FINANCIAL SECTION

Contents

ELEVEN-YEAR SUMMARY

											Millions of yen	Thousands of U.S. dollars (Note 3)
	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989	**1999**
Statement of Income Data												
Net sales:	**¥305,324**	¥326,094	¥302,886	¥260,537	¥239,133	¥121,586	¥265,165	¥278,685	¥285,419	¥263,436	¥229,267	**$2,532,758**
Bearings	**91,691**	95,103	89,705	79,722	72,487	30,506	65,763	76,090	80,704	77,781	72,161	**760,605**
Percentage of net sales	**30%**	29%	30%	31%	30%	25%	25%	27%	28%	30%	32%	
Electronic devices and components	**157,603**	180,875	165,118	136,519	115,216	61,504	126,653	124,555	121,001	113,820	98,541	**1,307,366**
Percentage of net sales	**52%**	56%	54%	52%	48%	51%	48%	45%	43%	43%	43%	
Machinery components	**30,844**	32,438	29,578	27,086	25,928	12,923	28,086	28,895	31,327	31,721	29,107	**255,861**
Percentage of net sales	**10%**	10%	10%	10%	11%	10%	10%	10%	11%	12%	12%	
Special machinery components and others	**25,186**	17,678	18,485	17,210	25,502	16,653	44,663	49,145	52,387	40,114	29,458	**208,926**
Percentage of net sales	**8%**	5%	6%	7%	11%	14%	17%	18%	18%	15%	13%	
Gross profit	**¥ 90,161**	¥107,086	¥ 86,487	¥ 75,152	¥ 63,866	¥ 31,753	¥ 69,430	¥ 68,197	¥ 78,032	¥ 79,103	¥ 72,967	**$ 747,914**
Percentage of net sales	**29.5%**	32.8%	28.6%	28.8%	26.7%	26.1%	26.2%	24.5%	27.3%	30.0%	31.8%	
Operating income	**38,546**	58,811	41,901	34,788	27,283	12,706	23,894	15,826	27,646	32,877	33,690	**319,751**
Percentage of net sales	**12.6%**	18.0%	13.8%	13.4%	11.4%	10.4%	9.0%	5.7%	9.7%	12.5%	14.7%	
Net income (loss)	**11,507**	15,144	8,862	7,354	2,570	591	(61,212)	(13,643)	889	1,458	5,749	**95,454**
Percentage of net sales	**3.7%**	4.6%	2.9%	2.8%	1.1%	0.5%	–23.1%	–4.9%	0.3%	0.5%	2.5%	
Balance Sheet Data												
Total assets	**¥473,360**	¥492,210	¥563,220	¥556,787	¥529,959	¥699,475	¥706,790	¥859,661	¥921,294	¥825,005	¥617,486	**$3,926,669**
Current assets	**219,826**	213,194	264,368	291,143	287,762	457,402	463,902	546,324	610,029	562,441	373,756	**1,823,525**
Current liabilities	**197,071**	246,114	322,966	336,106	308,740	414,075	384,190	388,385	454,420	395,083	274,903	**1,634,766**
Short-term loans payable and current portion of long-term debt	**142,828**	178,228	254,243	251,983	249,712	328,082	290,144	277,031	321,153	274,817	183,370	**1,184,803**
Long-term debt	**128,223**	96,882	109,365	97,129	99,208	161,207	198,773	285,111	260,251	225,246	141,037	**1,063,650**
Working capital	**22,755**	(32,920)	(58,598)	(44,963)	(20,978)	43,327	79,712	157,939	155,609	167,358	98,853	**188,759**
Total shareholders' equity	**145,705**	141,843	123,831	116,753	113,276	111,623	111,573	168,489	181,921	182,770	183,060	**1,208,668**
Percentage of total assets	**30.8%**	28.8%	22.0%	21.0%	21.4%	16.0%	15.8%	19.6%	19.7%	22.2%	29.7%	

											Yen	U.S. dollars (Note 3)
Per Share Data												
Net income (loss):												
Primary	**¥ 28.94**	¥ 38.42	¥ 22.76	¥ 18.91	¥ 6.61	¥ 1.52	¥(157.48)	¥(35.11)	¥ 2.29	¥ 3.80	¥ 15.31	**$0.24**
Fully diluted	**26.32**	34.85	21.03	18.68	6.61	1.52	(157.40)	(35.07)	2.31	3.84	15.27	**0.22**
Shareholders' equity	**366.29**	357.77	317.46	300.22	291.33	287.13	287.00	433.51	468.43	474.55	480.21	**3.04**
Cash dividends	**7.00**	7.00	7.00	7.00	6.00	3.00	—	6.00	11.75	11.75	11.75	**0.06**

											Millions of yen	Thousands of U.S. dollars (Note 3)
Other Data												
Return on shareholders' equity	**8.0%**	11.4%	7.4%	6.4%	2.3%	0.5%	–54.9%	–7.8%	0.5%	0.8%	3.1%	
Return on total assets	**2.4%**	2.9%	1.6%	1.4%	0.4%	0.1%	–7.8%	–1.5%	0.1%	0.2%	1.0%	
Interest expense	**¥12,231**	¥16,593	¥19,109	¥17,525	¥17,903	¥ 7,707	¥ 18,159	¥26,456	¥ 31,100	¥ 21,838	¥14,897	**$101,460**
Cash flow from operating activities	**60,740**	83,878	29,546	26,230	52,951	16,594	1,868	17,134	(12,630)	(70,008)	2,846	**503,857**
Expenditure for purchase of property, plant and equipment	**20,563**	23,688	50,931	37,434	22,895	8,880	19,452	35,256	61,704	52,838	56,476	**170,577**
Depreciation and amortization	**28,034**	29,616	29,277	22,319	18,634	9,269	17,584	24,771	22,316	21,679	22,276	**232,551**
Number of shares outstanding	**397,787,828**	396,470,473	390,076,018	388,892,609	388,824,616	388,761,608	388,758,517	388,664,237	388,368,093	385,143,978	381,212,734	
Number of employees	**40,482**	38,733	37,096	35,978	29,790	27,821	28,311	31,582	33,372	27,825	25,252	

Notes: 1. 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.

2. 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 consisted of 12 months.

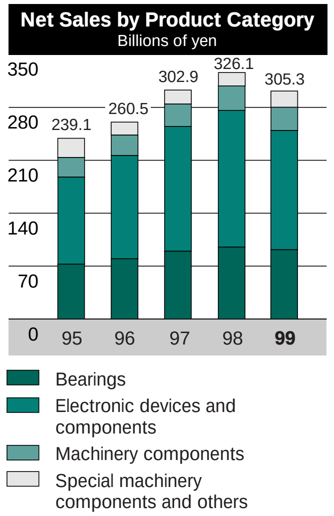
3. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥120.55=US$1, the approximate rate on March 31, 1999.

4. Net loss in fiscal 1993 includes extraordinary losses totaling ¥59,118 million. As part of our attempt at thorough restructuring to strengthen the corporate structure, the Company withdrew from the semiconductor business in March 1993, resulting in a loss of ¥46,792 million. In order to further strengthen and improve our 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.

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

Results of Operations

Net Sales



Minebea's consolidated net sales decreased 6.4% in fiscal 1999, to ¥305,324 million. Despite increased demand for miniature and small-sized bearings in the second half, sales were hindered by inventory adjustments by PC manufacturers in the first half. In contrast, demand for rod-end, spherical, roller and journal bearings was firm, primarily from private-sector aerospace companies. As a consequence, sales in the bearings segment edged down 3.6%, to ¥91,691 million.

Electronic devices and components segment sales declined 12.9%, to ¥157,603 million. Orders from household electrical appliance manufacturers sagged. Demand for use in PCs slipped below the previous year's level in the first half of the period but rallied in the second half. Sales were also hindered by falling product prices.

Sales in the machinery components segment amounted to ¥30,844 million, down 4.9%, as lower sales of fasteners and wheels countered a sharp increase in demand for pivot assemblies in the second half.

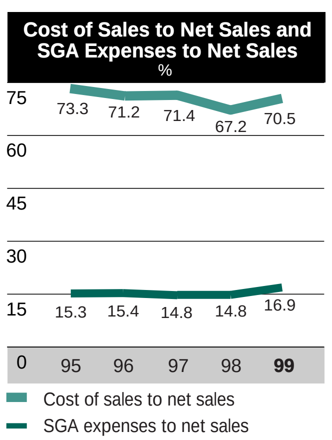
Owing to firm sales of defense-related special parts and the addition of consolidated subsidiaries with operations in this segment, including furniture import and sales company Actus, sales of special machinery components and others rose 42.5%, to ¥25,186 million.

Net Sales by Product Category

Millions of yen

Years ended March 31	**1999**	1998	1997	1996	1995
Bearings	**¥ 91,691**	¥ 95,103	¥ 89,705	¥ 79,722	¥ 72,487
Electronic devices and components	**157,603**	180,875	165,118	136,519	115,216
Machinery components	**30,844**	32,438	29,578	27,086	25,928
Special machinery components and others	**25,186**	17,678	18,485	17,210	25,502
Net sales	**¥305,324**	¥326,094	¥302,886	¥260,537	¥239,133

Costs and Expenses



The cost of sales rose owing to reduced demand from key customer industries in the first half and an intensive, short-term production adjustment to reduce inventories, which boosted production costs. Declining prices for electronic devices and components and the rising value of the Thai baht against the U.S. dollar in the second half boosted the cost of sales. As a consequence of these and other factors, the ratio of cost of sales to net sales climbed to 70.5%, from 67.2%.

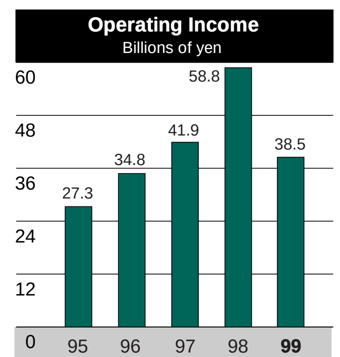
Despite a change in accounting regulations that resulted in the corporate enterprise tax being shifted to income taxes, selling, general and administrative (SGA) expenses rose 6.9%, to ¥51,615 million, reflecting the addition of good will and the SGA expenses of newly consolidated subsidiary Actus. The ratio of SGA expenses to net sales was 16.9%, up from 14.8% in the previous period.

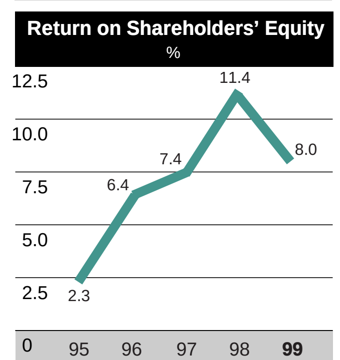
Costs and Expenses

Millions of yen

Years ended March 31	**1999**	1998	1997	1996	1995
Net sales	**¥305,324**	¥326,094	¥302,886	¥260,537	¥239,133
Cost of sales	**215,163**	219,008	216,399	185,385	175,267
Cost of sales to net sales	**70.5%**	67.2%	71.4%	71.2%	73.3%
Gross profit	**90,161**	107,086	86,487	75,152	63,866
SGA expenses	**51,615**	48,275	44,586	40,364	36,583
SGA expenses to net sales	**16.9%**	14.8%	14.8%	15.4%	15.3%

Income





Increases in cost of sales and SGA expenses contributed to a 34.5% decline in operating income, to ¥38,546 million, while the ratio of operating income to net sales fell to 12.6%, from 18.0% in the preceding period. Although these decreases appear significant on paper, they are largely attributable to the addition of consolidated adjustment account charges and an increase in good will and SGA expenses of newly consolidated subsidiary Actus. Calculated in line with fiscal 1998 standards, Minebea's ratio of operating income to net sales in fiscal 1999 would have been 13.9%, in line with the three years preceding fiscal 1998, when an extraordinary factor, namely the devaluation of the Thai baht, boosted net income to 18% of net sales.

Other expenses, a net figure, decreased 43.9%, to ¥20,111 million. Interest expenses declined 26.3%, to ¥12,231 million in fiscal 1999. Losses on revaluation of marketable and investment securities, particularly shares in Japanese banks, and foreign currency exchange losses were both down significantly, the former falling 72.6%, to ¥1,256 million, while the latter plunged 86.1%, to ¥860 million.

Net income fell 24.0%, to ¥11,507 million. Primary net income per share was ¥28.94, a decrease from ¥38.42, while fully diluted net income per share was ¥26.32, compared with ¥34.85 in fiscal 1998. ROE fell to 8.0% from 11.4%, and ROA slipped to 2.4%, from 2.9%. Because total assets were reduced to improve financial leverage, the rate of decline in ROA was lower than that of ROE.

Income

Millions of yen

Years ended March 31	**1999**	1998	1997	1996	1995
Operating income	**¥38,546**	¥58,811	¥41,901	¥34,788	¥27,283
Operating income to net sales	**12.6%**	18.0%	13.8%	13.4%	11.4%
Other expenses (income), net	**20,111**	35,876	27,045	24,543	20,937
Net income	**11,507**	15,144	8,862	7,354	2,570
Net income to net sales	**3.7%**	4.6%	2.9%	2.8%	1.1%
Net income per share (Yen):					
Primary	**28.94**	38.42	22.76	18.91	6.61
Fully diluted	**26.32**	34.85	21.03	18.68	6.61
Return on shareholders' equity	**8.0%**	11.4%	7.4%	6.4%	2.3%
Return on total assets	**2.4%**	2.9%	1.6%	1.4%	0.4%

Analysis of Financial Position and Cash Flows

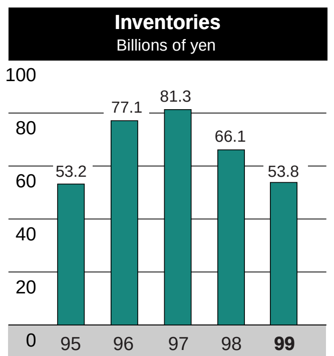
Financial Position

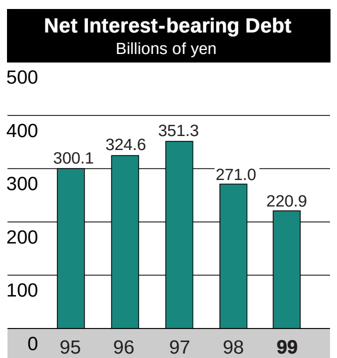
Total assets of Minebea amounted to ¥473,360 million at the end of fiscal 1999, a decline of ¥18,850 million from March 31, 1998. During the period under review, the Company continued to focus on reducing debt. Efforts to reduce assets lowered notes and accounts receivable 17.2%, to ¥89,049 million, while inventories were reduced 18.6%, to ¥53,816 million.

In light of financial system instability in Japan, the Company increased cash and cash equivalents to ¥50,187 million, from ¥4,140 million a year earlier. Interest-bearing debt at the end of fiscal 1999 was ¥271,051, a decline of ¥4,059 million from the end of fiscal 1998. Net interest-bearing debt, excluding that applied to cash and cash equivalents, amounted to ¥220, 864 million, down significantly from ¥270,970 a year earlier.

Total shareholders' equity advanced ¥3,862 million, to ¥145,705 million, reflecting an increase in undistributed profits. As a consequence, the equity ratio rose to 30.8%, from 28.8% in fiscal 1998.

To take advantage of low interest rates, in August and November Minebea issued ¥15,000 million and ¥10,000 million worth of unsecured bonds, respectively, in the domestic market and borrowed a long-term loan of ¥10,083 million from the Export-Import Bank of Japan and others.





Financial Position

Millions of yen

As of March 31	**1999**	1998	1997	1996	1995
Total assets	**¥473,360**	¥492,210	¥563,220	¥556,787	¥529,959
Current assets	**219,826**	213,194	264,368	291,143	287,762
Inventories	**53,816**	66,074	81,293	77,146	53,227
Current liabilities	**197,071**	246,114	322,966	336,106	308,740
Working capital	**22,755**	(32,920)	(58,598)	(44,963)	(20,978)
Interest-bearing debt	**271,051**	275,110	363,608	349,112	348,920
Net interest-bearing debt	**220,864**	270,970	351,259	324,615	300,101
Total shareholders' equity	**145,705**	141,843	123,831	116,753	113,276
Shareholders' equity/total assets	**30.8%**	28.8%	22.0%	21.0%	21.4%
Shareholders' equity per share (Yen)	**366.29**	357.77	317.46	300.22	291.33

Note: 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.

Cash Flows

During the period under review, Minebea continued to focus on paring its assets and curtailing liabilities by minimizing expenditures for purchase of property, plant and equipment. Despite posting a decline in net income, efforts to accelerate the collection of notes and accounts receivable and curtail inventories resulted in a net cash inflow of ¥60,740 million from the Company's operating activities.

Expenditures for purchase of property, plant and equipment amounted to ¥20,563 million, well below depreciation and amortization, which totaled ¥28,034 million. As a consequence, Minebea generated a positive free cash flow (net cash provided by operating activities minus expenditures for purchase of property, plant and equipment) of ¥40,177 in fiscal 1999, the second consecutive year the Company has achieved a substantial positive net result.

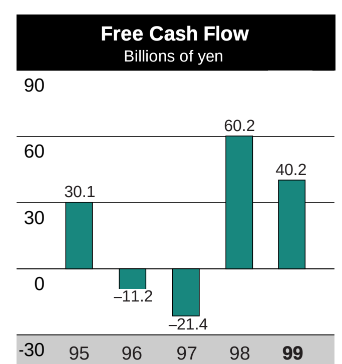
In another move aimed at strengthening free cash flow, in April 1999 the Company introduced monthly free cash flow monitoring in each of the Minebea Group's eight business units.

To cope with the ongoing instability of Japan's financial system, Minebea maintained relevant reserves in the form of cash and cash equivalents, contributing to a significant increase in cash and cash equivalents at year-end.

Cash Flows from Operating Activities

Millions of yen

Years ended March 31	**1999**	1998	1997	1996	1995
Net income	**¥ 11,507**	¥ 15,144	¥ 8,862	¥ 7,354	¥ 2,570
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	**28,034**	29,616	29,277	22,319	18,634
Losses on revaluation of marketable and investment securities	**1,256**	4,577	3,408	36	3,671
Losses on disposals of inventories and real estate for resale	**1,572**	751	1,728	571	605
Losses on sales and disposals of property, plant and equipment	**316**	2,130	58	1,343	177
Losses on liquidation of subsidiaries and affiliates	**—**	—	147	4,290	988
Equity in (income) losses of nonconsolidated subsidiaries and affiliates	**(14)**	167	(130)	646	797
Allowance for doubtful receivables	**(183)**	—	—	—	—
(Increase) decrease in notes and accounts receivable	**19,170**	16,571	5,384	(6,779)	48,486
(Increase) decrease in inventories	**13,253**	15,219	(4,147)	(23,919)	3,597
(Increase) decrease in prepaid expenses and other current assets	**4,880**	442	(197)	(2,711)	1,720
Increase (decrease) in notes and accounts payable	**(14,208)**	(1,104)	(17,078)	20,681	(12,063)
Increase (decrease) in income taxes payable	**549**	(1,108)	1,750	951	579
Increase (decrease) in accrued expenses and other current liabilities	**(1,428)**	1,375	(72)	3,464	(15,481)
Increase (decrease) in minority interests in consolidated subsidiaries	**(3,964)**	98	556	(2,016)	(2,622)
Total adjustments	**49,233**	68,734	20,684	18,876	50,381
Net cash provided by operating activities	**¥ 60,740**	¥ 83,878	¥ 29,546	¥ 26,230	¥ 52,951



Free Cash Flow

Millions of yen

Years ended March 31	**1999**	1998	1997	1996	1995
Net cash provided by operating activities	**¥ 60,740**	¥ 83,878	¥ 29,546	¥ 26,230	¥ 52,951
Expenditure for purchase of property, plant and equipment	**(20,563)**	(23,688)	(50,931)	(37,434)	(22,895)
Free cash flow	**¥ 40,177**	¥ 60,190	¥(21,385)	¥(11,204)	¥ 30,056

CONSOLIDATED BALANCE SHEETS

As of March 31, 1999 and 1998

Assets	Millions of yen 1999	Millions of yen 1998	Thousands of U.S. dollars (Note 3) 1999
Current Assets:			
Cash and cash equivalents (Note 2-c)	¥ 50,187	¥ 4,140	$ 416,317
Marketable securities (Notes 2-h and 5)	10,059	13,971	83,442
Notes and accounts receivable (Notes 2-d, 2-e and 4):			
Trade	66,982	77,023	555,636
Finance receivables	21,323	25,557	176,881
Other	1,957	6,283	16,234
	90,262	108,863	748,751
Allowance for doubtful receivables (Note 2-e)	(1,213)	(1,255)	(10,062)
Net notes and accounts receivable	89,049	107,608	738,689
Inventories (Note 2-f)	53,816	66,074	446,421
Prepaid expenses and other current assets (Note 6)	16,715	21,401	138,656
Total current assets	219,826	213,194	1,823,525
Property, Plant and Equipment (Notes 2-g and 5):			
Land	11,739	11,940	97,379
Buildings and structures	88,077	89,375	730,626
Machinery and/or transporation equipment	219,325	224,617	1,819,369
Construction in progress	2,110	2,056	17,503
	321,251	327,988	2,664,877
Accumulated depreciation	(160,543)	(153,775)	(1,331,754)
Net property, plant and equipment	160,708	174,213	1,333,123
Investments and Other Assets:			
Excess of cost over net assets acquired (Note 2-k)	19,627	23,700	162,812
Investments in and advances to nonconsolidated subsidiaries and affiliates (Notes 2-a and 4)	183	9,880	1,518
Investments in securities (Note 2-h)	1,163	1,175	9,648
Long-term loans receivable	86	179	713
Translation adjustments (Note 2-b)	64,152	62,151	532,161
Other (Notes 2-e and 2-j)	10,158	12,813	84,264
	95,369	109,898	791,116
Allowance for doubtful receivables (Note 2-e)	(2,543)	(5,095)	(21,095)
Net investments and other assets	92,826	104,803	770,021
Total Assets	¥ 473,360	¥ 492,210	$ 3,926,669

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

Liabilities and Shareholders' Equity	Millions of yen 1999	Millions of yen 1998	Thousands of U.S. dollars (Note 3) 1999
Current Liabilities:			
Short-term loans payable (Note 5)	¥135,184	¥169,035	$1,121,394
Current portion of long-term debt (Note 5)	7,644	9,193	63,409
Notes and accounts payable (Note 4):			
Trade	27,694	34,040	229,731
Other	7,945	14,580	65,906
	35,639	48,620	295,637
Income taxes payable (Note 6)	4,210	3,660	34,923
Accrued expenses and other current liabilities	14,394	15,606	119,403
Total current liabilities	197,071	246,114	1,634,766
Long-term Liabilities:			
Long-term debt (Note 5)	128,223	96,882	1,063,650
Other (Note 2-i)	1,927	2,973	15,985
Total long-term liabilities	130,150	99,855	1,079,635
Minority Interests in Consolidated Subsidiaries	434	4,398	3,600
Shareholders' Equity (Note 7):			
Common stock, par value ¥50 per share—			
Authorized 1,000,000,000 shares			
Issued:			
March 31, 1999—397,787,828 shares			
March 31, 1998—396,470,473 shares	67,664	67,104	561,294
Capital surplus	94,162	93,602	781,103
Legal reserve	—	1,223	—
Accumulated deficit	16,120	20,086	133,721
	145,706	141,843	1,208,676
Treasury stock	(1)	—	(8)
Total shareholders' equity	145,705	141,843	1,208,668
Contingent Liabilities (Notes 9 and 10)			
Total Liabilities and Shareholders' Equity	¥473,360	¥492,210	$3,926,669

CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31, 1999, 1998 and 1997

	Millions of yen			Thousands of U.S. dollars (Note 3)
	1999	1998	1997	1999
Net Sales (Note 4)	¥305,324	¥326,094	¥302,886	$2,532,758
Cost of Sales (Note 4)	215,163	219,008	216,399	1,784,844
Gross profit	90,161	107,086	86,487	747,914
Selling, General and Administrative Expenses (Notes 2-k and 6)	51,615	48,275	44,586	428,163
Operating income	38,546	58,811	41,901	319,751
Other Income (Expenses):				
Interest income	691	818	722	5,732
Equity in income (losses) of nonconsolidated subsidiaries and affiliates	14	(167)	130	116
Interest expense	(12,231)	(16,593)	(19,109)	(101,460)
Gains (losses) on sales of marketable securities, investment securities and investment securities in affiliates	(1,720)	(664)	497	(14,268)
Losses on revaluation of marketable and investment securities	(1,256)	(4,577)	(3,408)	(10,419)
Foreign currency exchange gains (losses) (Note 2-b)	(860)	(6,186)	174	(7,134)
Losses on disposals of inventories	(1,468)	—	(254)	(12,177)
Losses on disposals of real estate for resale	(104)	(751)	(1,474)	(863)
Losses on sales and disposals of property, plant and equipment	(316)	(2,130)	(58)	(2,621)
Losses on liquidation of subsidiaries and affiliates	—	—	(147)	—
Other, net (Note 2-k)	(2,861)	(5,626)	(4,118)	(23,733)
	(20,111)	(35,876)	(27,045)	(166,827)
Income before Income Taxes	18,435	22,935	14,856	152,924
Income Taxes (Note 6):				
Current	4,656	4,538	5,531	38,623
Deferred	1,690	909	42	14,019
	6,346	5,447	5,573	52,642
Minority Interests in Earnings of Consolidated Subsidiaries	582	2,344	421	4,828
Net Income	¥ 11,507	¥ 15,144	¥ 8,862	$ 95,454

	Yen			U.S. dollars (Note 3)
Per Share Data (Note 8):				
Net income:				
Primary	¥28.94	¥38.42	¥22.76	$0.24
Fully diluted	26.32	34.85	21.03	0.22
Cash dividends applicable to the year	7.00	7.00	7.00	0.06

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

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Years ended March 31, 1999, 1998 and 1997

	Number of Shares of Common Stock	Common Stock	Capital Surplus	Legal Reserve (Note 7)	Retained Earnings (Deficit) (Note 7)	Treasury Stock
		Millions of yen				
Balance at March 31, 1996	388,892,609	¥63,703	¥90,201	¥ 648	¥(37,797)	¥(2)
Net income	—	—	—	—	8,862	—
Cash dividends	—	—	—	—	(2,730)	—
Bonuses to directors and corporate auditors	—	—	—	—	(112)	—
Transfer to legal reserve	—	—	—	285	(285)	—
Common stock issued on conversion of convertible bonds	1,183,409	504	504	—	—	—
Other	—	—	—	—	49	1
Balance at March 31, 1997	390,076,018	64,207	90,705	933	(32,013)	(1)
Net income	—	—	—	—	15,144	—
Cash dividends	—	—	—	—	(2,775)	—
Bonuses to directors and corporate auditors	—	—	—	—	(99)	—
Transfer to legal reserve	—	—	—	290	(290)	—
Common stock issued on conversion of convertible bonds	6,394,455	2,897	2,897	—	—	—
Other	—	—	—	—	(53)	1
Balance at March 31, 1998	396,470,473	67,104	93,602	1,223	(20,086)	—
Net income	—	—	—	—	11,507	—
Cash dividends	—	—	—	—	(2,784)	—
Bonuses to directors and corporate auditors	—	—	—	—	(91)	—
Transfer to legal reserve	—	—	—	290	(290)	—
Common stock issued on conversion of convertible bonds	1,317,355	560	560	—	—	—
Other	—	—	—	(1,513)	(4,376)	(1)
Balance at March 31, 1999	397,787,828	¥67,664	¥94,162	¥ —	¥(16,120)	¥ (1)

	Number of Shares of Common Stock	Common Stock	Capital Surplus	Legal Reserve (Note 7)	Retained Earnings (Deficit) (Note 7)	Treasury Stock
		Thousands of U.S. dollars (Note 3)				
Balance at March 31, 1998	396,470,473	$556,649	$776,458	$10,145	$(166,620)	$ —
Net income	—	—	—	—	95,454	—
Cash dividends	—	—	—	—	(23,094)	—
Bonuses to directors and corporate auditors	—	—	—	—	(755)	—
Transfer to legal reserve	—	—	—	2,406	(2,406)	—
Common stock issued on conversion of convertible bonds	1,317,355	4,645	4,645	—	—	—
Other	—	—	—	(12,551)	(36,300)	(8)
Balance at March 31, 1999	397,787,828	$561,294	$781,103	$ —	$(133,721)	$ (8)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31, 1999, 1998 and 1997

	Millions of yen 1999	1998	1997	Thousands of U.S. dollars (Note 3) 1999
Cash Flows from Operating Activities:				
Net income	**¥ 11,507**	¥ 15,144	¥ 8,862	**$ 95,454**
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	**28,034**	29,616	29,277	**232,551**
Losses on revaluation of marketable and investment securities	**1,256**	4,577	3,408	**10,419**
Losses on disposals of inventories and real estate for resale	**1,572**	751	1,728	**13,040**
Losses on sales and disposals of property, plant and equipment	**316**	2,130	58	**2,621**
Losses on liquidation of subsidiaries and affiliates	**—**	—	147	**—**
Equity in (income) losses of nonconsolidated subsidiaries and affiliates	**(14)**	167	(130)	**(116)**
Allowance for doubtful receivables	**(183)**	—	—	**(1,518)**
Decrease in notes and accounts receivable	**19,170**	16,571	5,384	**159,021**
(Increase) decrease in inventories	**13,253**	15,219	(4,147)	**109,938**
(Increase) decrease in prepaid expenses and other current assets	**4,880**	442	(197)	**40,481**
Decrease in notes and accounts payable	**(14,208)**	(1,104)	(17,078)	**(117,860)**
Increase (decrease) in income taxes payable	**549**	(1,108)	1,750	**4,554**
Increase (decrease) in accrued expenses and other current liabilities	**(1,428)**	1,375	(72)	**(11,845)**
Increase (decrease) in minority interests in consolidated subsidiaries	**(3,964)**	98	556	**(32,883)**
Total adjustments	**49,233**	68,734	20,684	**408,403**
Net cash provided by operating activities	**60,740**	83,878	29,546	**503,857**
Cash Flows from Investing Activities:				
Marketable securities	**2,389**	8,202	10,179	**19,818**
Proceeds from sales of property, plant and equipment	**211**	60	1,446	**1,750**
Expenditure for purchase of property, plant and equipment	**(20,563)**	(23,688)	(50,931)	**(170,577)**
Investments in and advances to nonconsolidated subsidiaries and affiliates	**—**	239	149	**—**
Investments in securities	**88**	703	(1,455)	**730**
(Increase) decrease in other assets	**528**	(19,174)	8,746	**4,380**
Net cash used in investing activities	**(17,347)**	(33,658)	(31,866)	**(143,899)**
Cash Flows from Financing Activities:				
Proceeds from issuance of convertible bonds	**—**	—	30,000	**—**
Proceeds from issuance of bonds	**25,000**	10,000	—	**207,383**
Proceeds from common stock issued on conversion of convertible bonds	**1,120**	5,794	1,008	**9,291**
Increase (decrease) in short-term loans payable	**(33,851)**	(71,701)	1,830	**(280,805)**
Cash dividends and bonuses to directors and corporate auditors	**(2,876)**	(2,874)	(2,842)	**(23,857)**
Increase (decrease) in long-term debt	**5,912**	(18,003)	(16,326)	**49,042**
Conversion of convertible bonds	**(1,120)**	(5,794)	(1,008)	**(9,291)**
Redemption of bonds	**—**	(3,000)	—	**—**
Long-term loans receivable	**93**	(87)	99	**771**
Increase (decrease) in other liabilities	**(1,050)**	215	(297)	**(8,710)**
Net cash provided by (used in) financing activities	**(6,772)**	(85,450)	12,464	**(56,176)**
Effect of Exchange Rate Changes	**9,426**	27,021	(22,292)	**78,192**
Net increase (decrease) in cash and cash equivalents	**46,047**	(8,209)	(12,148)	**381,974**
Cash and Cash Equivalents at Beginning of Year	**4,140**	12,349	24,497	**34,343**
Cash and Cash Equivalents at End of Year	**¥ 50,187**	¥ 4,140	¥ 12,349	**$ 416,317**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presenting Financial Statements

The accompanying consolidated financial statements of MINEBEA CO., LTD., a Japanese corporation (the “Company”), and its consolidated domestic and foreign subsidiaries, are stated in Japanese yen. The accounts of the Company and its consolidated domestic and foreign subsidiaries are maintained in accordance with generally accepted accounting principles in the respective countries and are 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 is provided in order to present the accompanying consolidated financial statements in a format which is familiar to readers outside Japan.

The consolidated statements of cash flows have been prepared for the purpose of this annual report, although such statements are not customarily prepared in Japan and are not required to be filed with the Ministry of Finance in 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 intercompany balances, intercompany transactions and unrealized profits have been eliminated in consolidation. Investments in certain nonconsolidated subsidiaries and 20% to 50% owned significant affiliates are accounted for by the equity method.

In fiscal 1999, the Company implemented revisions to the Securities and Exchange Law of Japan relating to the classification of consolidated subsidiaries and the application of the equity method scheduled to go into effect in fiscal 2000. As a result, beginning in fiscal 1999, all of the Company’s subsidiaries are included in the consolidated financial statements, while all affiliates are accounted for by the equity method.

b) Translation of foreign currencies

Current monetary assets and liabilities denominated in foreign currencies are translated into yen at the exchange rates prevailing at the balance sheet date, except for certain accounts which were hedged by forward exchange contracts. Long-term monetary assets and liabilities denominated in foreign currencies are translated at historical rates. All revenues and expenses associated with foreign currencies are translated at the rates of exchange prevailing at the time of transactions. The resulting exchange losses and gains are charged or credited to income.

Financial statement items of consolidated foreign subsidiaries and nonconsolidated foreign subsidiaries and affiliates accounted for by the equity method 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) Finance receivables
Installment finance receivables and installment sales contracts receivables due after one year are included in current assets in accordance with recognized trade practices. Based on its collection and return experience on installment finance receivables and installment sales contracts receivables, the Company has provided an allowance for possible losses by charges against income as incurred.

e) Allowance for doubtful receivables
Allowance for doubtful receivables of the Company and its domestic subsidiaries is computed on the basis of the maximum amount deductible under Japanese tax laws. Such allowance of consolidated foreign subsidiaries is generally provided for in the amount required for known uncollectible receivables.

Allowance for doubtful receivables applicable to intercompany receivables is eliminated on consolidation. The balances of the allowance as of March 31, 1999 and March 31, 1998, were sufficient to cover the estimated uncollectible receivables.

f) Inventories
Inventories of the Company and its consolidated domestic subsidiaries are stated primarily at the moving average cost or weighted 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 average cost or market.

Inventories as of March 31, 1999 and 1998, comprised the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	1999	1998	1999
Merchandise and finished goods	¥25,094	¥28,621	$208,163
Work in process	14,614	18,698	121,228
Raw materials	9,981	12,867	82,795
Supplies	4,127	5,888	34,235
	¥53,816	¥66,074	$446,421

g) 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 in accordance with Japanese tax laws, 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.

h) Marketable securities and investments in securities
Marketable securities and investments in securities consist of equity securities of listed and unlisted companies and interest-bearing bonds. Marketable securities and listed investment securities held by the Company and its consolidated domestic subsidiaries are stated at the lower of cost or market, cost being determined by the moving average method. Other securities are stated at cost, as determined by the moving average method and those held by its consolidated foreign subsidiaries are stated at the lower of cost or market, cost being determined by the moving average method.

The aggregate cost and market value of marketable equity securities held by the Company and its consolidated domestic subsidiaries as of March 31, 1999, were as follows:

	Millions of yen
Aggregate cost:	
Current	¥10,059
Noncurrent	—
	¥10,059
Aggregate market value:	
Current	¥ 9,892
Noncurrent	—
	¥ 9,892

i) Pension and retirement allowance plans
The Company and certain consolidated domestic subsidiaries previously had funded noncontributory pension plans and unfunded retirement allowance plans covering substantially all employees. However, as of April 1, 1998, the Company switched to a funded noncontributory pension plan only. Under the funded pension plans, qualified employees are entitled to receive pension payments or a lump-sum payment at the time of termination of their employment. Under the unfunded plans, used by certain consolidated domestic subsidiaries only, these companies accrue liabilities equal to approximately 40% of the amount payable, if employees voluntarily terminated their employment as of the balance sheet date, less the amount which would be paid from the pension fund.

The liabilities so accrued are included in other long-term liabilities in the accompanying consolidated balance sheets.

Certain consolidated subsidiaries in Japan and in the United States of America have funded retirement allowance plans for their employees under which these employees are entitled to receive a lump-sum payment or pension payments.

Amounts of pension payments and retirement allowance are generally determined on the basis of length of service and current basic salary at the time of termination of service.

The total provision charged by the Company and its consolidated subsidiaries to earnings under the above plans was ¥989 million and ¥445 million in fiscal 1999 and 1998, respectively.

j) Research and development costs
Research and development costs related to future products were previously recorded as deferred research and development costs and amortized on a straight-line basis over five years. However, beginning in fiscal 1999, research and development costs are charged to income as incurred. This change was made in light of the rapid pace of technological change in recent years and with the aim of improving the Company's financial condition.

Amortization expense of these research and development costs for fiscal 1999 and 1998 was ¥426 million and ¥1,343 million, respectively.

k) Excess of cost over net assets acquired

Excess of cost over net assets acquired for business acquisitions was amortized, amounting to ¥2,772 million in fiscal 1999 and ¥3,031 million in fiscal 1998, respectively, on a straight-line basis over a period ranging from five to 40 years.

In accordance with revisions in fiscal 1999 to the Securities and Exchange Law of Japan relating to the preparation of consolidated financial statements, consolidated adjustment account depreciation charges (for the period), which were previously included in other, net, in the other income (expenses) category, are included in selling, general and administrative expenses.

l) Reclassifications

Certain amounts in the prior years' financial statements have been reclassified to conform with the 1999 presentation.

3. Translation into United States Dollars

The accompanying financial statements are expressed in Japanese yen and, solely for the convenience of the reader, have also been translated into United States dollars at the rate of ¥120.55=US$1, the approximate exchange rate on March 31, 1999. 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 United States dollars.

4. Investments in and Advances to Nonconsolidated Subsidiaries and Affiliates

Summarized financial information for all nonconsolidated subsidiaries and affiliates as of March 31, 1999 and 1998, and for the years then ended, was as follows:

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
Financial Position	**1999**	1998	**1999**
Assets:			
Current assets	**¥778**	¥ 3,418	**$6,454**
Other assets, including property, plant and equipment	**200**	2,123	**1,659**
	¥978	¥ 5,541	**$8,113**
Liabilities and shareholders' equity:			
Current liabilities	**¥403**	¥ 4,459	**$3,343**
Long-term liabilities	**30**	16,747	**249**
Shareholders' equity	**545**	(15,665)	**4,521**
	¥978	¥ 5,541	**$8,113**

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
Operations	**1999**	1998	**1999**
Net sales	**¥1,487**	¥12,224	**$12,335**
Cost and expenses	**1,446**	12,317	**11,995**
Net income (loss)	**¥ 41**	¥ (93)	**$ 340**

Summarized below are the significant transactions of the Company and its consolidated subsidiaries with nonconsolidated subsidiaries and affiliates for the years ended March 31, 1999 and 1998, and the related account balances as of March 31, 1999 and 1998:

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	1999	1998	**1999**
Transactions:			
Sales	**¥—**	¥2,129	**$ —**
Purchases	**31**	2,148	**257**
Account balances:			
Notes and accounts receivable	**—**	283	**—**
Advances to nonconsolidated subsidiaries and affiliates	**—**	8,051	**—**
Notes and accounts payable	**12**	4	**100**

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, and commercial paper. The average annual interest rates for short-term loans were 5.6% and 6.5% for the years ended March 31, 1999 and 1998, respectively.

The aggregate annual maturities of long-term debt outstanding as of March 31, 1999, are as follows:

	Millions of yen	*Thousands of U.S. dollars (Note 3)*
2000	**¥ 7,644**	**$ 63,409**
2001	**7,566**	**62,762**
2002	**5,053**	**41,916**
2003	**47,335**	**392,659**
2004 and thereafter	**68,269**	**566,313**

As of March 31, 1999, the following assets were pledged as collateral against short-term bank loans of ¥6,221 million and long-term debt of ¥3,494 million:

	Millions of yen	*Thousands of U.S. dollars (Note 3)*
Marketable securities	**¥ 2,382**	**$ 19,759**
Property, plant and equipment	**14,989**	**124,339**
	¥17,371	**$144,098**

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

	Conversion price per share of common stock as of March 31, 1999	*Exchange rate applicable upon conversion*	*Redemption at the option of the Company*
0.8% unsecured convertible bonds payable in Japanese yen due 2003	¥852.00	—	On or after April 1, 2000, 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, 2001, at 103% to 100% of principal amount

Note: These 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 the outstanding bonds were converted as of March 31, 1999, 45,464,135 shares of common stock would have been issued.

Long-term debt as of March 31, 1999 and 1998, consisted of the following:

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	1999	1998	**1999**
5.5% unsecured convertible bonds payable in U.S. dollars due 1998	**¥ —**	¥ 8	**$ —**
0.8% unsecured convertible bonds payable in Japanese yen due 2003	**14,911**	16,021	**123,691**
0.65% unsecured convertible bonds payable in Japanese yen due 2005	**27,180**	27,182	**225,467**
2.0% unsecured bonds payable in Japanese yen due 2003	**10,000**	—	**82,953**
2.85% unsecured bonds payable in Japanese yen due 2005	**10,000**	10,000	**82,953**
3.0% unsecured bonds payable in Japanese yen due 2008	**15,000**	—	**124,430**
1.8% to 12.5% loans from banks, other	**58,776**	52,864	**487,565**
	135,867	106,075	**1,127,059**
Less current portion	**7,644**	9,193	**63,409**
	¥128,223	¥ 96,882	**$1,063,650**

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 47% and 51% for fiscal 1999 and 1998. In accordance with revisions in fiscal 1999 to the Securities and Exchange Law of Japan relating to the preparation of consolidated financial statements, the corporate enterprise tax, which was previously included in selling, general and administrative expenses, is now included in income taxes.

The income taxes of the consolidated foreign 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 income tax for two years starting from the first profit-making year and are subject to 12% income tax rate for the following three years and after that subject to 24% 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 foreign subsidiaries. The income tax effect of these differences is not recognized for the Company and its domestic subsidiaries. However, the income tax effect is recognized for timing differences resulting from elimination of intercompany profit and certain adjustments made in the accompanying consolidated financial statements. The income tax benefits of loss carryforwards applicable to certain consolidated subsidiaries are recognized currently.

The aggregate prepaid income taxes of ¥2,768 million and ¥4,458 million as of March 31, 1999 and 1998, respectively, are included in prepaid expenses and other current assets in the accompanying consolidated balance sheets. The aggregate total of prepaid income taxes as of March 31, 1998, is calculated at the rate of 47%, the effective statutory rate approved as part of tax reforms that went into effect April 1, 1998.

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 transferred to the common stock account through suitable shareholders' and/or directors' action, but is not available for dividend payment.

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, 1999 and 1998, respectively.

In accordance with revisions in fiscal 1999 to the Securities and Exchange Law of Japan relating to the preparation of consolidated financial statements, the legal reserve, which was previously listed separately, is included in accumulated deficit.

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, 1999 and 1998, was as follows:

	Thousands of shares	
	1999	1998
Primary	**397,651**	394,200
Fully diluted	**443,251**	443,250

9. Litigation

As of March 31, 1999, 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, 1999.

11. Year 2000 Compliance Program, Others

a) Year 2000 compliance efforts

1. Overall policy

Minebea has identified the Year 2000 Problem as a key management issue to which the Minebea Group should give top priority. Accordingly, the companies of the Minebea Group are undertaking coordinated efforts aimed at achieving compliance.

2. Compliance structure and progress of compliance efforts

In June 1997, Minebea established a Year 2000 Compliance Project Team to cope with the malfunctions caused by computer systems within the Minebea Group as a result of the Year 2000 Problem. Since then, the Company has implemented measures aimed at:

- determining the potential for Year 2000 Problem-related malfunctions in Minebea Group PCs, computer (including computer-aided design) systems, production facilities with built-in microcomputer chips and corporate aircraft and devising solutions for such, and modifying internally developed software programs;
- determining the potential for Year 2000 Problem-related malfunctions in Minebea products and devising solutions for such malfunctions;
- verifying how suppliers of raw materials are coping with the Year 2000 Problem.

With the aim of facilitating full Year 2000 compliance, including the formulation of contingency plans, on March 1, 1999, Minebea dissolved the Year 2000 Compliance Project Team and established in its place the Year 2000 Compliance Supervisory Committee. The committee is staffed by the chief executives of the Company's sales and manufacturing headquarters (both senior managing directors), general manager of the systems department (a director) and the general manager of the legal department (also a director). Under the administration of the committee, Minebea has also established Year 2000 working committees within, for example, production facilities, individual divisions and affiliated companies, to promote Year 2000 compliance measures.

The Company has conducted systematic simulation tests and taken other steps to confirm the effectiveness of the measures. These efforts were largely completed by the end of June 1999. As a result, Minebea expects to be able largely to avoid malfunctions caused by computer systems and equipment within the Minebea Group as result of the Year 2000 Problem. The Company has also enlisted the cooperation of raw materials suppliers in ensuring that they are prepared to cope with potential Year 2000 Problem-related malfunctions.

b) Estimated expenditures

Minebea estimates total expenditures for its Year 2000 compliance program at ¥893 million, of which ¥713 million was used in the fiscal years ended March 31, 1998 and 1999, and is thus reflected in the Statement of Income for these periods. Estimated expenditures in fiscal 2000 are ¥180 million.

c) Contingency plans, others

Although Minebea is implementing a wide range of measures, the Company recognizes that these efforts do not guarantee the preclusion of any interruption of its operations caused by the Year 2000 Problem because it will also affect the computer systems of other companies and organizations worldwide. Minebea recognizes the following as primary external risks:

- supplies of electric power, water and gas to the Company's production facilities may be interrupted;
- delivery of raw materials may be suspended;
- transportation of finished products may be delayed.

Such occurrences may result in interruptions to its operations that make it difficult for the Minebea Group to fulfill its obligations as a manufacturer to supply its customers. The Minebea Group recognizes internal and external risks as inherent aspects of the Year 2000 Problem and is formulating contingency plans that emphasize their avoidance to minimize inconvenience to its customers.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
MINEBEA CO., LTD.

We have examined the consolidated balance sheets of MINEBEA CO., LTD. and its consolidated subsidiaries as of March 31, 1999 and 1998, and the related consolidated statements of income, shareholders' equity and cash flows for each of the 3 years in the period ended March 31, 1999, all expressed in Japanese yen. Our examinations were made in accordance with generally accepted auditing standards in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of MINEBEA CO., LTD. and its consolidated subsidiaries as of March 31, 1999 and 1998, and the results of their operations and their cash flows for each of the 3 years in the period ended March 31, 1999, in conformity with accounting principles generally accepted in Japan.

Tokyo, Japan
June 29, 1999

CENTURY AUDIT CORPORATION
Certified Public Accountants

See Note 1 to the consolidated financial statements which explains the basis of preparing the consolidated financial statements of MINEBEA CO., LTD. under Japanese accounting principles and practices.

PRINCIPAL SUBSIDIARIES

Subsidiaries in Asia	Operations	Percentage of shares controlled by Minebea
Japan		
Minebea Electronics Co., Ltd.	Manufacture and sale of electronic devices and components	100.0%
NMB Electro Precision, Inc.	Manufacture and sale of fan motors	100.0
Minebea Onkyo Co., Ltd.	Manufacture and sale of speakers and transformers	100.0
Minebea Geotechnology Co., Ltd.	Manufacture and sale of measuring instruments used in civil engineering	100.0
Actus Corporation	Import and sale of furniture and interior decor products	49.8
Minebea Credit Co., Ltd.	Real estate collateralized lending	98.4
Thailand		
NMB Thai Ltd.	Manufacture and sale of bearings	100.0
Pelmec Thai Ltd.	Manufacture and sale of bearings	100.0
Minebea Thai Ltd.	Manufacture and sale of keyboards, motors and other products	100.0
NMB Hi-Tech Bearings Ltd.	Manufacture and sale of bearings	100.0
NMB Precision Balls Ltd.	Manufacture and sale of steel balls for ball bearings	100.0
Minebea Electronics (Thailand) Co., Ltd.	Manufacture and sale of electronic devices and components	97.2
Power Electronics of Minebea Co., Ltd.	Manufacture and sale of electronic devices and components	100.0
MF Industries Co., Ltd.	Surface treatment of metal components	100.0
Singapore		
NMB Singapore Ltd.	Manufacture and sale of bearings and measuring instruments	97.4
Pelmec Industries (Pte.) Ltd.	Manufacture and sale of bearings	100.0
NMB Precision Tool & Die (Pte.) Ltd.	Manufacture and sale of tools and dies	100.0
Minebea Technologies Pte. Ltd.	Sale of bearings, electronic devices and components	100.0
People's Republic of China		
Minebea Electronics & Hi-Tech Components (Shanghai) Ltd.	Manufacture and sale of bearings and fan motors	100.0
Taiwan		
Hwan Chong Enterprise Co., Ltd.	Manufacture and sale of speaker units	100.0
Korea		
NMB Korea Co., Ltd.	Sale of bearings, electronic devices and components	100.0

Subsidiaries in North America

Subsidiaries in North America	Operations	Percentage of shares controlled by Minebea
United States		
NMB (USA) Inc.	Holding company	100.0%
New Hampshire Ball Bearings, Inc.	Manufacture and sale of bearings	100.0
IMC Magnetics Corp.	Manufacture and sale of solenoid valves and motors	100.0
Power Systems, Inc.	Manufacture and sale of switching power supplies	100.0
Hansen Corporation	Manufacture and sale of motors	100.0
NMB Corporation	Sale of bearings	100.0
NMB Technologies, Inc.	Sale of electronic devices and components	100.0
Canada		
NMB Precision, Inc.	Sale of bearings, electronic devices and components	100.0
Mexico		
Minebea Electronics Mexico S.A. de C.V.	Manufacture of electronics devices and components	100.0
NMB Mexico S.A. de C.V.	Printing on keyboards manufactured by Minebea	100.0

Subsidiaries in Europe

Subsidiaries in Europe	Operations	Percentage of shares controlled by Minebea
United Kingdom		
Rose Bearings Ltd.	Manufacture and sale of bearings	100.0%
Minebea Electronics (UK) Ltd.	Manufacture and sale of switching power supplies	100.0
NMB (U.K.) Ltd.	Sale of bearings, electronic devices and components and printing on keyboards	100.0
Germany		
Precision-Motors-Deutsche-Minebea-GmbH	Manufacture and sale of spindle motors for HDDs	100.0
NMB-Minebea-GmbH	Sale of bearings, electronic devices and components	100.0
Italy		
NMB Italia S.r.L	Sale of bearings, electronic devices and components	100.0
France		
NMB Minebea S.A.R.L.	Sale of bearings, electronic devices and components	100.0

Corporate Data

As of June 1999

Minebea Co., Ltd.

Corporate Information

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Fax: 81-3-5434-8601

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4106-73, Oaza Miyota,
Miyota-machi, Kitasaku-gun,
Nagano 389-0206, Japan
Tel: 81-267-32-2200
Fax: 81-267-31-1330

Established
July 16, 1951

Investor Information

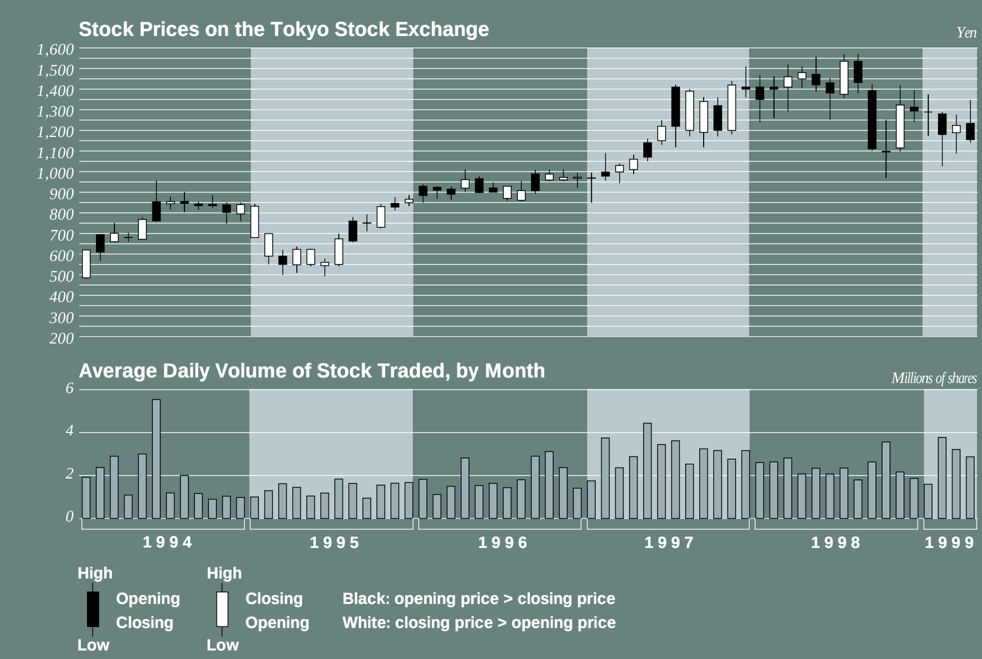
Common Stock (As of March 31, 1999)
Authorized: 1,000,000,000 shares
Issued: 397,787,828 shares
Capital: ¥67,664 million

Common Stock Listings
Tokyo, Osaka and Nagoya

American Depositary Receipts
Ratio (ADR: ORD): 1: 2
Exchange: Over-the-Counter (OTC)
Symbol: MNBEY
CUSIP: 602725301
Depositary: The Bank of New York
101 Barclay Street,
New York, NY 10286, U.S.A.
Tel: 1-212-815-2204
U.S. toll-free: 888-269-2377
(888-BNY-ADRS)
http://www.bankofny.com/adr

Independent Certified Public Accountants
Century Audit Corporation

Transfer Agent
The Sumitomo Trust and Banking Co., Ltd.



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