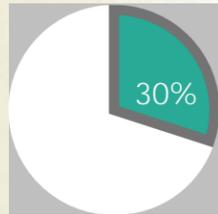


REVIEW OF OPERATIONS

Performance by Product Category

Bearings



Percentage of net sales

Principal Products

Small ball bearings

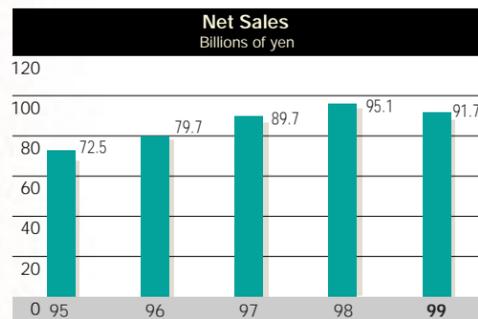
- Miniature ball bearings
- Small-sized ball bearings
- Integrated-shaft bearings
- RO bearings

Rod-end and spherical bearings

- Roller bearings
- Journal bearings
- Machine tool bearings

Sales and output of miniature and small-sized ball bearings up to 22 millimeters in external diameter—Minebea's principal bearing products—were weakened in fiscal 1999 as inventory adjustments by PC manufacturers in the first half offset increased demand in the second half and demand for use in household electronic appliances fell short over the full term. In contrast, demand for rod-end, spherical, roller and journal bearings were level with the previous year. Although demand from the defense sector sagged, sales to private-sector aerospace companies were brisk. New demand from the automotive industry also continued to grow. **Minebea's total sales in this category in fiscal 1999 declined 3.6%, to ¥91,691 million, and accounted for 30.0% of consolidated net sales.**

During the period, we continued to focus on enhancing the quality of bearing products. Growing technological sophistication continues to spur demand for higher levels of ball bearing quality, particularly for ball bearings used in spindle motors and



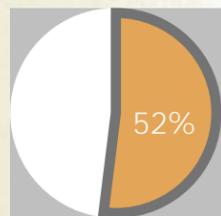
pivot assemblies for HDDs. In response to the rising expectations of customers, we endeavored to upgrade machining precision to improve the roundness of ring raceways and sphericity of balls. At the same time, we strove to develop better lubricants and conducted research in contamination control and material science.

Fan motors, stepping motors and other small motors manufactured within the Minebea Group provide another source of demand for our ball bearings, accounting for 24.0% of total ball-bearing sales volume in fiscal 1999. In fiscal 2000, we expect the volume of sales within the Group to exceed those to external customers in Japan, currently the largest market for our ball bearings. Having this stable internal market, in addition to the four key markets of Japan, Asia, the United States and Europe, gives Minebea a significant edge over other bearing manufacturers, as does the fact that our ability to provide a stable supply of superior-quality ball bearings contributes to growth in sales of our motors, which in turn stimulates demand for ball bearings. We are confident therefore that our efforts to enhance bearing quality during the period under review will work to our advantage in the future.

In February 1999, two Thai subsidiaries received QS-9000 quality system certification from the U.S. automotive industry, following two Singapore subsidiaries that earned this endorsement in fiscal 1998. Another highlight was the commencement of operations at our new technical center in Detroit, which was established with the aim of securing quality approval for our ball bearings from the Big Three U.S. automakers. This new facility will position us well to capitalize on expected growth in demand for miniature and small-sized ball bearings and increase our sales to the automotive industry.

	Small Ball Bearings	Rod-end and Spherical Bearings
Market Position	<ul style="list-style-type: none"> World's leading manufacturer (65% market share) <p>Percentage of world market</p>	<ul style="list-style-type: none"> World's leading manufacturer (60% market share) <p>Percentage of world market</p>
Competitive Advantages	<ul style="list-style-type: none"> In-house production of all parts for bearings, resulting in unmatched supply capabilities, price competitiveness and product quality Mainstay high-precision ball bearings are used extensively in telecommunications products, such as PCs, and other high-growth areas 	<ul style="list-style-type: none"> Production facilities in all three of the world's major aerospace markets (United States, United Kingdom and Japan) The only Japanese manufacturer accredited by all of the world's leading aircraft manufacturers
Market Outlook	<ul style="list-style-type: none"> Double-digit growth expected to continue in the PC market Continued growth in internal demand for use in small motors, pivot assemblies and other components anticipated; internal market expected to exceed the Japanese market in terms of sales volume in fiscal 2000 Rising demand from the automotive industry also expected 	<ul style="list-style-type: none"> Demand from the aerospace industry expected to continue rising in Europe Rising demand from manufacturers of cars and motorcycles also expected
Fiscal 1999 Highlights	<ul style="list-style-type: none"> NMB Thai Ltd. and Peltec Thai Ltd. received QS-9000 quality system certification from the U.S. automotive industry Operations commenced at Detroit technical center, established to secure quality approval for ball bearings and other products Rose Bearings' Skegness Plant obtained ISO 14001 certification, the ISO's standard for environmental management systems 	

Electronic Devices and Components



Percentage of net sales

Principal Products

Small motors

Fan motors
Hybrid-type stepping motors
PM-type stepping motors
Spindle motors for HDDs
Spindle motors for FDDs
Blowers

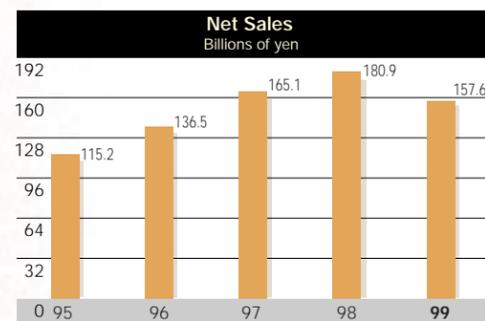
Other devices and components

PC keyboards
Speakers
FDD subassemblies
Magnetic heads for FDDs
Switching power supplies
Transformers
Inductors
Strain gauges
Load cells
Hybrid integrated circuits (ICs)
Synchros

Demand from PC manufacturers slipped below the previous year's level in the first half of the period but rallied in the second half. Demand from the household electrical appliance industry fell over the full term. **A decline in product prices also contributed to a 12.9% drop in sales in this category, to ¥157,603 million, equivalent to 51.6% of consolidated net sales.**

Sales of fan motors remained on a par with fiscal 1998 as static demand for alternating-current (AC) fan motors and blowers countered brisk orders for mainstay direct-current (DC) fan motors, particularly for use in PCs and servers. We saw a significant improvement in productivity, which had fallen off temporarily with the shift of fan-motor production from Thailand to a new facility in Shanghai in fiscal 1997. To reinforce our service capabilities in Europe, we established a fan-motor technical center in the United Kingdom.

Despite a recovery in demand for hybrid-type stepping motors, which contain ball bearings, and permanent-magnet (PM)-type stepping motors in the second half, orders remained generally slow. Accordingly, sales fell below the previous year's level.



Production adjustments by HDD manufacturers in the first half held sales of HDD spindle motors below the previous year's level. We took advantage of the opportunity afforded by the slowdown in demand to implement measures aimed at improving quality and production capacity, positioning us well to respond when demand picks up.

Sales of PC keyboards were also down from the fiscal 1998 level, owing to inventory adjustments by PC manufacturers and sagging product prices. During the period, we constructed a new plant in Mexico for printing key caps in North, Central and South American languages. This plant and our first key cap printing plant, built in Scotland in 1996, give us a presence in the world's two largest PC markets. In addition to desktop PC keyboards, especially high-end models, we are stepping up marketing of keyboards for notebook PCs.

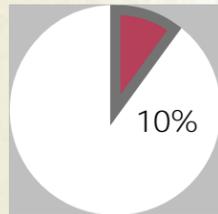
Brisk demand for speakers for use in PCs and multimedia equipment, together with intensive efforts over the past several years to rationalize and improve the productivity of our speaker division and a strategic narrowing of our focus to high-end models, contributed to strong growth in speaker sales.

Sales of other devices and components declined, owing to sagging product prices for FDD subassemblies and falling demand for switching power supplies, measuring instruments and other products.

In recent years, we have responded to the challenges posed by a difficult operating environment by endeavoring to enhance quality. We have increased production capacity, particularly for components supplied to our own mass-production facilities. In the period under review, we reinforced technical centers worldwide for mainstay electronic devices and components.

	Small Motors	Other Devices and Components
Market Position	<ul style="list-style-type: none"> World's leading manufacturer of fan motors (30% market share), PM-type stepping motors (25% market share), spindle motors for HDDs (20% market share) and hybrid-type stepping motors (35% market share) <p>Percentage of world market for hybrid-type stepping motors</p>	<ul style="list-style-type: none"> World's leading manufacturer of PC keyboards (25% market share), FDD subassemblies, magnetic heads and strain gauges <p>Percentage of world market for PC keyboards</p>
Competitive Advantages	<ul style="list-style-type: none"> Small motors manufactured using Minebea's market-leading ball bearings and manufacturing technologies reputed to be among the most advanced in the world Extensive manufacturing and R&D facilities in other parts of Asia, positioning Minebea ideally to respond to the needs of Japanese, U.S. and European manufacturers setting up plants in the region Almost all components, including pressed parts, plastic injection molded parts, die-cast parts, magnets, ferrite and machining parts, for in-house use, giving Minebea an unmatched advantage in terms of quality, supply capabilities, cost-competitiveness and speed of delivery 	<ul style="list-style-type: none"> Almost all components, including pressed parts, plastic injection molded parts, die-cast parts and ferrite, for in-house use manufactured in-house, giving Minebea an unmatched advantage in terms of quality, supply capabilities, cost-competitiveness and speed of delivery A leading supplier of electronic devices and components for PCs and other information and telecommunications equipment, a market with outstanding potential for growth in the future
Market Outlook	<ul style="list-style-type: none"> The completion of inventory adjustments by HDD manufacturers and expansion of the market for HDDs for mobile information and telecommunications equipment expected to support growth in demand for HDD spindle motors Increased demand for stepping motors anticipated, primarily from the automotive industry 	<ul style="list-style-type: none"> Double-digit growth in the market for components for PCs forecast to continue Rising demand for color printers and copiers and the proliferation of digital equipment expected to create new demand for switching power supplies In addition to fiscal 2000 orders from PC manufacturers, significant demand expected from makers of notebook PCs The proliferation of PDAs and other digital information and telecommunications equipment expected to stimulate new demand for front-end assemblies and other key products in this category
Fiscal 1999 Highlights	<ul style="list-style-type: none"> Commenced operation of recently expanded clean rooms for assembly of HDD spindle motors in Thailand PC keyboard key cap printing plant built in Mexico to supply the North, Central and South American markets New fan motor R&D center set up in the United Kingdom Japanese fan motor subsidiary NMB Electro Precision, Inc., obtained ISO 14001 certification 	

Machinery Components



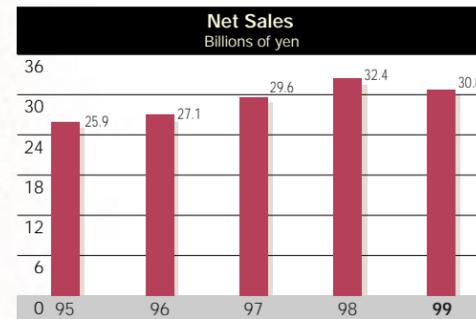
Percentage of net sales

Principal Products

- Pivot assemblies
- Tape guides
- Aerospace fasteners
- Automotive fasteners
- Wheels

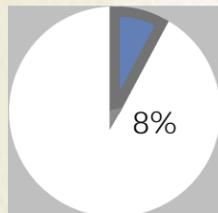
Sales of pivot assemblies for HDDs rose in fiscal 1999 as firm demand in the second half offset the impact of production adjustments by HDD manufacturers in the first half. Sales of fasteners to private-sector

customers in the aerospace industry exhibited brisk growth. However, total fastener sales were hindered by flagging demand from the defense and automotive industries. Stagnant demand for wheels for industrial vehicles drove down overall sales of wheels. **Category sales in fiscal 1999 amounted to ¥30,844 million, a decline of 4.9%, and represented 10.1% of net sales.**



Demand for HDD pivot assemblies is expected to remain firm in fiscal 2000. In preparation, during fiscal 1999 we took steps to expand production capacity at our mass-production facilities in Thailand and enhance product quality. To bolster sales of fasteners, we implemented extensive rationalization measures aimed at the Fujisawa plant in Japan, our fastener production facility, with the aim of cultivating new orders, primarily from companies in the aerospace industry.

Special Machinery Components and Others



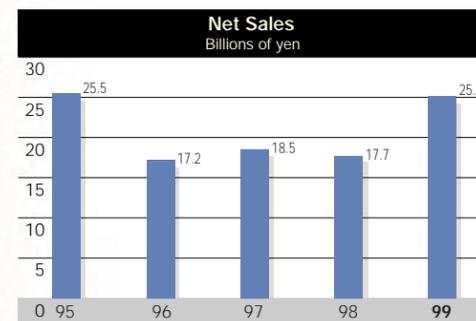
Percentage of net sales

Principal Products

- Defense-related special parts, such as bomb racks and rocket launchers
- Electronic clutch brakes
- Solenoid valves

Sales in this category rose 42.5%, to **¥25,186 million, equivalent to 8.3% of net sales.** Defense-related special parts sales were generally firm in fiscal 1999, owing to a scheduled increase in the volume of parts procured by Japan's Defense Agency and efforts to rationalize and improve productivity at the Omori plant in Japan, our

principal plant for special machinery components. This category also encompasses the operations of Actus Corporation, which became a consolidated subsidiary during the period under review, and Minebea Credit Co., Ltd. Actus' operations encompass the import and sale of furniture and interior decor items in Japan. Despite



Machinery Components

Market Position

- World's leading manufacturer of pivot assemblies (75% market share)

Percentage of world market for pivot assemblies

Competitive Advantages

- Manufactures all pivot assembly components in-house, resulting in an unmatched advantage in terms of quality, supply capabilities, cost-competitiveness and speed of delivery

Market Outlook

- Demand for HDD pivot assemblies likely to rise thanks to the completion of production adjustments by HDD manufacturers
- Demand from the aerospace industry for fasteners and other machinery components expected to expand, although demand from the automotive industry likely to remain slow

Fiscal 1999 Highlight

- Expanded scale of production facilities for pivot assemblies at Thai mass-production plants
- Fujisawa and Omori manufacturing units obtain ISO 14001 certification

sagging conditions in the Japanese retail market, reflecting weak consumer spending, Actus recorded its second consecutive year of stable growth in income. Minebea Credit, which is engaged primarily in real estate collateralized lending, continues to focus primarily on the collection of current loans.

With orders from defense contractors expected to remain stable in fiscal 2000, we will continue to reinforce our reputation as a manufacturer of new products. We will also concentrate on improving product quality and productivity to bolster sales of electronic clutch brakes, resolvers and other items to the consumer market.