (loss)	—	—	—	—	(2,677)	—	—	—
Cash dividends	—	—	—	—	(2,794)	—	—	—
Bonuses to directors and corporate auditors	—	—	—	—	—	—	—	—
Transfer to legal reserve	—	—	—	280	(280)	—	—	—
Common stock issued on conversion of convertible bonds	1,362,699	587	587	—	—	—	—	—
Prior year tax effect adjustment	—	—	—	—	12,950	—	—	—
Other	—	—	—	(280)	280	—	—	(1)
Balance at March 31, 2000	399,150,527	68,251	94,749	—	(8,641)	—	—	(2)
Net income	—	—	—	—	14,826	—	—	—
Cash dividends	—	—	—	—	(2,794)	—	—	—
Bonuses to directors and corporate auditors	—	—	—	—	(122)	—	—	—
Transfer to legal reserve	—	—	—	292	(292)	—	—	—
Common stock issued on conversion of convertible bonds	17,168	8	8	—	—	—	—	—
Prior year tax effect adjustment	—	—	—	—	—	—	—	—
Other	—	—	—	(292)	326	(953)	(64,791)	1
Balance at March 31, 2001	399,167,695	68,259	94,757	—	3,303	(953)	(64,791)	(1)
Net income	—	—	—	—	5,298	—	—	—
Cash dividends	—	—	—	—	(2,794)	—	—	—
Bonuses to directors and corporate auditors	—	—	—	—	(66)	—	—	—
Transfer to legal reserve	—	—	—	—	—	—	—	—
Common stock issued on conversion of convertible bonds	—	—	—	—	—	—	—	—
Prior year tax effect adjustment	—	—	—	—	—	—	—	—
Other	—	—	—	—	(967)	(766)	11,458	(5)
Balance at March 31, 2002	399,167,695	¥68,259	¥94,757	¥ —	¥ 4,774	¥(1,719)	¥ (53,333)	¥ (6)

Thousands of U.S. dollars (Note 3)

	Number of Shares of Common Stock	Common Stock	Capital Reserve	Legal Reserve (Note 7)	Retained Earnings (Note 7)	Difference on Revaluation of Other Marketable Securities	Foreign Currency Translation Adjustments	Treasury Stock
Balance at March 31, 2001	399,167,695	\$512,265	\$711,124	\$ —	\$ 24,788	\$ (7,152)	\$(486,236)	\$ (7)
Net income	—	—	—	—	39,760	—	—	—
Cash dividends	—	—	—	—	(20,968)	—	—	—
Bonuses to directors and corporate auditors	—	—	—	—	(495)	—	—	—
Transfer to legal reserve	—	—	—	—	—	—	—	—
Common stock issued on conversion of convertible bonds	—	—	—	—	—	—	—	—
Prior year tax effect adjustment	—	—	—	—	—	—	—	—
Other	—	—	—	—	(7,257)	(5,748)	85,990	(38)
Balance at March 31, 2002	399,167,695	\$512,265	\$711,124	\$ —	\$ 35,828	\$(12,900)	\$(400,246)	\$(45)

The accompanying notes to consolidated financial statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31, 2002, 2001 and 2000

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2002	2001	2000	2002
Cash Flows from Operating Activities:				
Income (loss) before income taxes	¥ 12,949	¥ 22,387	¥ (6,612)	\$ 97,178
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	24,385	22,149	22,160	183,002
Adjustment for consolidation	1,192	1,533	2,866	8,946
Interest and dividend income	(630)	(444)	(1,010)	(4,728)
Interest paid	5,673	7,553	7,897	42,575
Losses on sales and disposals of property, plant and equipment	365	234	134	2,739
Loss on liquidation of affiliates	937	1,943	25,782	7,032
Decrease in notes and accounts receivable	5,691	1,941	9,631	42,709
(Increase) decrease in inventories	5,711	(3,660)	2,092	42,859
Increase (decrease) in notes and accounts payable	(4,660)	(4,808)	5,214	(34,972)
Other adjustments	(8,609)	1,469	1,856	(64,608)
Total adjustments	43,004	50,297	70,010	322,732
Interest and dividends received	598	444	983	4,488
Accrued interest	(4,597)	(7,587)	(7,763)	(34,499)
Income tax payable	(4,988)	(3,621)	(2,941)	(37,433)
Other, net	—	(1,201)	—	—
Net cash provided by operating activities	34,017	38,332	60,289	255,288
Cash Flows from Investing Activities:				
Expenditure for purchase of property, plant and equipment	(26,245)	(39,877)	(19,504)	(196,961)
Proceeds from sales of property, plant and equipment	1,409	631	113	10,574
Expenditure for purchase of shares in subsidiaries	(53)	—	(43)	(398)
Proceeds from sales of shares in subsidiaries	0	5,215	5,147	0
Increase (decrease) in investments and advances	(19)	992	(1,165)	(143)
Other, net	562	(60)	2,154	4,218
Net cash used in investing activities	(24,346)	(33,099)	(13,298)	(182,710)
Cash Flows from Financing Activities:				
Repayment of long-term debt	(5,326)	(18,189)	(58,637)	(39,970)
Cash dividends paid	(2,794)	(2,794)	(2,794)	(20,968)
Cash dividends paid to minority shareholders	(31)	(27)	(28)	(233)
Other, net	(166)	3,872	(10,306)	(1,246)
Net cash used in financing activities	(8,317)	(17,138)	(71,765)	(62,417)
Effect of Exchange Rate Changes	668	(597)	(981)	5,014
Net increase (decrease) in cash and cash equivalents	2,022	(12,502)	(25,755)	15,174
Cash and Cash Equivalents at Beginning of Year	11,930	24,432	50,187	89,531
Cash and Cash Equivalents at End of Year	¥ 13,952	¥ 11,930	¥ 24,432	\$ 104,705

The accompanying notes to consolidated financial statements are an integral part of these statements.

Note: Owing to a change in accounting standards, cash flows are shown in a new format in and after fiscal year 2000.

**1. Basis of Presenting
Financial Statements**

The accompanying consolidated financial statements of Minebea Co., Ltd. (the “Company”), and its consolidated domestic and overseas subsidiaries are stated in Japanese yen, the accounts of which are maintained in accordance with generally accepted accounting principles in the respective countries and audited by independent auditors in those countries.

The accompanying consolidated financial statements have been prepared from the consolidated financial statements filed with the Ministry of Finance in Japan as required by the Securities and Exchange Law of Japan, in accordance with accounting principles and practices generally accepted in Japan, which may differ in some material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. For the purpose of this annual report, certain reclassifications have been made and additional information provided to present the accompanying consolidated financial statements in a format that is familiar to readers outside Japan.

**2. Summary of Significant
Accounting Policies**

a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and all significant subsidiaries. All significant inter-company balances, inter-company transactions and unrealized profits have been eliminated in consolidation.

b) Translation of foreign currencies

Monetary assets and liabilities denominated in overseas currencies are translated into yen at the exchange rates prevailing at the balance sheet date, except for certain accounts that were hedged by forward exchange contracts. The resulting exchange losses and gains are charged or credited to income.

Financial statement items of consolidated overseas subsidiaries are translated into yen as follows:

Balance sheet items	Translated at the rates of exchange prevailing at the balance sheet date
Statement of income items	Translated at the average rate of exchange during the fiscal period

c) Cash equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered to be “cash equivalents.”

d) Allowance for doubtful receivables

With respect to the Company and its consolidated domestic subsidiaries, an allowance for doubtful receivables is determined by adding the estimated uncollectible amounts to an amount calculated using a set provision rate. Such allowance of consolidated overseas subsidiaries is generally provided for in the amount required for known uncollectible receivables.

Allowance for doubtful receivables applicable to consolidated subsidiary receivables is eliminated on consolidation on the balances of the allowance as of 2002 and March 31, 2001, were sufficient to cover the estimated uncollectible receivables.

e) Inventories

Inventories of the Company and its consolidated domestic subsidiaries are stated primarily at the moving average cost, and those of its consolidated foreign subsidiaries are stated at the lower of first-in, first-out cost or market, or at the lower of moving average cost or market.

Inventories as of March 31, 2002 and 2001, comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	2002
Merchandise and finished goods	¥24,339	¥24,739	\$182,657
Work in process	11,601	12,916	87,062
Raw materials	10,489	11,522	78,717
Supplies	3,458	3,587	25,951
	¥49,887	¥52,764	\$374,387

f) Property, plant and equipment

Property, plant and equipment is stated at cost. Depreciation of plant and equipment of the Company and its consolidated domestic subsidiaries is computed on the declining balance method based upon the estimated useful lives of the assets, whereas depreciation of plant and equipment of consolidated foreign subsidiaries is computed primarily on the straight-line method based upon the estimated lives of the assets. Maintenance and normal repair expenses are charged against income as incurred, while major renewals and improvements are capitalized.

g) Investments in securities

Investments in securities consist of equity securities of listed and unlisted companies. Securities held by the Company or its subsidiaries with quoted market values are stated at the lower of cost or market, based on the market closing price on March 31, 2002. Resulting valuation gains and losses are included, after the application of tax accounting, in shareholders' equity in the consolidated balance sheets. Those stocks with no quoted market value are stated at cost by the moving average method.

The aggregate cost and market value of securities held by the Company and its consolidated domestic subsidiaries as of March 31, 2002, were as follows:

		Millions of yen
<hr/>		
Aggregate cost:		
Current	¥	—
Noncurrent		7,260
		<u>¥7,260</u>
Aggregate market value:		
Current	¥	—
Noncurrent		4,397
		<u>¥4,397</u>

h) Accounting for retirement benefits

On April 1, 2000, the Company and its consolidated subsidiaries adopted new accounting standards for retirement benefits. To facilitate the payment of retirement benefits to employees, the Company makes provisions based on the estimated total benefit payments and pension plan assets as of March 31, 2002. The adoption of new accounting standards generated a shortfall in provisions of ¥3,134 million, which will be written off over five years and included as an extraordinary expense in other income (expenses).

To facilitate the payment of retirement benefits to employees, the Company's overseas subsidiaries make provisions based on the amount payable at the end of the term.

i) Excess of cost over net assets acquired

Excess of cost over net assets acquired for business acquisitions was amortized, amounting to ¥1,192 million in fiscal 2002 and ¥1,533 million in fiscal 2001, respectively, on a straight-line basis over a period ranging from five to 40 years.

j) Reclassifications

Certain amounts in the prior years' financial statements have been reclassified to conform with the fiscal 2002 presentation.

3. Translation into U.S. Dollars

The accompanying financial statements are expressed in Japanese yen and, solely for the convenience of the reader, have also been translated into U.S. dollar amounts at the rate of ¥133.25=US\$1, the approximate rate of exchange on March 31, 2002. The translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars.

4. Investments in Affiliates

Summarized financial information for all affiliates as of March 31, 2002 and 2001, and for the years then ended, is as follows:

Financial Position	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2002	2001	2002
Assets:			
Current assets	¥ 726	¥1,678	\$ 5,448
Other assets, including property, plant and equipment	157	106	1,178
	¥ 883	¥1,784	\$ 6,626
Liabilities and shareholders' equity:			
Current liabilities	¥ 254	¥ 964	\$ 1,906
Long-term liabilities	11	20	83
Shareholders' equity	618	800	4,638
	¥ 883	¥1,784	\$ 6,627
Operations			
Net sales	¥1,903	¥1,632	\$14,281
Cost and expenses	1,922	1,618	14,424
Net income (loss)	¥ (19)	¥ 14	\$ (143)

Summarized below are the significant transactions of the Company and its consolidated subsidiaries with affiliates for the years ended March 31, 2002 and 2001, and the related account balances as of March 31, 2002 and 2001:

	<i>Millions of yen</i>		<i>Thousands of</i>
	2002	2001	2002
Transactions:			
Sales	¥239	¥329	\$1,794
Purchases	2	8	15
Account balances:			
Notes and accounts receivable	25	412	188
Notes and accounts payable	1	1	8

5. Short-Term Loans and Long-Term Debt

Short-term loans outstanding consist of notes payable to banks, principally due in 30 to 180 days. The average annual interest rates for short-term loans were 2.8% and 3.5% for the years ended March 31, 2002 and 2001, respectively.

The aggregate annual maturities of long-term debt outstanding as of March 31, 2002, are as follows:

	<i>Millions of yen</i>	<i>Thousands of</i>
		2002
2003	¥41,843	\$314,018
2004	10,830	81,276
2005	48,062	360,690
2006	5,320	39,925
2007 and thereafter	15,000	112,570

The following is a summary of terms of conversion and redemption of convertible bonds and exercise of warrants:

	<i>Exercise or conversion price per share of common stock as of March 31, 2002</i>	<i>Exchange rate applicable upon conversion</i>	<i>Exercise of warrants or redemption at the option of the Company</i>
0.8% unsecured convertible bonds payable in Japanese yen due 2003	¥ 852.00	—	On or after April 1, 2001, at 102% to 100% of principal amount
0.65% unsecured convertible bonds payable in Japanese yen due 2005	¥ 972.00	—	On or after April 1, 2002, at 103% to 100% of principal amount
1.55% unsecured bonds with warrants payable in Japanese yen due 2005	¥1,350.00	—	Exercisable into common stock between May 20, 2003 and September 30, 2005

Note: Exercise or conversion prices are subject to adjustments in certain events such as stock dividends, free share distributions and combinations or reclassifications of the common stock. If all outstanding bonds, notes and warrants were converted or exercised as of March 31, 2002, 47,044,547 shares of common stock would have been issued.

Long-term debt as of March 31, 2002 and 2001, consisted of the following:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2002	2001	2002
0.8% unsecured convertible bonds payable in Japanese yen due 2003	¥ 13,823	¥ 13,823	\$103,737
0.65% unsecured convertible bonds payable in Japanese yen due 2005	27,080	27,080	203,227
2.0% unsecured bonds payable in Japanese yen due 2003	10,000	10,000	75,047
2.85% unsecured bonds payable in Japanese yen due 2005	10,000	10,000	75,047
3.0% unsecured bonds payable in Japanese yen due 2008	15,000	15,000	112,570
1.55% unsecured bonds with warrants payable in Japanese yen due 2005	4,000	4,000	30,019
0.4% to 7.6% loans from banks, other	41,152	42,533	308,832
	121,055	122,436	908,479
Less current portion	41,843	3,807	314,018
	¥ 79,212	¥118,629	\$594,461

6. Income Taxes

The Company and its consolidated domestic subsidiaries are subject to a number of different taxes based on income, which in the aggregate indicate an effective statutory rate of 40% for fiscal 2002 and 2001.

The income taxes of consolidated overseas subsidiaries are generally levied at lower rates than those currently applied in Japan. In addition, consolidated subsidiaries in Thailand are granted a status by the Promotion of Investment Act, whereby earnings derived from the manufacture or sale of qualifying products are fully exempt from Thai income tax for a period of three to eight years.

Also, a consolidated subsidiary in China is granted a status by the Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises, whereby earnings are fully exempt from China's income tax for two years starting from the first profit-making year and subject to 13.5% income tax rate for the following three years and after that subject to 27% income tax rate.

Provision (credit) has been made for deferred (prepaid) income taxes attributable to timing differences between recognition of income and expenses for financial reporting purposes for the Company's overseas subsidiaries. The income tax effect of these differences is not recognized for the Company and its domestic subsidiaries. However, in fiscal 2000 the Company and consolidated domestic subsidiaries recognized the timing difference because of the adoption of tax effect accounting in Japan. This income tax effect is recognized for timing differences resulting from elimination of inter-company profit and certain adjustments made in the accompanying consolidated financial statements.

The aggregate deferred (prepaid) income taxes of ¥17,664 million and ¥19,659 million as of March 31, 2002 and 2001, respectively, are included in deferred tax assets of current assets and investments and other assets in the accompanying consolidated balance sheets.

7. Shareholders' Equity

The Japanese Commercial Code provides that an amount equivalent to at least 10% of appropriation of retained earnings paid with respect to each financial period be appropriated to the legal reserve until such reserve equals 25% of the common stock. The legal reserve may be used to reduce a deficit or be transferred to the common stock account through suitable shareholder and/or director action. The capital surplus and legal reserve may also be drawn down up to an amount that equals 25% of the common stock. Owing to a change in consolidated accounting procedures in Japan, this reserve has been included in retained earnings (deficit) since fiscal 1999.

Appropriation of retained earnings with respect to cash dividends, bonuses to directors and corporate auditors, and transfer to the legal reserve are subject to the approval of the general shareholders' meeting. The accompanying consolidated financial statements reflect appropriations approved by shareholders subsequent to the fiscal years ended March 31, 2002 and 2001, respectively.

Owing to the application of accounting standards for financial instruments in Japan, valuation losses on marketable securities are now included in shareholders' equity. In addition, in accordance with revisions to procedures for preparing consolidated financial statements in Japan, foreign currency translation adjustments, previously included in assets, are now included in shareholders' equity.

8. Per Share Data

Dividends per share shown in the consolidated statements of income have been presented on an accrual basis and include, in each fiscal year, dividends approved or to be approved after the fiscal year-end but applicable to the fiscal year.

Primary net income per share is based on the weighted average number of shares of common stock outstanding during the respective years.

Fully diluted net income per share is computed using the weighted average number of shares of common stock outstanding increased by the number of shares that would result from the conversion of all outstanding convertible bonds, the conversion of which would have a dilutive effect on net income per share. In calculating fully diluted net income per share, net income is adjusted, net of income taxes, by interest expense on the convertible bonds when such bonds are dilutive.

The number of shares used in calculating net income per share for the years ended March 31, 2002 and 2001, was as follows:

	<i>Thousands of shares</i>	
	2002	2001
Primary	399,165	399,163
Fully diluted	443,249	443,251

9. Litigation

As of March 31, 2002, there are no material claims outstanding or threatened against the Company or its consolidated subsidiaries.

10. Contingent Liabilities

The Company and its consolidated subsidiaries had no contingent liabilities as of March 31, 2002.

11. Industry Information

Minebea classifies its operations into three industry categories: machinery components, which includes bearings and bearing-related products, notably ball bearings, rod-end and spherical bearings and pivot assemblies, as well as other machinery components, such as fasteners, and special machinery components; electronic devices and components, encompassing rotary components and other electronic devices and components, primarily PC keyboards, speakers, FDD subassemblies and switching power supplies; and consumer and others, comprising the import and sale of furniture and interior decor products.

The following table presents certain information regarding the Company's performance by industry category at March 31, 2002, and for the year then ended:

Performance by Industry Category in Fiscal 2002

	<i>Millions of yen</i>					
<i>Year ended March 31, 2002</i>	<i>Machinery Components</i>	<i>Electronic Devices and Components</i>	<i>Consumer and Others</i>	<i>Total before Eliminations</i>	<i>Eliminations</i>	<i>Total</i>
Sales to external customers	¥122,025	¥156,303	¥1,016	¥279,344	¥ —	¥279,344
Internal sourcing	8,336	—	—	8,336	(8,336)	—
Total sales	130,361	156,303	1,016	287,680	(8,336)	279,344
Operating expenses	108,226	156,466	1,016	265,708	(8,336)	257,372
Operating income (loss)	22,135	(163)	(0)	21,972	—	21,972
Assets	205,920	231,806	745	438,471	(88,434)	350,037
Depreciation and amortization	9,489	14,891	5	24,385	—	24,385
Investment	7,963	18,485	5	26,453	—	26,453

The following tables present certain information regarding the Company's performance by region at March 31, 2002 and 2001, and for the years then ended:

Performance by Region in Fiscal 2002

Millions of yen

<i>Year ended March 31, 2002</i>	<i>Japan</i>	<i>Asia (excluding Japan)</i>	<i>North and South America</i>	<i>Europe</i>	<i>Total before Eliminations</i>	<i>Eliminations</i>	<i>Total</i>
Sales to external customers	¥ 83,705	¥ 95,884	¥63,569	¥36,186	¥279,344	¥ —	¥279,344
Internal sourcing	92,865	107,444	3,508	4,549	208,366	(208,366)	—
Total sales	176,570	203,328	67,077	40,735	487,710	(208,366)	279,344
Operating expenses	175,803	185,941	65,109	38,885	465,738	(208,366)	257,372
Operating income	767	17,387	1,968	1,850	21,972	—	21,972
Assets	195,305	201,541	38,088	25,194	460,128	(110,091)	350,037

Performance by Region in Fiscal 2001

Millions of yen

<i>Year ended March 31, 2001</i>	<i>Japan</i>	<i>Asia (excluding Japan)</i>	<i>North and South America</i>	<i>Europe</i>	<i>Total before Eliminations</i>	<i>Eliminations</i>	<i>Total</i>
Sales to external customers	¥111,643	¥ 82,437	¥58,192	¥34,773	¥287,045	¥ —	¥287,045
Internal sourcing	95,003	108,712	1,597	3,450	208,762	(208,762)	—
Total sales	206,646	191,149	59,789	38,223	495,807	(208,762)	287,045
Operating expenses	194,840	173,787	58,462	35,741	462,830	(208,762)	254,068
Operating income	11,806	17,362	1,327	2,482	32,977	—	32,977
Assets	212,827	183,118	38,821	25,191	459,957	(112,992)	346,965

The following tables present certain information regarding the Company's overseas sales for the years ended March 31, 2002 and 2001:

Overseas Sales in Fiscal 2002

Millions of yen

<i>Year ended March 31, 2002</i>	<i>To Asia (excluding Japan)</i>	<i>To North and South America</i>	<i>To Europe</i>	<i>Total</i>
Overseas sales	¥96,758	¥60,733	¥38,832	¥196,323
Total sales				¥279,344
Percentage of total sales	34.6%	21.8%	13.9%	70.3%

Overseas Sales in Fiscal 2001

Millions of yen

<i>Year ended March 31, 2001</i>	<i>To Asia (excluding Japan)</i>	<i>To North and South America</i>	<i>To Europe</i>	<i>Total</i>
Overseas sales	¥84,687	¥58,203	¥34,564	¥177,454
Total sales				¥287,045
Percentage of total sales	29.5%	20.3%	12.0%	61.8%