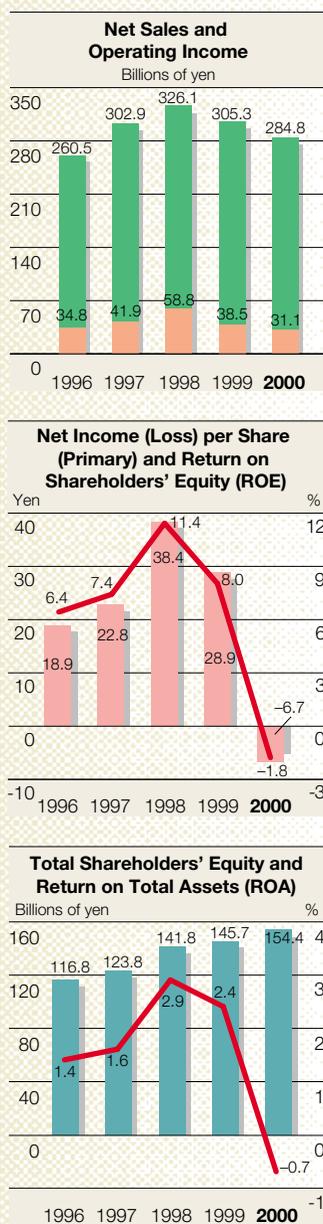


A MESSAGE TO SHAREHOLDERS



The Year in Review

Fiscal 2000, ended March 31, 2000, was another challenging period as we recorded declines in consolidated net sales and operating income for the second consecutive period and, owing to losses on liquidation of subsidiaries and affiliates, posted our first net loss since fiscal 1993.

We saw stable growth in demand for mainstay ball bearings, pivot assemblies and small motors throughout the year from the manufacturers of information and telecommunications equipment, particularly personal computers (PCs). However, sales gains were negated by intense pricing competition in the markets for electronic devices and components and a sharp increase in the value of the yen, which averaged about 16% stronger than the U.S. dollar and more than 20% stronger than the euro in fiscal 2000 than in fiscal 1999. As a consequence, net sales decreased 6.7%, to ¥284,757 million, ¥27,119 million less than the ¥311,876 million estimated had the same yen-dollar exchange rate as in fiscal 1999 been applied.

Owing to a temporary increase in manufacturing costs resulting from expanded production of ball bearings, operating income declined 19.4%, to ¥31,069 million. Costs related to the liquidation of subsidiaries and affiliates, particularly consumer credit subsidiary Minebea Credit Co., Ltd., were recorded as an extraordinary loss of ¥25,782 million. As a consequence, we posted a net loss of ¥2,677 million.

Free cash flow totaled ¥42,188 million, an increase of 5.0%. This reflected ongoing efforts to reduce inventories and accelerate the collection of receivables, as well as the fact that expenditures for purchases of property, plant and equipment were maintained well below depreciation and amortization.

Forward-Looking Strategies

Minebea has always thrived on its ability to formulate and implement strategies that take advantage of prevailing economic and business conditions. Since I took the helm in June 1999, I have placed a high priority on strengthening our financial position—a goal I believe we have essentially achieved—and capitalizing on new opportunities in core businesses. We have also taken decisive steps to reinforce profitability and revamped our operating structure to enhance efficiency.

Enhancing our Financial Position

Our first priority here was to dispose of the nonperforming assets of consumer credit subsidiary Minebea Credit. Accordingly, during the period under review, we sold our stake in and transferred the entire operations of Minebea Credit to LSF Nippon Investment Company, LLC, of the United States. While this resulted in a sizeable one-time loss, it also eliminated a major cause of concern with significantly less of an impact than would have been the case had we chosen a less decisive approach.

Our second priority was to lower interest-bearing debt. At fiscal 2000 year-end, the gross balance of interest-bearing debt was ¥192,712 million, down ¥78,339 million from a year earlier. Net interest-bearing debt, i.e., the outstanding balance minus cash and cash equivalents, was ¥168,280 million. While these figures are still higher than we would like, they represent improvements from a gross balance of ¥363,600 million and net interest-bearing debt of ¥351,259 million three years earlier, when we turned our attention to this crucial task, and are comfortably in line with the target of less than ¥200,000 million we had set for the beginning of calendar year 2000.



Tsugio Yamamoto
President and Representative Director

*Strengthening Core Operations and
Cultivating New Businesses*

To sharpen our competitive edge in terms of product quality, we have invested extensively in recent years to enhance overall production and supply capabilities. In the period under review, however, we focused on strengthening our core operations and cultivating new businesses.

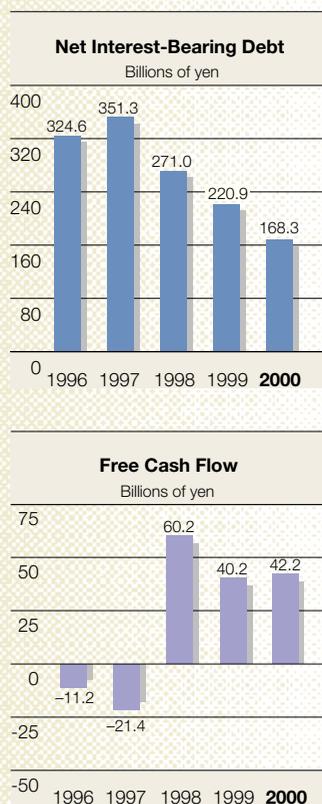
In response to steady growth in demand for ball bearings beginning in early calendar year 1999, we decided in October 1999 to increase our monthly ball bearing output by 25%, to 150 million pieces, from 120 million pieces. Demand continues to grow, and efforts to expand production capacity at our mainstay ball-bearing production facilities, particularly those in the People's Republic of China (PRC), Thailand and Singapore are proceeding on schedule. We also expanded our monthly global production capacity for pivot assemblies for hard disk drives (HDDs) to 10.0 million units, from 8.0 million and launched full-scale operations in the area of spindle motors for 3.5-inch and 2.5-inch high-end HDDs, at the same time reducing the weight of motors for 3.5-inch low-end HDDs in our product lineup.

The completion of a new plant by subsidiary New Hampshire Ball Bearings, Inc., in Chatsworth, near Los Angeles, during the period, reinforced our bearing production capabilities and integrated service structure in the United States. New facilities currently under construction by precision motor design and development subsidiary Precision Motors Deutsche Minebea GmbH (PMDM) and scheduled for completion late in 2000, will function as our principal R&D and engineering base for all types of small motors.

We also continued to cultivate promising new businesses, entering the market for fluid dynamic bearings and launching production of a DC brushless motor for electric power steering systems.

In March 2000, we entered into cross-license, know-how license and supply agreements for fluid dynamic bearings and spindle motors for HDDs containing fluid dynamic bearings with Seagate Technology, Inc., of the United States, the world's largest supplier of HDDs and related products. The cross-license and know-how license agreements provide for the sharing of proprietary technologies and the joint development, design, manufacture and sale of fluid dynamic bearings and small motors, including spindle motors for HDDs containing fluid dynamic bearings, while the supply agreement has enabled us to become a major supplier to Seagate of fluid dynamic bearings and small motors containing these bearings.

As a consequence of these agreements, we have reinforced our share—more than 60%—of the global market for conventional ball bearings and enhanced our competitiveness in the market for small bearings. We have established ourselves as a key player in the highly promising market for fluid dynamic bearings and spindle motors for HDDs containing these bearings. Production of both is scheduled to commence at a new facility



in late calendar year 2000. We will initially supply these products to Seagate, but intend to expand our marketing focus in the future.

Fiscal 2000 also saw us commence full-scale marketing of ball bearings, small motors and other products to the automotive industry. Following the conclusion of a contract with Delphi Automotive Systems, in April 1999 we launched production of a proprietary DC brushless motor for a new electric power steering system developed by Delphi. This motor was developed and engineered by PMDM, and is being produced exclusively at Minebea Thai Ltd. Although the automotive industry is mature and we are unlikely to see a sharp quantitative increase in vehicle sales, increasing concern for greater energy efficiency, safety and comfort are stimulating demand for electronically controlled motors for electric power steering systems and other applications. We are thus convinced that this market will allow us to maximize our motor development and technological capabilities, as well as our extensive production capacity, and that it offers outstanding potential for our motors.

The special feature section of this year's annual report provides a more detailed look at these strategies and their expected impact on Minebea in the years ahead.

Revamping our Operating Structure

To accelerate responsiveness to technological advances and changes in the operating environment, particularly in the information and telecommunications industry, our biggest market, we introduced a new operating structure designed to clarify responsibility and increase efficiency.

On the administrative side, the new system has resulted in the creation of the Tokyo Head Office Administration Executive Council, which oversees accounting, finance, planning, business administration, systems, personnel and general affairs,

logistics and other support departments, thus enabling them to better assist the efforts of manufacturing and sales departments. We have also integrated previously independent sales headquarters for Japan, Asia, the Americas and Europe into a single entity, helping us to respond more efficiently to the rapid realignment and increasingly borderless nature of our key markets.

To promote greater management transparency and ensure the timely presentation of information on our operational strategies and management directions to investors, we created a Disclosure Committee. On April 1, 2000, we launched a new, IR-oriented Web site at <<http://www.minebea.co.jp>>.

Strategies for the Future

Thanks to our efforts over the past three years, we have largely achieved our goal of enhancing our financial position. Now is the time to focus on decisive measures to ensure continued growth, further reinforce our corporate strength and bolster our profit performance. To this end, in fiscal 2000, we launched a three-year management plan. We also outlined three basic management directions.

Three-Year Management Plan

Our new three-year management plan contains clear numerical goals, for net sales, operating income, net income, cash flows from operating activities and expenditure for purchase of property, plant and equipment.

	<i>Millions of yen</i>		
<i>Years ending March 31</i>	2001	2002	2003
Net sales	¥290,000	¥332,000	¥373,000
Operating income	33,000	39,000	47,000
Net income	15,000	20,000	27,000
Cash flows from operating activities	41,900	41,600	46,200
Expenditure for purchase of property, plant and equipment	31,300	32,000	32,000

The principal applications of expenditure for purchase of property, plant and equipment will be to expand our production capacity for ball bearings and to build new production facilities for spindle motors for HDDs and other small motors. The former will primarily involve the installation of new production lines at the plant of subsidiary Minebea Electronics & Hi-Tech Components (Shanghai) Ltd., to facilitate an increase in output from this plant. The latter will involve the construction of two 240 x 85 meter facilities at our Bang Pa-in Plant in Ayutthaya, north of Bangkok, and the installation of equipment. The first facility, which is scheduled for completion late this year, will produce fluid dynamic bearings and spindle motors for HDDs exclusively. The second facility, which we plan to complete in 2001, will produce DC brushless motors for electric power steering systems and a variety of other rotary components for automotive use.

Three Basic Management Directions

Our three basic management directions will guide our efforts until fiscal 2003. First, we will expand our production capacity and cultivate new markets for our profitable mainstay bearings and bearing-related products, such as pivot assemblies. Second, we will build our operations in the area of precision small motors and other rotary components, including spindle motors for HDDs, stepping motors and fan motors, until they are similar in scale to our bearing operations. Third, we will increase the ratio of high-value-added products in our lineup, focusing on bearings and bearing-related products; rotary components; electronic devices, such as switching power supplies, speakers and measuring instruments; fasteners; special machinery components; and wheels.



In Closing

Manufacturers in cutting-edge industries increasingly require component manufacturers with high-precision processing technologies. As a result, the opportunities for Minebea to maximize its capabilities are expanding rapidly. I am confident that by implementing the strategies of our three-year management plan and adhering to the basic management directions we have set, we will significantly enhance our sales and improve profitability.

I thank our shareholders for their support to date. I look forward to responding to your expectations in the years ahead by building a bigger and stronger Minebea, and ask for your continued endorsement of our efforts.

June 29, 2000

A handwritten signature in black ink, appearing to read 'T. Yamamoto', written over a horizontal line.

Tsugio Yamamoto
President and Representative Director