



MINEBEA

MINEBEA CO., LTD.

NMB

ANNUAL REPORT 1999

Year Ended March 31, 1999

Consolidated Financial Highlights

Years ended March 31

	Millions of yen		Percentage change	Thousands of U.S. dollars (Note)
	1999	1998	1999/1998	1999
Net sales	¥305,324	¥326,094	-6.4%	\$2,532,758
Operating income	38,546	58,811	-34.5	319,751
Net income	11,507	15,144	-24.0	95,454
Total shareholders' equity	145,705	141,843	2.7	1,208,668
Total assets	473,360	492,210	-3.8	3,926,669
Return on shareholders' equity	8.0%	11.4%		

	Yen		Percentage change	U.S. dollars (Note)
	1999	1998	1999/1998	1999
Per Share Data				
Net income (primary)	¥ 28.94	¥ 38.42	-24.7%	\$0.24
Shareholders' equity	366.29	357.77	2.4	3.04

Note: U.S. dollar amounts are translated from yen, for convenience only, at the rate of 1120.55=US\$1, the approximate rate on March 31, 1999.

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Minebea Co., Ltd., was established in 1951 as Japan's first specialized manufacturer of high-precision miniature ball bearings. Today, the Company is the world's leading comprehensive manufacturer of miniature ball bearings and high-precision components, supplying customers worldwide in the information and telecommunications equipment, aerospace, automotive and household electrical appliance industries. As of March 31, 1999, the Minebea Group encompassed 60 subsidiaries and affiliates in 16 countries. These companies maintain 35 plants and 70 sales offices, and employ a total of 40,482 people.

A MESSAGE TO SHAREHOLDERS

Fiscal 1999 was a challenging period for Minebea.

The Year in Review

Fiscal 1999, ended March 31, 1999, was a challenging period for Minebea as various forces conspired to hamper our performance and prevent us from achieving consistent growth in sales and income—a constant objective. Consolidated net sales, operating income and net income all fell below the previous year's level.

More than half of Minebea's sales are for use in information and telecommunications equipment, notably personal computers (PCs), and household electrical appliances. Although the global market for PCs climbed 10.7% in 1998, inventory adjustments by PC manufacturers and sluggish demand from the household electrical appliance industry dampened sales of Minebea's products in the first half of the period. The market picked up in the second half, but declining prices for electronic devices and components precluded any significant improvement. Continued growth in orders from the aerospace industry, particularly in Europe, brightened an otherwise dismal picture. As a consequence, Minebea recorded a 6.4% decrease in net sales for the full term, to ¥305,324 million.

Operating income fell 34.5%, to ¥38,546 million. Sluggish demand in key product markets and production adjustments aimed at reducing inventory prompted a temporary rise in manufacturing costs at our mass-production facilities in the first half of the period. In the second half, income was driven down by sagging prices for electronic devices and components, the Thai baht's appreciation against the U.S. dollar—a reversal of the fiscal 1998 trend—and other developments. Operating income represented 12.6% of net sales, largely in line with figures for the three years preceding fiscal 1998, when an extraordinary factor, namely the devaluation of the baht, boosted operating income to 18.0% of net sales.

Net income totaled ¥11,507 million—a decline of 24.0%, but still the second-highest result in the Company's history thanks to a

substantial decrease in other expenses. Primary net income per share slipped to ¥28.94, from ¥38.42, while fully diluted net income per share decreased to ¥26.32, from ¥34.85.

Our free cash flow totaled ¥40,177 million at the end of fiscal 1999, approximately level with the fiscal 1998 year-end. This reflected ongoing efforts to reduce inventories and accelerate the collection of receivables, and the fact that we maintained expenditures for purchases of property, plant and equipment well below depreciation and amortization.

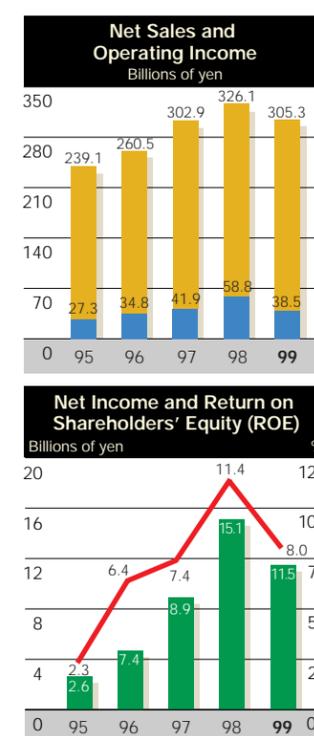
Strategies in Action

Global economic change, including mergers and tie-ups that transcend national borders, continues to have drastic and far-reaching consequences for Minebea's operating environment. Yet rather than being discouraged by this situation, we see it as a chance to demonstrate our caliber as a company and ensure future growth. However, this depends on our ability to formulate and implement strategies that take advantage of current prevailing economic and business conditions, thus preparing us to maximize the next upswing. Accordingly, we continue to concentrate management resources on strategies aimed at reinforcing core capabilities by achieving higher levels of quality and ensuring financial soundness. At the same time, we are striving to maintain a high level of management transparency to earn the confidence of all Minebea shareholders and employees.

Minebea has always considered environmental protection of primary importance in conducting its business and has been scrupulous in its efforts to preserve the natural environment at its facilities around the world. We continue to reinforce our commitment by taking steps to enhance the environmental soundness of our operations.

Achieving Higher Levels of Quality

Minebea's mainstay products—ball bearings and electronic devices and components,



Our healthy free cash flow reflected ongoing efforts to reduce inventories and expedite the collection of receivables, and the fact that we maintained expenditures for the purchase of property, plant and equipment below depreciation and amortization.

We continue to concentrate management resources on strategies aimed at achieving higher levels of quality, ensuring financial soundness and maintaining management transparency.



Tsugio Yamamoto, President and Representative Director

such as small motors—are indispensable to information and telecommunications equipment, such as PCs, and household electrical appliances. With the growing technological sophistication of these products, model changes are increasingly frequent. Accordingly, to ensure competitiveness, a component manufacturer must anticipate change and be prepared to respond promptly to the supply and quality requirements of customers.

We continue to sharpen our already significant competitive edge in terms of supply capabilities by investing extensively in expanding facilities in Thailand, our largest mass-production base, and in our newest plant, in the People's Republic of China, which began operating in 1994. At the same time, we will maintain our competitive advantage in terms of quality by maximizing our superior machining technologies, enabling us to prepare for evolving customer needs by continually setting new standards of quality.

Orders for mainstay ball bearings and electronic components and devices in fiscal 1999 dipped below the fiscal 1998 level. As previously stated, however, we look upon adversity as opportunity. During the period under review, we took advantage

of down time resulting from the slowdown in production to invest in facility improvements worldwide that will further enhance the quality of Minebea products. We automated production lines, promoted rationalization and improved the precision of manufacturing equipment. In addition, we expanded our plants in Thailand, adding a clean room for assembling spindle motors for hard disk drives (HDDs) and reinforcing production of parts for internal use. We also augmented facilities at our research and development (R&D) centers in Thailand and Singapore, our principal mass-production bases in Asia, and set up new technical centers in the United States, for automotive components, and the United Kingdom, for fan motors.

Another reason we are able to constantly achieve higher levels of quality is our unique in-house parts production scheme, which encompasses the majority of parts we use, thus giving us complete control over the quality of these parts and enabling us to guarantee a stable supply of finished products—both significant advantages over manufacturers that depend on outside parts suppliers. By maximizing the benefits of internal sourcing, we will focus on increasing our lineup of high-quality, high-margin products, positioning Minebea to attain growth in sales and income in the years ahead.

In the special feature section of this year's annual report, we offer a critical look at our efforts to reinforce competitiveness by enhancing quality. I hope you will find it informative and interesting, and that it will enable you to better understand Minebea and its strategies.

Ensuring Financial Soundness

Surviving a period of upheaval without outside assistance demands a sound financial base. To this end, we are endeavoring to improve key measures of financial soundness, notably free cash flow. During the period under review, we proceeded with



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measures inaugurated in fiscal 1998 to improve cash flow. Although sales and earnings were down, we maintained a high level of profitability. At the same time, we increased cash coming into the Company by restraining expenditures for the purchase of property, plant and equipment, reducing inventories and expediting collection of accounts receivable, and lowered net interest-bearing debt for the second consecutive year.

In light of the current instability of Japan's financial system, we increased cash and cash equivalents to ¥50,187 million, from ¥4,140 million at the end of fiscal 1998. At the same time, we lowered interest-bearing debt by ¥4,059 million. As a consequence, the net outstanding interest-bearing debt, i.e., the outstanding balance minus reductions and applications to cash and cash equivalents, was ¥220,864 million as of March 31, 1999, compared with ¥351,259 million at the end of fiscal 1997, representing a total reduction in net interest-bearing debt of ¥130,395 million in the two years since we turned our attention to this crucial task in April 1997. Interest payable declined ¥6,878 million during the same period. We will step up efforts to repay debt in the next few years, and have set a target for net interest-bearing debt of less than ¥200,000 million by the beginning of the year 2000—a target we fully expect to achieve.

In April 1999, we introduced monthly free cash flow monitoring in each of our eight business units. This involves preparing and distributing individual monthly free cash flow reports, which detail results and plans, to the general managers of each unit. The information is intended to strengthen awareness of free cash flow management and galvanize efforts to improve productivity, reduce inventories of works in process and finished products and accelerate the collection of outstanding accounts, thereby strengthening cash flow and facilitating attainment of our debt-reduction goal.

Maintaining Management Transparency

Timely and effective decision-making at the management level is essential to achieving the objectives we have set. Equally crucial is an accurate, consistent understanding of current challenges at the employee level. To this end, we must maintain a high level of internal, as well as external, management transparency. In other words, we need to communicate strategies and goals clearly to ensure that all of our employees, whether in production, sales or administration, have a firm grasp of management directions, individual responsibilities and objectives, and issues to be addressed, and approach their work with a shared commitment to the future.

Perhaps the most important reason that our debt repayment program has been so successful since its launch in April 1997 is that all employees were made fully aware of why this was such a crucial objective for the Company and what role they were to play in the process. My confidence in our ability to improve quality and ensure financial soundness in the short term stems from the knowledge that our employees understand what management is doing and why, and are behind us all the way.

Protecting the Environment

Minebea considers environmental protection of primary importance in conducting its business and has been scrupulous in its efforts to preserve the natural environment at its manufacturing facilities around the world. In fiscal 1999, we took several steps toward further reinforcing our commitment to the environment.

In fiscal 1998, the Karuizawa Manufacturing Unit (the parent Company's plant), U.K. subsidiary Rose Bearings Ltd.'s Lincoln Plant, our eight subsidiaries and 10 plants in Thailand, two plants in China and three subsidiaries and five plants in Singapore were all awarded ISO 14001 certification, the International Organization for Standardization's endorsement for



Minebea's newest plant, in Shanghai



The Thai R&D Center, a state-of-the-art facility that focuses on contamination control and material science

I look forward to building on the achievements of my predecessor and capitalizing on my own experience to further strengthen Minebea's position as a comprehensive supplier of bearings and high-precision components.

environmental management systems. During the period under review, we proceeded with efforts to secure ISO 14001 certification for all remaining plants in Japan and overseas by the end of 1999.

In August 1998, Minebea received the Shanghai Environmental Protection Award, given by the city of Shanghai, home of two state-of-the-art Minebea ball bearing and fan motor plants, in recognition of contributions to protection of the natural environment in and around Shanghai. We will continue to reinforce environmental management systems at our plants around the world to help ensure that both Minebea and its facilities are welcomed by local communities.

Looking Ahead

At the general meeting of shareholders on June 29, 1999, I was elected a director of Minebea. At a subsequent meeting of the Company's Board of Directors, I was named to replace Goro Ogino, who retired as president.

For a component manufacturer, competitiveness depends on the ability to offer innovative products that enable it to cultivate new markets and respond swiftly and effectively to the increasingly sophisticated and diverse demands of customers. Under the leadership of Goro Ogino, Minebea has developed a unique, vertically integrated manufacturing system, a global network of mass-production facilities and a collaborative R&D structure that have given it a significant competitive edge and earned it the trust and confidence of customers worldwide. Mr. Ogino is also largely responsible for Minebea's success in overcoming the major challenges it has faced in recent decades, including the divestiture of its semiconductor and other unprofitable businesses. At the same time, he enhanced Minebea's prestige and position as a component manufacturer, transforming it into a company that enjoys a solid reputation among investors.



I have spent more than 30 years in sales and marketing at Minebea. In this era of rapid change, characterized by massive corporate restructurings that transcend national borders and traditional corporate bonds, the importance of global sales and marketing capabilities is increasing. By capitalizing on my own experience and expertise to reinforce links between production and sales, I will endeavor to build on Mr. Ogino's achievements and further strengthen Minebea's position as the world's leading comprehensive supplier of bearings and high-precision components.

I thank our shareholders for their support to date and trust that they will continue to endorse our efforts in the years ahead.

June 29, 1999

Tsugio Yamamoto
President and Representative Director



Developing Unparalleled Precision Machining Technologies



BALL BEARINGS

Tomihiro Maruta, Managing Director, General Manager of Bearing Manufacturing Division, and in charge of the Rod-end Manufacturing Division, Karuizawa Manufacturing Unit; General Manager, Fujisawa Manufacturing Unit

Often called the primary element of industry, ball bearings are found in innumerable products in contemporary society. The precision of the ball bearings used in these products plays a crucial role in determining their performance.

Miniature and small-sized ball bearings, particularly those up to 22 millimeters in external diameter, are the most prevalent classes and are used extensively in information and telecommunications equipment, as well as household electrical appliances. Minebea is the world's leading manufacturer of these ball bearings, with a 65% global market share.

Growing technological sophistication in key customer industries continues to spur demand for higher levels of ball bearing precision. In particular, the growing technological sophistication of HDDs is increasing demand on bearing manufacturers to achieve constantly higher levels of quality. Moreover, such industries demand this improved quality at greater-than-ever levels of production. Minebea's unmatched competitiveness in this market and reputation for product reliability are due to its unique vertically integrated manufacturing system, which facilitates internal sourcing of all parts used in its ball bearings.

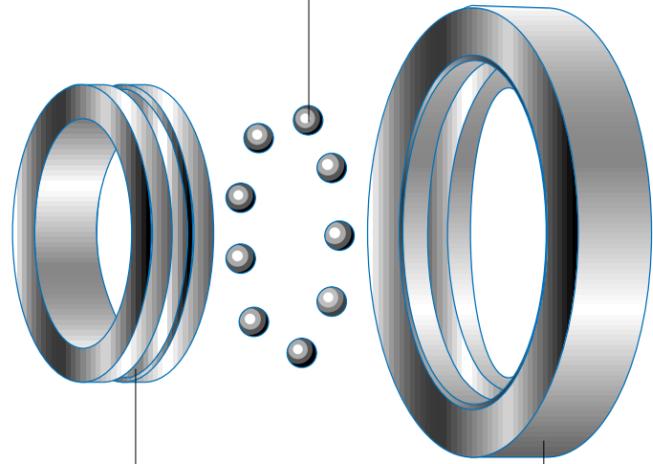


Snap Rings
Snap rings are C-shaped steel wires used to affix metal shields to outer rings.

Retainers
Retainers are used to separate the balls housed between the inner and outer rings and keep them in place within the raceway. Retainers are usually made of metal or resin.

Balls
Balls—usually between five and 13, although the number varies depending on the type and size of bearing—are housed between the inner and outer rings. The most prevalent materials are chrome and stainless steel, with ceramics also popular.

The raceway roundness of the inner and outer rings for ultrahigh-precision ball bearings manufactured by Minebea for use in HDDs and videocassette recorders (VCRs) exceeds 0.05 microns—less than one 1,600th the thickness of a strand of human hair. Moreover, the sphericity of balls used in such ball bearings exceeds 0.02 microns. If the earth, which has a diameter of 12.8 million meters, had such a high level of sphericity, the tallest mountain would be a mere 25.6 meters.



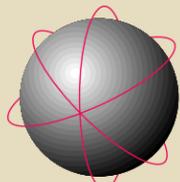
Inner Rings
The inner ring has a raceway on the outside in which the balls roll. Inner rings are made from the same materials as outer rings.

Outer Rings
The outer ring of a ball bearing has a raceway on the inside, in which the balls roll, and grooves on the top and bottom which hold protective shields. Outer rings are generally made of chrome or stainless steel.

Shields
Shields are fitted onto outer rings to prevent foreign matter and dirt from penetrating and lubricants from escaping. Materials commonly used to manufacture shields include metal, rubber and resin.

TOPIC

Raceway Roundness and Ball Sphericity



Improving the raceway roundness of a ball bearing's inner and outer rings and the sphericity of the balls greatly enhances the bearing's rotating speed, non-repeatable run-out (NRRO), sound level and life span. This, in turn, strengthens the quality of the motors or other components in which the bearing is used. Minebea develops and builds all jigs and tools used in the production of ball bearing parts in-house, enabling it to ensure consistently high levels of raceway roundness and ball sphericity for ball bearings manufactured at its 10 mass-production facilities worldwide.

Minebea produces approximately 8,500 different varieties with outer-ring external diameters between three millimeters and 28 millimeters, with monthly output worldwide totaling approximately 120 million pieces.

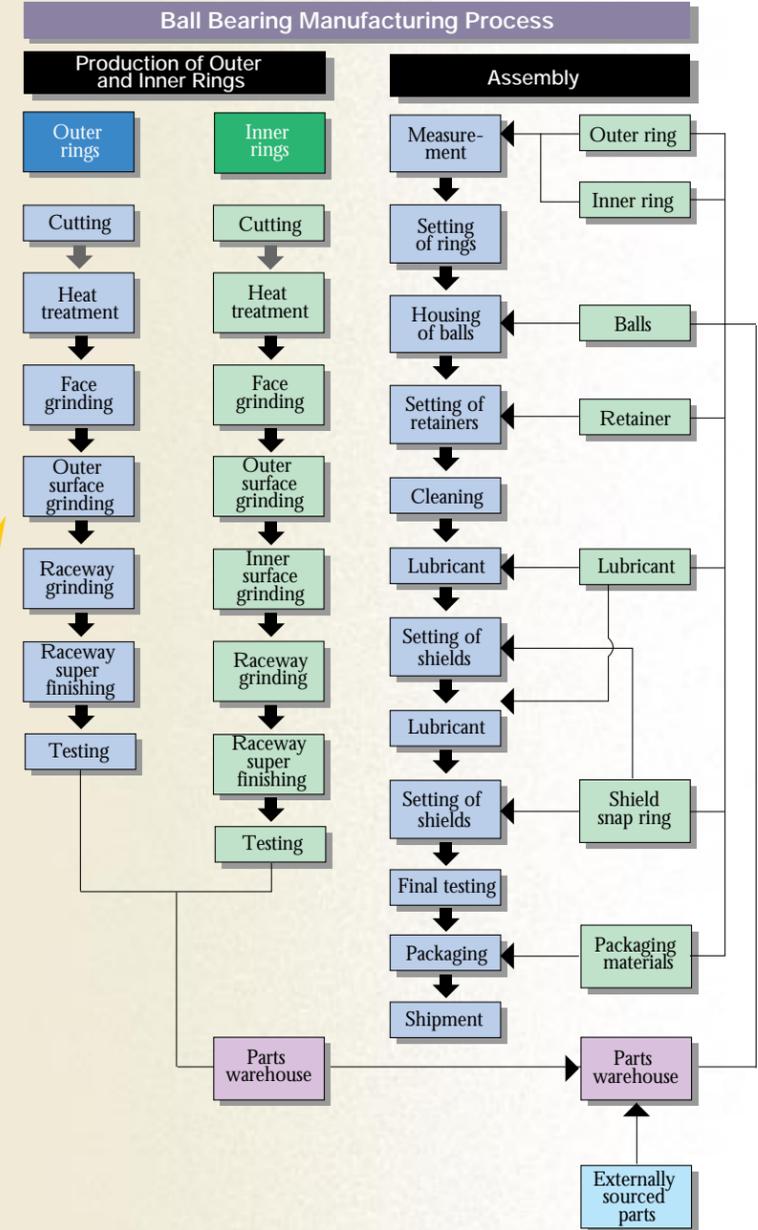


● Bearings

External diameter (mm) 3 5 7 9 11 13 14 16 20 22 28

Minebea's Vertically Integrated Manufacturing System

The level of precision in each ball bearing production process is another essential factor in determining the quality of finished products. Minebea conducts all processes in-house, as well as manufactures most production and assembly equipment used therein, thus ensuring complete control over the precision of each process and facilitating mass-produced superior-quality ball bearings.



Internal Sourcing of All Parts

The typical ball bearing comprises an outer ring, inner ring, between five and 13 balls, two retainers, two shields and two snap rings. Enhancing the precision of each of these parts is essential to raising the quality of the finished ball bearing. Minebea manufactures all parts used in its ball bearings in-house, giving it complete control over part precision and enabling it to mass-produce ball bearings of unsurpassed quality.

Applying Fundamental Technologies to the Manufacture of High-Precision Components

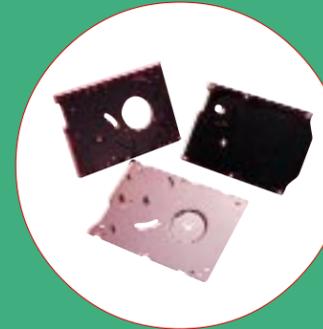


Components for HDDs

Rikuro Obara, Senior Managing Director, General Manager of 1st Manufacturing Headquarters and Karuizawa Manufacturing Unit

The growing presence of PCs in both the home and office and rapid technological advances are stimulating demand for HDDs with increased capacity and higher reading and writing speeds.

Spindle motors, of which Minebea is a world-leading manufacturer, are crucial components in HDD mechanisms. Improving the rotating speed, NRRO, sound and life span of an HDD spindle motor is thus an effective way to enhance the performance of an HDD. These factors are determined by the quality of the ball bearings used. Minebea's spindle motors contain the Company's own high-precision ball bearings, as well as other internally sourced parts, ensuring outstanding reliability. Superior accuracy is also demanded of pivot assemblies for positioning HDD magnetic heads. Here, too, Minebea has applied its high-precision bearing technologies, earning the Company a commanding 75% share of the global pivot-assembly market.



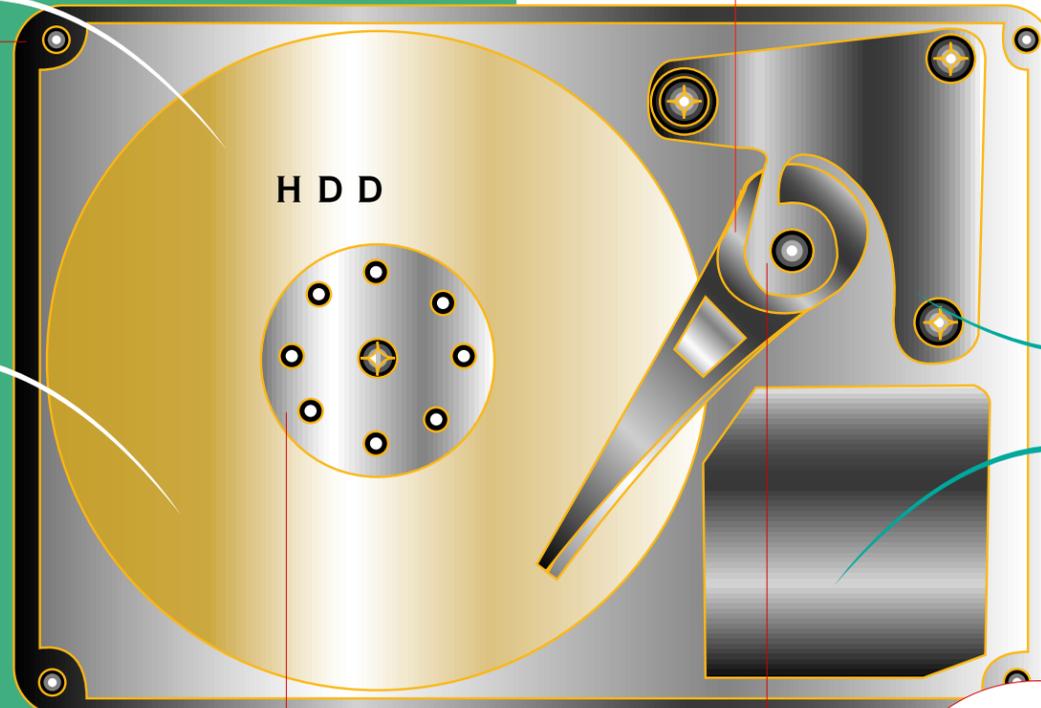
Die-cast Parts

Minebea produces die-cast bases for HDDs in-house. We also sell motors for HDDs comprising a base and a spindle motor.



Die-cast Parts

Minebea manufactures the die-cast swing arm, upon which the HDD's magnetic head is mounted. We also sell integrated units comprising a swing arm and a pivot assembly.



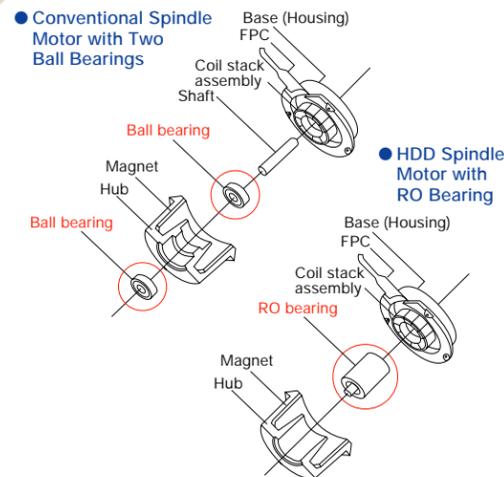
HDD

TOPIC

RO Bearings



RO bearings—named for their inventor, senior managing director Rikuro Obara—are unique, high-precision ball bearings developed by Minebea for use in HDD spindle motors. Conventional HDD spindle motors contain two standard ball bearings. The groundbreaking RO bearing, however, features two raceways on the inside of the outer ring and one each on the shaft and the inner ring fitted on the shaft, essentially combining the functions of two ball bearings in one while improving the degree of parallelism of the raceway, minimizing rotational error and facilitating more compact designs. RO bearings are also used in pivot assemblies.



Spindle Motors

With the exception of winding wires and leads, Minebea produces all parts for HDD spindle motors—from high-precision machined parts, such as ball bearings, shafts, housings and bases, to magnets—in-house.



Pivot Assemblies

Minebea produces all parts for its HDD pivot assemblies, which are mounted on die-cast swing arms.

A Leading Share of the Global Market for Ball Bearings

Minebea uses its own high-precision ball bearings in its small-sized motors and pivot assemblies, which has earned these components an outstanding reputation for reliability. With the increasing technological sophistication and rapid diffusion of PCs, office automation (OA) equipment and household electrical appliances, demand for Minebea products is growing, as is the Company's share of key global markets for electronic devices and components.



Spindle motors for HDDs



Stepping motors



Pivot assemblies

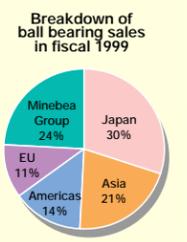
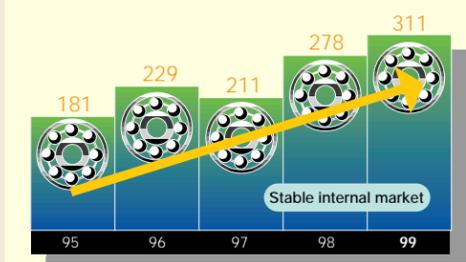


Fan motors

A Highly Stable Internal Market

Internal sourcing also generates powerful synergies. By using its own ball bearings, Minebea ensures the outstanding quality of its various small motors, pivot assemblies and other components. Outstanding quality attracts increased orders which, in turn, stimulates orders for ball bearings. Minebea has thus created its very own massive and highly stable ball bearing market.

Production Volume of Ball Bearings for Internal Use
(Million pieces per year)



Striving Constantly for Higher Levels of Precision through Extensive R&D



PROCESS-RELATED R&D

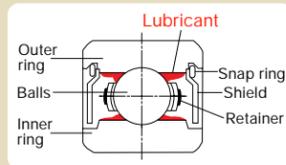
Takayuki Yamagishi, Senior Managing Director, General Manager of 2nd Manufacturing Headquarters and Hamamatsu Manufacturing Unit

Minebea's unmatched machining technologies have made it the most competitive manufacturer of ball bearings and precision components in the world. The Company thus places a high priority on R&D aimed at enhancing these technologies.

Minebea manufactures the bulk of its miniature and small-sized ball bearings and small motors and other components at its mass-production facilities in Southeast and East Asia under its unique vertically integrated manufacturing system. This system also allows the Company to apply the results of R&D carried out at parent plants in Japan swiftly and effectively to production elsewhere in Asia. Minebea thereby ensures the same level of product quality at all plants.

T O P I C

In-House Development of Lubricants



Lubricating greases and oils are used to prevent metal friction between the inner and outer rings and the balls in a ball bearing, thus ensuring smooth rolling and long bearing life. By capitalizing on its know-how and experience as a leading manufacturer of miniature and small-sized ball bearings, Minebea has begun developing its own high-quality lubricants at the Thai R&D Center. The Company is confident that these efforts will contribute to significant improvements in the quality of its ball bearings.

R&D Center, Thailand

Minebea's Thai R&D Center is located within the Bang Pa-in site, one of four manufacturing sites in Thailand that together account for approximately 60% of the Company's total production volume worldwide. Equipped with state-of-the-art analytical instruments, the center aims to resolve problems that affect precision and develop solutions that can be applied promptly and effectively on the production floor. The Thai R&D Center's activities focus on contamination control and material science, and are aimed at ensuring the reliability of finished products.

Materials Analysis Using X-Ray Photoelectron Spectrometer



X-ray photoelectron spectrometers are used to investigate the surface chemistry and interactions of solid surfaces of metal and organic materials. The Thai R&D Center's X-ray photoelectron spectrometer enables researchers to determine, for example, whether metal discoloration is the result of oxidation or corrosion caused by chlorine, sulfur or other substances.

Outgas Analysis Using Gas Chromatograph-Mass Spectrometer (GC-MS)



GC-MS is widely used to determine the chemical properties of substances. At the Thai R&D Center, researchers use the GC-MS to analyze gases released by the adhesives used in spindle motors, enabling them to identify gases that could potentially lead to functional problems for HDDs in field use.

R&D at Parent Plants

Manufacturing system at mass-production facilities

Enhancement of product quality and productivity

Development of dies, jigs and tools

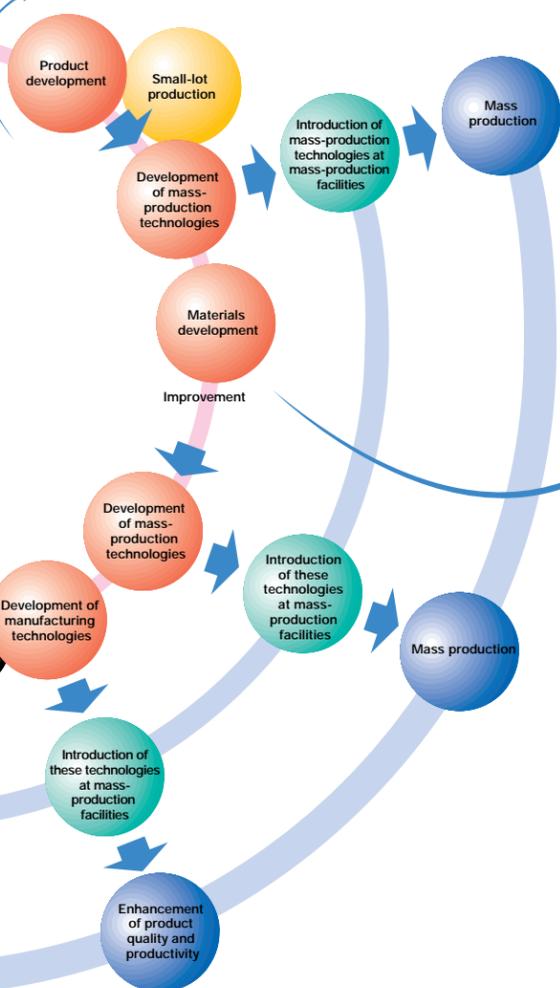
Improvement

Development of maintenance technologies

Improvement

Introduction of these technologies at mass-production facilities

Enhancement of product quality and productivity



Minebea's Global R&D Network

Minebea has established a global network of facilities to conduct R&D and testing in key product segments, thus facilitating swift and accurate responses to customer needs.



- **Karuizawa Manufacturing Unit (Japan)**
 - Product development (bearings, small motors and other products)
 - Technological development (manufacturing and mass-production technologies)
 - Product analysis and evaluation
 - Support for overseas R&D activities



- **Hamamatsu Manufacturing Unit (Japan)**
 - Materials R&D
 - Product development (electronic devices and components)
 - Technological development (manufacturing and mass-production technologies)
 - Support for overseas R&D activities



- **Thai R&D Center (Thailand)**
- **Singapore R&D Center (Singapore)**
 - Chemical analysis, cleanliness evaluation and acoustic testing of HDD components and other products



- **Minebea Electronics (UK) Ltd. (United Kingdom)**
- **Power Systems, Inc. (United States)**
 - Design and development of switching power supplies



- **Precision-Motors-Deutsche-Minebea-GmbH (Germany)**
 - Design and development of various precision small motors, notably spindle motors for HDDs



- **NMB (U.K.) Ltd., Airmover Division (United Kingdom)**
 - Design and development of fan motors



- **New Hampshire Ball Bearings, Inc. (United States)**
- **Rose Bearings Ltd. (United Kingdom)**
 - Design, development and production of aircraft bearings for customers in the United States and Europe—the world's two largest aerospace markets



- **NMB Technical Center (United States)**
 - Evaluation and testing of ball bearings for various customers, notably the Big Three U.S. automakers



- **Fujisawa Factory (Japan)**
- **NMB Technologies, Inc. (United States)**
 - Design and development of PC keyboards



Maximizing Basic Technologies to Cultivate New Markets



VERTICALLY INTEGRATED MANUFACTURING SYSTEM

Yoshihisa Kainuma, Senior Managing Director, General Manager of U.S./European Region Sales Headquarters and Operation Headquarters

To enhance the quality of mass-produced ball bearings, small motors and other mainstay products, Minebea strives constantly to improve the precision of the parts it uses and its ability to supply these parts to its production facilities worldwide. The success of the Company's efforts reflects its vertically integrated manufacturing system. This system encompasses all processes, from production and maintenance of dies and molds, to production of pressed, injection-molded and die-cast parts, machined parts such as shafts and gears, and magnets, final assembly and testing. Each process is monitored by a specialist based at either the Karuizawa or Hamamatsu manufacturing unit.



Reflective Color LCD Front Light Unit

One of Minebea's new products is an exclusive front light unit for reflective color liquid crystal displays (LCDs). Developed in-house using the Company's exclusive design and simulation software and advanced injection-molding technologies, this new front light unit comprises a light-conducting, transparent polymethyl methacrylate (PMMA) panel made from a number of fine prisms and white light-emitting diode (LED) chips. When attached on a reflective color LCD, the front light unit significantly improves the brightness and readability of the display in dark environments. This product consumes less power, has a lower-profile structure, is lighter in weight and more compact than conventional LCD front lights, making it particularly suitable for mobile applications. As a consequence, Minebea anticipates rapid growth in demand.

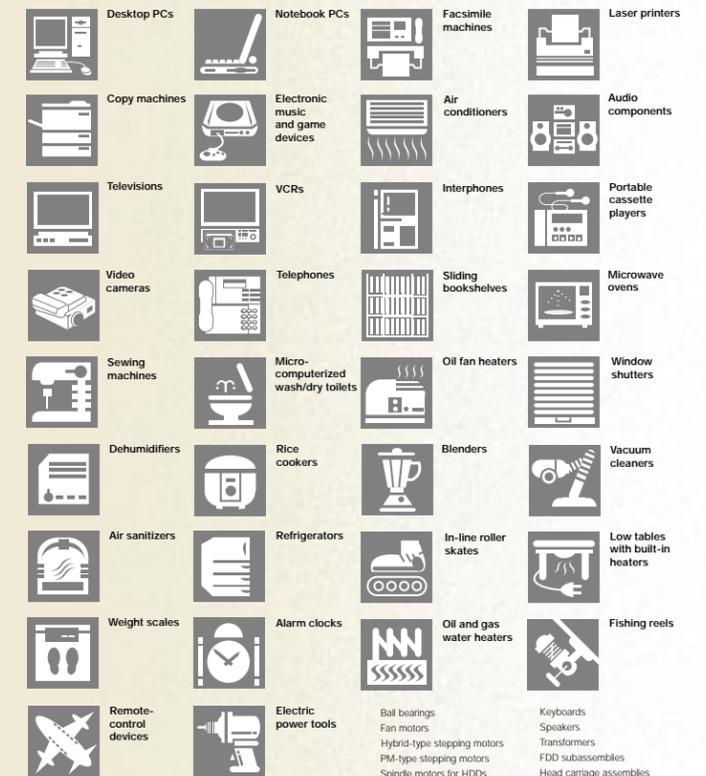


Expanding Markets for Minebea's Products

This synergistic combination of precision machining technologies—which facilitate internal sourcing of most of the parts used in its finished products—mass-production technologies and advanced R&D allows Minebea to keep abreast of the growing popularity and sophistication of information and telecommunication equipment and household electric appliances by supplying a wide range of advanced components.

With technological progress, notably digitization and the increasingly information-oriented nature of household electrical appliances, the rapid growth of mobile telephones and personal digital assistants (PDAs) and the improved performance of electronic products for automobiles, demand for superior-quality components is rising. Accordingly, Minebea expects to see its share of these and other key new markets expand.

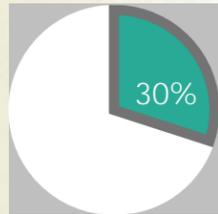
Key Uses for Minebea's Bearings and Components



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

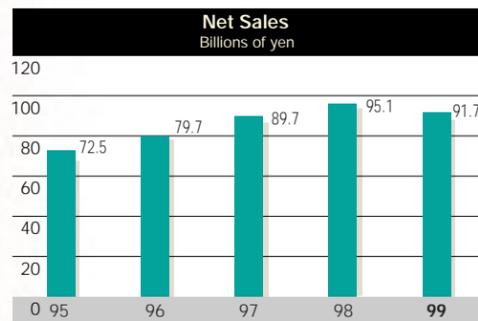
Sales and output of miniature and small-sized ball bearings up to 22 millimeters in external diameter—Minebea’s principal bearing products—were weakened in fiscal 1999 as inventory adjustments by PC manufacturers in the first half offset increased demand in the second half and demand for use in household 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.

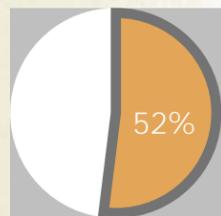
Fan motors, stepping motors and other small motors manufactured within the Minebea Group provide another source of demand for our ball bearings, accounting for 24.0% of total ball-bearing sales volume in fiscal 1999. In fiscal 2000, we expect the volume of sales within the Group to exceed those to external 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

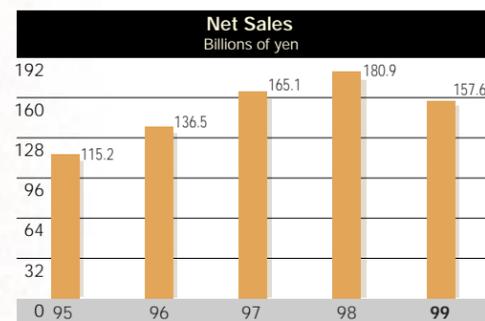
Other devices and components

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.

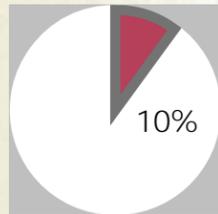
Brisk demand for speakers for use in PCs and multimedia equipment, together with intensive efforts over the past several years to rationalize and improve the productivity of our speaker division and a strategic narrowing of our focus to high-end models, contributed to strong growth in speaker sales.

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



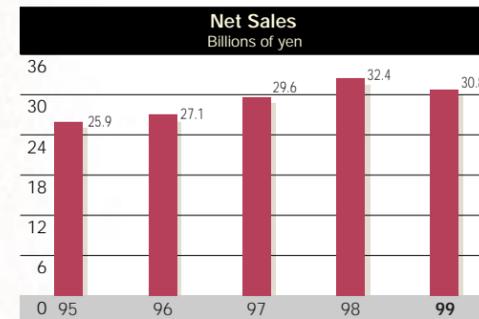
Percentage of net sales

Principal Products

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

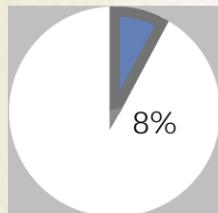
Sales of pivot assemblies for HDDs rose in fiscal 1999 as firm demand in the second half offset the impact of production adjustments by HDD manufacturers in the first half. Sales of fasteners to private-sector

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



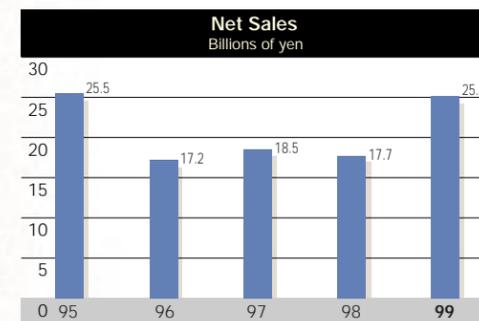
Percentage of net sales

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.

Performance by Region

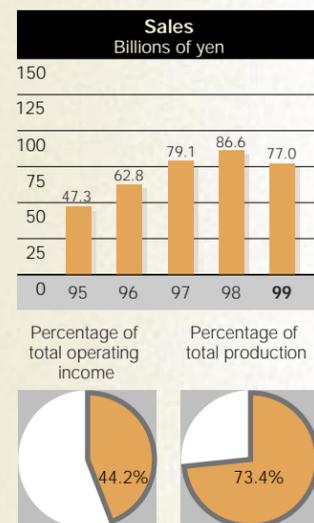
Japan



Japan is home to the Minebea Group's headquarters and to the Karuizawa and Hamamatsu manufacturing units, which act as parent plants and coordinate the activities, including quality control and environmental management, of mass-production facilities around the world. These two plants are also responsible for the development of mainstay products and manufacturing technologies, pilot production and small-lot production runs, support for overseas plants and training of overseas employees. The Group's other domestic plants, notably those in Fujisawa, Omori and Kyoto, primarily manufacture products for customers in Japan.

Demand for Minebea's products in Japan, also our largest market, plummeted in fiscal 1999, reflecting the ongoing economic malaise and the resulting decline in consumer spending. As a consequence, sales in Japan amounted to ¥121,123 million, a decline of 1.5%, and accounted for 39.7% of consolidated net sales, while operating income totaled ¥16,190 million, up 19.5%, equivalent to 42.0% of consolidated operating income. Production in Japan represented 14.1% of total production by the Group. Following the lead set by the Karuizawa Manufacturing Unit in fiscal 1998, all of our remaining plants in Japan obtained ISO 14001 certification during the period under review.

Asia (Excluding Japan)



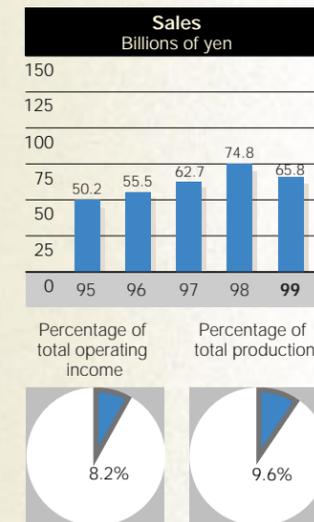
Asia is the Minebea Group's production nucleus, with output from our plants in Thailand, Singapore, China and Taiwan representing 73.4% of total Group production in fiscal 1999. Our vertically integrated production facilities in Thailand, which account for 56.8% of total group output, comprise our largest mass-production base and are responsible for the bulk of our principal products, including bearings and small motors. The majority of Minebea products manufactured in the region are exported to customers worldwide.

With the increasing number of Japanese, North American and European manufacturers of PCs and household electrical appliances setting up production facilities in Asia in recent years, the region has developed into our second largest market after Japan. In fiscal 1999, our operations in Asian countries other than Japan generated sales of ¥77,038 million, a decrease of 11.1%, and contributed 25.2% of net sales.

Because of the scale of our operations in the region, the impact of sagging demand in all segments of the Group's operations was particularly acute, driving operating income down 56.7%, to ¥17,022 million, equivalent to 44.2% of total operating income. The decline appears particularly sharp because of the significant gain in operating income in the region in fiscal 1998 prompted by the devaluation of the Thai baht.

Our newest subsidiary, Minebea Electronics & Hi-Tech Components (Shanghai) Ltd., which began operating in 1994 and occupies our state-of-the-art bearing plant in Shanghai, continued to grow in fiscal 1999, recording stable gains in income. On another note, two ball bearing subsidiaries in Thailand obtained QS-9000 quality system endorsement from the U.S. automotive industry, joining two subsidiaries in Singapore that were certified in fiscal 1998.

North, Central and South America



Our operations in the United States supply bearing products, notably rod-end, spherical and roller bearings, and small motors, primarily to customers in the local market. Subsidiaries in North, Central and South America also import products manufactured by the Minebea Group for sale to customers throughout the region. In fiscal 1999, we reinforced our customer service capabilities in Mexico by building a plant for printing key caps in regional languages on keyboards supplied by our mass-production facilities in Thailand. These keyboards are sold in North, Central and South American markets. The new plant also has warehousing facilities.

Subsidiary New Hampshire Ball Bearings, Inc., saw firm gains in sales of its rod-end and spherical bearings and other aerospace components, reflecting extensive efforts to rationalize and improve productivity in recent years. Subsidiary Hansen

Corporation, a manufacturer of small motors, continued to record solid growth in sales and income.

Our operations in North, Central and South America generated sales of ¥65,806 million, a decrease of 12.1% from fiscal 1998 and equivalent to 21.6% of net sales. Operating income slipped 21.0%, to ¥3,150 million, or 8.2% of total operating income. Production in the region accounted for 9.6% of total Group output for the period.

Another highlight of the period was the opening of a new technical center in Detroit. This facility will allow us to respond effectively to rising demand for ball bearings and other products from the U.S. automotive industry, particularly the Big Three.

Europe



Our plants in the United Kingdom primarily serve the European market, supplying rod-end and spherical bearings to the aerospace, rail and automotive industries, and small ball bearings to manufacturers of PCs and household electrical appliances. We also design and develop spindle motors for HDDs, at subsidiary Precision-Motors-Deutsche-Minebea-GmbH in Germany, and switching power supplies, at Minebea Electronics (UK) Ltd., which are sourced to our mass-production facilities in Thailand. NMB (U.K.) Ltd. prints key caps in local languages for Thai-manufactured keyboards at its plant in Scotland. In addition to production facilities, we also have sales and marketing subsidiaries in the United Kingdom, Germany, Italy and France, which handle local distribution of products manufactured at our plants in Asia.

During the period, subsidiary NMB (U.K.) Ltd. built a new R&D center at Andover, England, to house its fan motor R&D activities.

Growth in the European aerospace industry remained brisk for the second consecutive year, boosting sales of rod-end and spherical bearings manufactured by U.K. subsidiary Rose Bearings Ltd. Demand for keyboards, small motors and other products for use in PCs also increased.

Sales in Europe edged down 0.6%, to ¥41,357 million, and represented 13.5% of net sales. Operating income in the region, which rose 9.7%, to ¥2,184 million, represented 5.7% of total operating income. Plants in Europe were responsible for 2.9% of total Group production.

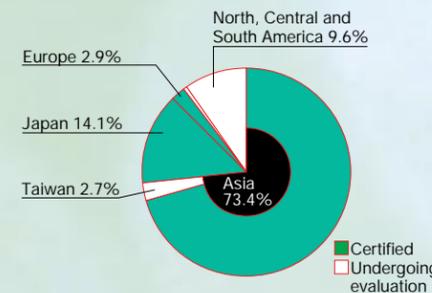
ENVIRONMENTAL ACHIEVEMENTS

Protecting the Environment

Minebea has always placed a high priority on environmental protection. We continue to take steps to enhance the environmental soundness of our operations worldwide, thus ensuring that our facilities are welcomed by local communities.

All of our principal manufacturing facilities, which together account for 90% of aggregate Group output in monetary terms, have obtained ISO 14001 certification, the International Organization for Standardization's standard for environmental management systems, and we are currently preparing to apply for endorsement at our remaining plants.

ISO 14001 Certification at Principal Production Facilities Worldwide



Japan

In April 1997, the Karuizawa Manufacturing Unit obtained ISO 14001 certification, making Minebea the first bearing manufacturer to do so. By the end of January 1999, all production facilities in Japan had followed suit.

Asia (Excluding Japan)

In October 1997, Minebea's seven Thai subsidiaries—which encompass 30 divisions and four sites and account for approximately 60% of total Group output—received ISO 14001 endorsement simultaneously. This feat was repeated by Minebea Electronics & Hi-Tech Components (Shanghai)'s two plants in

December 1997 and the Singapore plant in January 1998.

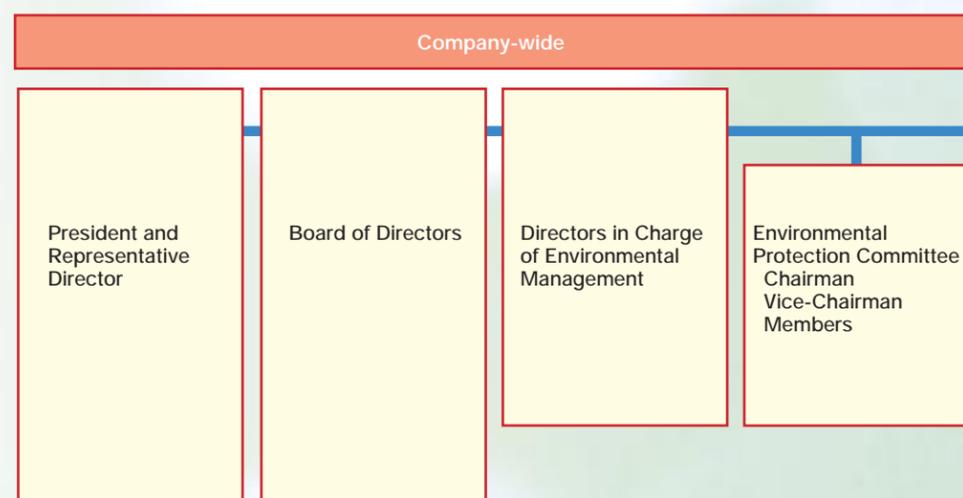
Europe

U.K. subsidiary Rose Bearings' Lincoln and Skegness plants obtained ISO 14001 certification in April 1997 and February 1999, respectively. German subsidiary Precision-Motors-Deutsche-Minebea was endorsed in May 1998.

North, Central and South America

All manufacturing facilities in the United States, including New Hampshire Ball Bearings, Inc., currently undergoing evaluation, expect to obtain ISO 14001 certification by the end of 1999.

Minebea's Environmental Management System



Environmental Achievements

1991 Minebea organizes the Anti-CFC Committee with the aim of phasing out the use of specified chlorofluorocarbons (CFCs) and ethane as cleaning agents.

1993 Minebea develops a water-based washing system, which it installs at all of its plants, becoming the first bearing manufacturer in the world to completely eliminate specified CFCs and ethane from all production and assembly processes.

The parent company and Minebea's Thai subsidiaries receive the Stratospheric Ozone Protection Award from the U.S. Environmental Protection

Agency (EPA) for eliminating specified CFCs and for contributing to overall efforts to encourage environmental protection by actively disclosing technical information on its water-based washing system.

Minebea's Anti-CFC Committee is replaced by the Environmental Protection Committee.

Minebea formulates its own "Charter for Environmental Protection."

1995 Former president Goro Ogino receives the Stratospheric Ozone Protection Award for individuals from the U.S. EPA.



The U.S. EPA's Best-of-the-Best Stratospheric Ozone Protection Award, given to the Minebea Group in 1997

1996 Minebea Electronics & Hi-Tech Components (Shanghai) establishes the Shanghai-Minebea Environmental Protection Fund, aimed at protecting the quality of the water in Lake Daishan-hu and the lake's surrounding environment.

1997 In April, the Karuizawa Manufacturing Unit and U.K. subsidiary Rose Bearings' Lincoln plant obtain ISO 14001 certification, making Minebea the first bearing manufacturer to do so. In October, Minebea's seven Thai subsidiaries, including their 30 divisions and four sites, and two plants in China also receive this endorsement.

The Minebea Group is selected as winner of the U.S. EPA's Best-of-the-Best Stratospheric Ozone Protection Award.

1998 In January, the Singapore plant obtains ISO 14001 certification. This endorsement was also awarded to five plants and three subsidiaries in Japan, and one subsidiary in Germany during the year.

1999 One plant in Japan and one plant of a subsidiary in England obtain ISO 14001 certification.

(As of June 30, 1999)

BOARD OF DIRECTORS



Tsugio Yamamoto
President and
Representative
Director

Senior Managing Directors



Masahito
Saigusa



Yoshihisa
Kainuma



Takayuki
Yamagishi



Rikuro
Obara

Managing Directors



Ryusuke
Mizukami



Takashi
Yamaguchi



Kenji
Senoue



Tomihiro
Maruta



Koichi
Dosho

Directors

Sadao Sawamura
Akihiro Hirao
Sadahiko Oki
Takuya Naka
Yukio Shimizu
Masayoshi Yamanaka
Syunji Mase
Hiroharu Katogi
Masamitsu Osada
Susumu Fujisawa
Atsushi Matsuoka
Chanchai Leetavorn
Tomeshiro Takeuchi

Corporate Auditors

Shinichi Mori
Mitsuo Ichikawa
Takeo Achiwa
Toshiro Uchida

(As of June 29, 1999)

FINANCIAL SECTION

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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

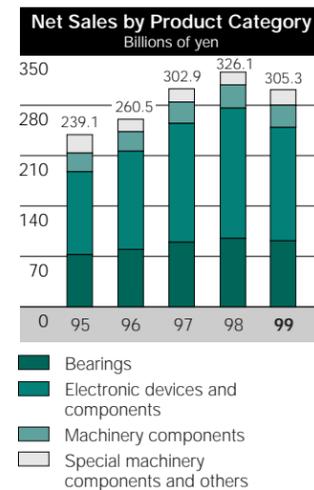
Net Sales

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.



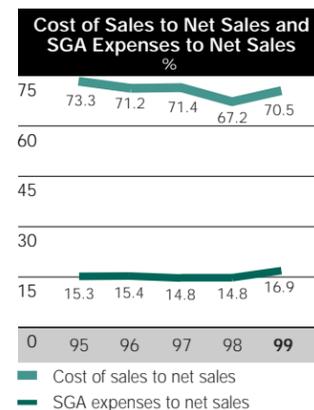
Net Sales by Product Category

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

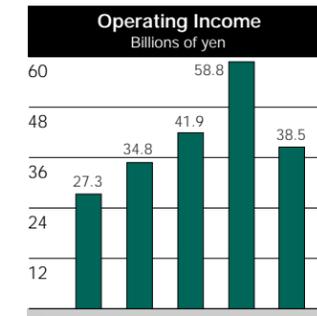
Years ended March 31	1999	1998	1997	1996	1995
Net sales	¥305,324	¥326,094	¥302,886	¥260,537	¥239,133
Cost of sales	215,163	219,008	216,399	185,385	175,267
Cost of sales to net sales	70.5%	67.2%	71.4%	71.2%	73.3%
Gross profit	90,161	107,086	86,487	75,152	63,866
SGA expenses	51,615	48,275	44,586	40,364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

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

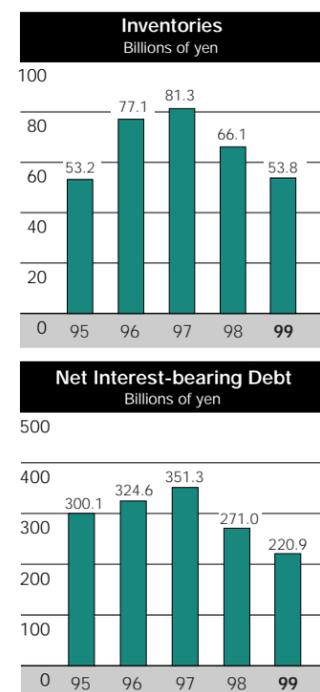
As of March 31	Millions of yen				
	1999	1998	1997	1996	1995
Total assets	¥473,360	¥492,210	¥563,220	¥556,787	¥529,959
Current assets	219,826	213,194	264,368	291,143	287,762
Inventories	53,816	66,074	81,293	77,146	53,227
Current liabilities	197,071	246,114	322,966	336,106	308,740
Working capital	22,755	(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.

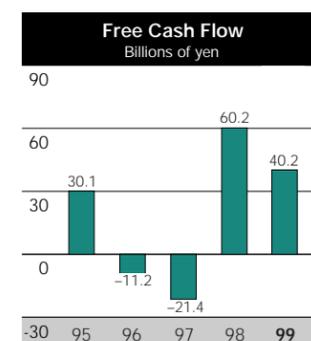


In another move aimed at strengthening free cash flow, in April 1999 the Company introduced monthly free cash flow monitoring in each of the Minebea Group's eight business units.

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

Years ended March 31	Millions of yen				
	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

Years ended March 31	Millions of yen				
	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		Thousands of U.S. dollars (Note 3)
	1999	1998	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
	<u>90,262</u>	<u>108,863</u>	<u>748,751</u>
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	<u>219,826</u>	<u>213,194</u>	<u>1,823,525</u>
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 transportation equipment	219,325	224,617	1,819,369
Construction in progress	2,110	2,056	17,503
	<u>321,251</u>	<u>327,988</u>	<u>2,664,877</u>
Accumulated depreciation	(160,543)	(153,775)	(1,331,754)
Net property, plant and equipment	<u>160,708</u>	<u>174,213</u>	<u>1,333,123</u>
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
	<u>95,369</u>	<u>109,898</u>	<u>791,116</u>
Allowance for doubtful receivables (Note 2-e)	(2,543)	(5,095)	(21,095)
Net investments and other assets	<u>92,826</u>	<u>104,803</u>	<u>770,021</u>
Total Assets	<u>¥ 473,360</u>	<u>¥ 492,210</u>	<u>\$ 3,926,669</u>

Liabilities and Shareholders' Equity	Millions of yen		Thousands of U.S. dollars (Note 3)
	1999	1998	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
	<u>35,639</u>	<u>48,620</u>	<u>295,637</u>
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	<u>197,071</u>	<u>246,114</u>	<u>1,634,766</u>
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	<u>130,150</u>	<u>99,855</u>	<u>1,079,635</u>
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
	<u>145,706</u>	<u>141,843</u>	<u>1,208,676</u>
Treasury stock	(1)	—	(8)
Total shareholders' equity	<u>145,705</u>	<u>141,843</u>	<u>1,208,668</u>
Contingent Liabilities (Notes 9 and 10)			
Total Liabilities and Shareholders' Equity	<u>¥473,360</u>	<u>¥492,210</u>	<u>\$3,926,669</u>

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

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
				<i>U.S. dollars (Note 3)</i>
				<i>Yen</i>
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

	Millions of yen					
	Number of Shares of Common Stock	Common Stock	Capital Surplus	Legal Reserve (Note 7)	Retained Earnings (Deficit) (Note 7)	Treasury Stock
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)
						<i>Thousands of U.S. dollars (Note 3)</i>
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			Thousands of U.S. dollars (Note 3)
	1999	1998	1997	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:

Financial Position	Millions of yen		Thousands of U.S. dollars (Note 3)
	1999	1998	1999
Assets:			
Current assets	¥778	¥ 3,418	\$6,454
Other assets, including property, plant and equipment	200	2,123	1,659
	<u>¥978</u>	<u>¥ 5,541</u>	<u>\$8,113</u>
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
	<u>¥978</u>	<u>¥ 5,541</u>	<u>\$8,113</u>
Operations			
			Thousands of U.S. dollars (Note 3)
			1999
Net sales	¥1,487	¥12,224	\$12,335
Cost and expenses	1,446	12,317	11,995
Net income (loss)	<u>¥ 41</u>	<u>¥ (93)</u>	<u>\$ 340</u>

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
	<u>¥17,371</u>	<u>\$144,098</u>

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
	<u>135,867</u>	<u>106,075</u>	<u>1,127,059</u>
Less current portion	7,644	9,193	63,409
	<u>¥128,223</u>	<u>¥ 96,882</u>	<u>\$1,063,650</u>

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:

	<i>Thousands of shares</i>	
	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
Pelmech 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
Pelmech 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

Corporate Data

As of June 1999

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	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

Minebea Co., Ltd.

Corporate Information

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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
Depository: 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.



For further information,
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NMB

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