

# FINANCIAL SECTION

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## ELEVEN-YEAR SUMMARY

	2000	1999	1998	1997
<b>Statement of Income Data</b>				
Net sales:	<b>¥284,757</b>	¥305,324	¥326,094	¥302,886
Machinery components	<b>127,734</b>	136,807	142,007	136,147
Percentage of net sales	<b>45%</b>	45%	43%	45%
Electronic devices and components	<b>146,133</b>	157,603	180,875	165,118
Percentage of net sales	<b>51%</b>	52%	56%	54%
Consumer and others	<b>10,890</b>	10,914	3,212	1,621
Percentage of net sales	<b>4%</b>	3%	1%	1%
Gross profit	<b>¥ 81,534</b>	¥ 90,161	¥107,086	¥ 86,487
Percentage of net sales	<b>28.6%</b>	29.5%	32.8%	28.6%
Operating income	<b>31,069</b>	38,546	58,811	41,901
Percentage of net sales	<b>10.9%</b>	12.6%	18.0%	13.8%
Net income (loss)	<b>(2,677)</b>	11,507	15,144	8,862
Percentage of net sales	<b>(0.9)%</b>	3.7%	4.6%	2.9%
<b>Balance Sheet Data</b>				
Total assets	<b>¥403,994</b>	¥473,360	¥492,210	¥563,220
Current assets	<b>153,658</b>	219,826	213,194	264,368
Current liabilities	<b>124,085</b>	197,071	246,114	322,966
Short-term loans payable and current portion of long-term debt	<b>68,022</b>	142,828	178,228	254,243
Long-term debt	<b>124,690</b>	128,223	96,882	109,365
Working capital	<b>29,573</b>	22,755	(32,920)	(58,598)
Total shareholders' equity	<b>154,357</b>	145,705	141,843	123,831
Percentage of total assets	<b>38.2%</b>	30.8%	28.8%	22.0%
<b>Per Share Data</b>				
Net income (loss):				
Primary	<b>¥ (6.72)</b>	¥ 28.94	¥ 38.42	¥ 22.76
Fully diluted	<b>(5.39)</b>	26.32	34.85	21.03
Shareholders' equity	<b>386.71</b>	366.29	357.77	317.46
Cash dividends	<b>7.00</b>	7.00	7.00	7.00
<b>Other Data</b>				
Return on shareholders' equity	<b>(1.8)%</b>	8.0%	11.4%	7.4%
Return on total assets	<b>(0.7)%</b>	2.4%	2.9%	1.6%
Interest expense	<b>¥ 7,897</b>	¥12,231	¥16,593	¥19,109
Cash flows from operating activities	<b>61,692</b>	60,740	83,878	29,546
Expenditure for purchase of property, plant and equipment	<b>19,504</b>	20,563	23,688	50,931
Free cash flow	<b>42,188</b>	40,177	60,190	(21,385)
Depreciation and amortization	<b>25,026</b>	28,034	29,616	29,277
Number of shares outstanding	<b>399,150,527</b>	397,787,828	396,470,473	390,076,018
Number of employees	<b>42,399</b>	40,482	38,733	37,096

Notes: 1. In fiscal 2000, in order to concentrate resources in its best areas and improve financial strength, the Company made a decision with regards to the transfer of its shares, etc., in Minebea Credit Co., Ltd., a wholly owned subsidiary; the liquidation of different affiliated companies and other matter. Therefore, we showed ¥25,782 million in extraordinary losses as losses on liquidation of subsidiaries and affiliates. We also applied tax effect accounting overall which resulted in ¥6,276 million in deferred income taxes (benefit).

2. 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.

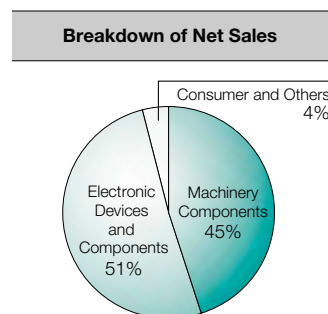
Thousands of  
U.S. dollars  
(Note 6)

Millions of yen							2000
1996	1995	1994	1993	1992	1991	1990	
¥260,537	¥239,133	¥121,586	¥265,165	¥278,685	¥285,419	¥263,436	<b>\$2,682,591</b>
122,540	113,795	51,835	111,644	122,634	131,851	124,188	<b>1,203,335</b>
47%	48%	42%	42%	44%	46%	47%	
136,519	115,216	61,504	126,653	124,555	121,001	113,820	<b>1,376,665</b>
52%	48%	51%	48%	45%	43%	43%	
1,478	10,122	8,247	26,868	31,496	32,567	25,428	<b>102,591</b>
1%	4%	7%	10%	11%	11%	10%	
¥ 75,152	¥ 63,866	¥ 31,753	¥ 69,430	¥ 68,197	¥ 78,032	¥ 79,103	<b>\$ 768,102</b>
28.8%	26.7%	26.1%	26.2%	24.5%	27.3%	30.0%	
34,788	27,283	12,706	23,894	15,826	27,646	32,877	<b>292,690</b>
13.4%	11.4%	10.4%	9.0%	5.7%	9.7%	12.5%	
7,354	2,570	591	(61,212)	(13,643)	889	1,458	<b>(25,219)</b>
2.8%	1.1%	0.5%	(23.1)%	(4.9)%	0.3%	0.5%	
¥556,787	¥529,959	¥699,475	¥706,790	¥859,661	¥921,294	¥825,005	<b>\$3,805,878</b>
291,143	287,762	457,402	463,902	546,324	610,029	562,441	<b>1,447,555</b>
336,106	308,740	414,075	384,190	388,385	454,420	395,083	<b>1,168,959</b>
251,983	249,712	328,082	290,144	277,031	321,153	274,817	<b>640,810</b>
97,129	99,208	161,207	198,773	285,111	260,251	225,246	<b>1,174,658</b>
(44,963)	(20,978)	43,327	79,712	157,939	155,609	167,358	<b>278,596</b>
116,753	113,276	111,623	111,573	168,489	181,921	182,770	<b>1,454,140</b>
21.0%	21.4%	16.0%	15.8%	19.6%	19.7%	22.2%	
							U.S. dollars (Note 6)
¥ 18.91	¥ 6.61	¥ 1.52	¥(157.48)	¥(35.11)	¥ 2.29	¥ 3.80	<b>\$ (0.06)</b>
18.68	6.61	1.52	(157.40)	(35.07)	2.31	3.84	<b>(0.05)</b>
300.22	291.33	287.13	287.00	433.51	468.43	474.55	<b>3.64</b>
7.00	6.00	3.00	—	6.00	11.75	11.75	<b>0.07</b>
							U.S. dollars (Note 6)
							Thousands of U.S. dollars (Note 6)
							Millions of yen
6.4%	2.3%	0.5%	(54.9)%	(7.8)%	0.5%	0.8%	
1.4%	0.4%	0.1%	(7.8)%	(1.5)%	0.1%	0.2%	
¥17,525	¥17,903	¥ 7,707	¥ 18,159	¥26,456	¥ 31,100	¥ 21,838	<b>\$ 74,395</b>
26,230	52,951	16,594	1,868	17,134	(12,630)	(70,008)	<b>581,178</b>
37,434	22,895	8,880	19,452	35,256	61,704	52,838	<b>183,740</b>
(11,204)	30,056	7,714	(17,584)	(18,122)	(74,334)	(122,846)	<b>397,438</b>
22,319	18,634	9,269	17,584	24,771	22,316	21,679	<b>235,761</b>
388,892,609	388,824,616	388,761,608	388,758,517	388,664,237	388,368,093	385,143,978	
35,978	29,790	27,821	28,311	31,582	33,372	27,825	

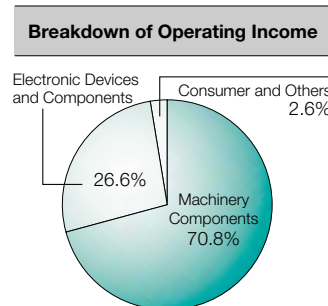
- In fiscal 1994, the Company changed its fiscal year-end from September 30 to March 31. Accordingly, fiscal 1994 included only six months of operations, beginning in October 1993 and ending in March 1994, whereas other fiscal years consist of 12 months.
- Net loss in fiscal 1993 includes extraordinary losses totaling ¥59,118 million. As part of a thorough restructuring aimed at strengthening 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 its 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.
- In fiscal 2000, the Company reclassified its operations into three industry categories and revised figures in prior years.
- U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥106.15=US\$1, the approximate rate on March 31, 2000.

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

## Reclassification of Operations



In fiscal 2000, ended March 31, 2000, Minebea reclassified its operations into three industry categories: machinery components, which includes bearings and bearing-related products, notably ball bearings, rod-end and spherical bearings and pivot assemblies, as well as other machinery components, such as fasteners, wheels and defense-related special parts; electronic devices and components, encompassing rotary components and other electronic devices and components, primarily PC keyboards, speakers, FDD subassemblies and switching power supplies; and consumer and others, comprising the import and sale of furniture and interior decor items.



### Performance by Industry Category

Year ended March 31, 2000	Millions of yen					
	Machinery Components	Electronic Devices and Components	Consumer and Others	Total before Eliminations	Eliminations	Total
Sales to external customers	¥127,734	¥146,133	¥10,890	¥284,757	¥ —	¥284,757
Internal sourcing	6,940	—	—	6,940	(6,940)	—
Total sales	134,674	146,133	10,890	291,697	(6,940)	284,757
Operating expenses	112,678	137,879	10,071	260,628	(6,940)	253,688
Operating income	21,996	8,254	819	31,069	—	31,069
Assets	183,111	234,558	8,022	425,691	(21,697)	403,994
Depreciation and amortization	10,031	11,911	83	22,025	—	22,025
Investment	8,813	10,571	228	19,612	—	19,612

Note: Assets of the Company and its subsidiaries in the Eliminations column totaled ¥69,942 million, resulting from foreign currency translation adjustments.

## Results of Operations

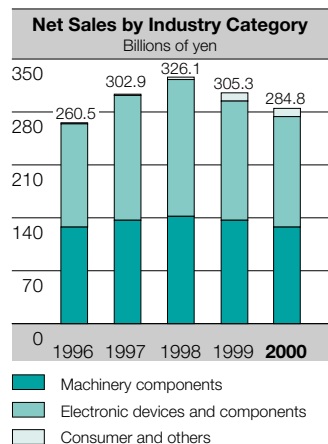
### Net Sales

Minebea's consolidated net sales declined 6.7% during the period under review, to ¥284,757 million. Sales were hindered by the appreciation of the yen. If the same average yen-dollar exchange rate as in fiscal 1999 had been applied, however, net sales in fiscal 2000 would have been ¥27,119 million higher than the actual result.

In the machinery components category, demand for ball bearings and pivot assemblies and other bearing-related products expanded. In contrast, sales of rod-end and spherical bearings to the aerospace sector fell, owing to flagging demand in the U.S. market. Sales of defense-related special parts remained relatively firm. As a consequence, machinery components sales amounted to ¥127,734 million, a decrease of 6.6%.

Favorable demand from PC manufacturers, the Company's mainstay customers in the electronic devices and components category, bolstered shipments, particularly of precision small motors. However, this was insufficient to counter the impact of harsh price competition, which squeezed sales. As a consequence, sales fell 7.3%, to ¥146,133 million.

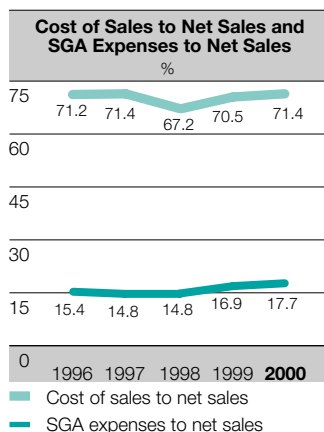
Despite flagging consumer spending, results in the consumer and others category were bolstered by active efforts to expand operations, including the opening of a new shop at Itami Airport, Osaka's domestic airport. Sales in this category edged down 0.2%, to ¥10,890 million.



### Net Sales by Industry Category

Years ended March 31	Millions of yen				
	2000	1999	1998	1997	1996
Machinery components					
Bearings and bearing-related products	¥101,847	¥109,535	¥112,785	¥102,993	¥ 90,952
Other machinery components	25,887	27,272	29,222	33,154	31,588
	127,734	136,807	142,007	136,147	122,540
Electronic devices and components					
Rotary components	63,758	64,789	68,358	64,248	54,374
Other electronic devices and components	82,375	92,814	112,517	100,870	82,145
	146,133	157,603	180,875	165,118	136,519
Consumer and others	10,890	10,914	3,212	1,621	1,478
Net sales	¥284,757	¥305,324	¥326,094	¥302,886	¥260,537

## Costs and Expenses



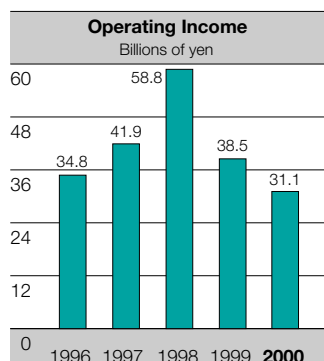
The cost of sales decreased 5.5%, to ¥203,223 million, in line with the 6.7% decline in net sales. However, a temporary increase in manufacturing costs resulting from expanded production of ball bearings and declining prices for electronic devices and components raised the ratio of cost of sales to net sales to 71.4%, from 70.5% in fiscal 1999.

Although the decline in net sales pushed selling, general and administrative (SGA) expenses down 2.2%, to ¥50,465 million, the ratio of SGA expenses to net sales edged up 0.8 percentage point, to 17.7%.

### Costs and Expenses

Years ended March 31	Millions of yen				
	2000	1999	1998	1997	1996
Net sales	<b>¥284,757</b>	¥305,324	¥326,094	¥302,886	¥260,537
Cost of sales	<b>203,223</b>	215,163	219,008	216,399	185,385
Cost of sales to net sales	<b>71.4%</b>	70.5%	67.2%	71.4%	71.2%
Gross profit	<b>81,534</b>	90,161	107,086	86,487	75,152
SGA expenses	<b>50,465</b>	51,615	48,275	44,586	40,364
SGA expenses to net sales	<b>17.7%</b>	16.9%	14.8%	14.8%	15.4%

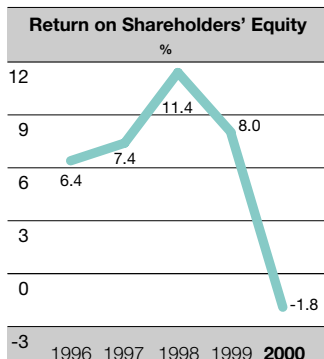
## Income



Reflecting increases in the ratios of cost of sales and SGA to net sales, the operating margin dipped 1.7 percentage points, to 10.9%. Other expenses rose ¥17,570 million, as costs related to the liquidation of subsidiary Minebea Credit caused Minebea to incur ¥25,782 million in losses on the liquidation of subsidiaries and affiliates, offsetting a ¥4,334 million decrease in interest expense, to ¥7,897 million, the absence of losses on sales of marketable securities, investment securities and investment securities in affiliates and gains on the revaluation of marketable and investment securities, compared with a loss in the previous period. The adoption of tax effect accounting resulted in a deferred tax benefit of ¥6,276 million. As a consequence, the Company recorded a net loss of ¥2,677 million.

### Income

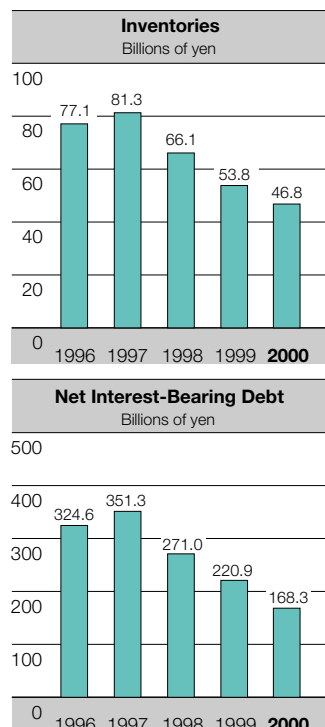
Years ended March 31	Millions of yen				
	2000	1999	1998	1997	1996
Operating income	<b>¥31,069</b>	¥38,546	¥58,811	¥41,901	¥34,788
Operating margin	<b>10.9%</b>	12.6%	18.0%	13.8%	13.4%
Other expenses, net	<b>37,681</b>	20,111	35,876	27,045	24,543
Net income (loss)	<b>(2,677)</b>	11,507	15,144	8,862	7,354
Net income (loss) to net sales	<b>(0.9)%</b>	3.7%	4.6%	2.9%	2.8%
Net income (loss) per share (Yen):					
Primary	<b>(6.72)</b>	28.94	38.42	22.76	18.91
Fully diluted	<b>(5.39)</b>	26.32	34.85	21.03	18.68
Return on shareholders' equity	<b>(1.8)%</b>	8.0%	11.4%	7.4%	6.4%
Return on total assets	<b>(0.7)%</b>	2.4%	2.9%	1.6%	1.4%



Note: In fiscal 2000, in order to concentrate resources in its best areas and improve financial strength, the Company made a decision with regards to the transferral of its shares, etc., in Minebea Credit Co., Ltd., a wholly owned subsidiary; the liquidation of different affiliated companies and other matter. Therefore, we showed ¥25,782 million in extraordinary losses as losses on liquidation of subsidiaries and affiliates.

## Analysis of Financial Position and Cash Flows

### Financial Position



In line with its policy of lowering interest-bearing debt, Minebea continued to pare assets during the period under review. As a consequence, trade notes and accounts receivable and inventories were reduced by ¥10,235 million and ¥6,977 million, respectively, while the liquidation of Minebea Credit eliminated ¥21,323 million in finance receivables. Total assets of the Company amounted to ¥403,994 million at the end of fiscal 2000, a drop of ¥69,366 million from the same time a year earlier.

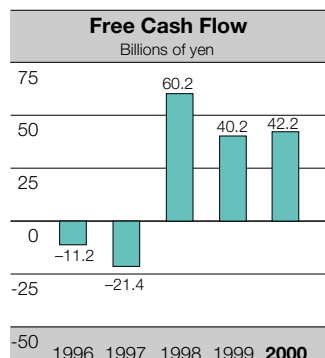
Interest-bearing debt fell ¥78,339 million, to ¥192,712 million. Net interest-bearing debt, excluding cash and cash equivalents, amounted to ¥168,280 million at fiscal 2000 year-end, in line with our publicized target of less than ¥200,000 million by the beginning of calendar year 2000.

Despite a net loss of ¥2,677 million, total shareholders' equity advanced ¥8,652 million, to ¥154,357 million, as the addition of an adjustment of ¥12,950 million for tax effects in the previous period, owing to the adoption of tax effect accounting, lowered the accumulated deficit to ¥8,641 million, from ¥16,120 million.

### Financial Position

As of March 31	Millions of yen				
	2000	1999	1998	1997	1996
Total assets	<b>¥403,994</b>	¥473,360	¥492,210	¥563,220	¥556,787
Current assets	<b>153,658</b>	219,826	213,194	264,368	291,143
Inventories	<b>46,839</b>	53,816	66,074	81,293	77,146
Current liabilities	<b>124,085</b>	197,071	246,114	322,966	336,106
Working capital	<b>29,573</b>	22,755	(32,920)	(58,598)	(44,963)
Interest-bearing debt	<b>192,712</b>	271,051	275,110	363,608	349,112
Net interest-bearing debt	<b>168,280</b>	220,864	270,970	351,259	324,615
Total shareholders' equity	<b>154,357</b>	145,705	141,843	123,831	116,753
Shareholders' equity/total assets	<b>38.2%</b>	30.8%	28.8%	22.0%	21.0%
Shareholders' equity per share (Yen)	<b>386.71</b>	366.29	357.77	317.46	300.22

### Cash Flows



Although Minebea reported a net loss of ¥2,677 million in fiscal 2000, net cash provided by operating activities totaled ¥61,692 million, owing to the fact that the liquidation of Minebea Credit—the principal factor behind the net loss—did not entail any additional outlays of cash, and also because of efforts to improve the Company's financial condition by reducing assets.

Expenditure for purchase of property, plant and equipment amounted to ¥19,504 million, well within depreciation and amortization, which was ¥25,026 million. Accordingly, Minebea's free cash flow (net cash provided by operating activities minus expenditures for property, plant and equipment) rose significantly for the second consecutive period, to ¥42,188 million. Expenditure for purchase of property, plant and equipment was used to expand production facilities for machinery components, particularly ball bearings, and electronic devices and components, notably spindle motors for HDDs. Funds were applied primarily to building new structures and augmenting facilities at the Company's plants in Thailand, the PRC and other locations overseas. Free cash flow was used primarily to improve the Company's financial position, with ¥71,397 million applied to the repayment of short-term loans and ¥5,768 million to the repayment of long-term debt.

### Free Cash Flow

Years ended March 31	Millions of yen				
	2000	1999	1998	1997	1996
Net cash provided by operating activities	<b>¥ 61,692</b>	¥ 60,740	¥ 83,878	¥ 29,546	¥ 26,230
Expenditure for purchase of property, plant and equipment	<b>(19,504)</b>	(20,563)	(23,688)	(50,931)	(37,434)
Free cash flow	<b>¥ 42,188</b>	¥ 40,177	¥ 60,190	¥(21,385)	¥(11,204)

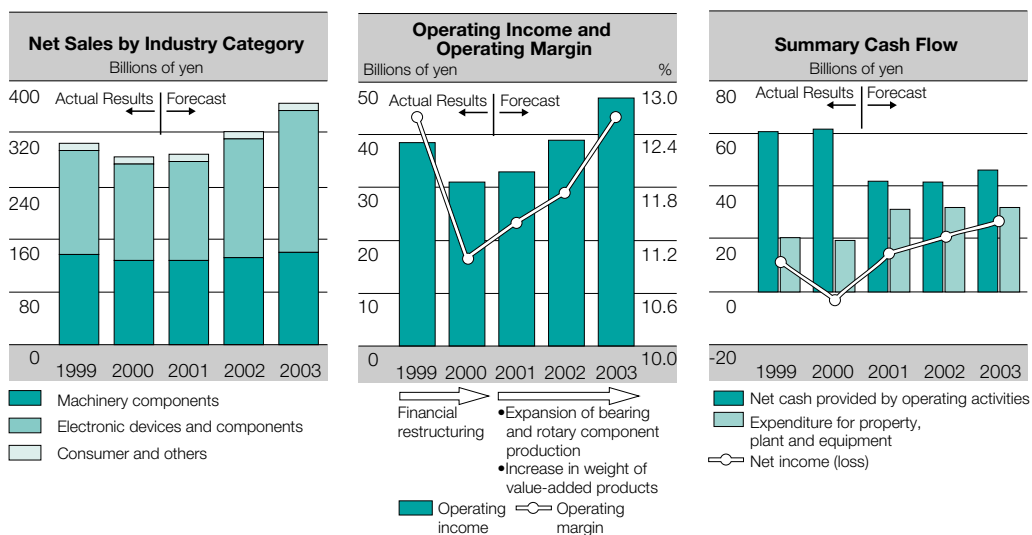
## Three-Year Management Plan

To enable shareholders and interested investors to better understand the medium-term direction of its management, in May 2000 Minebea announced a new management plan that will guide the Company from fiscal 2001 through fiscal 2003. Please refer to the Disclaimer Regarding Future Projections, on the inside front cover of this report, regarding the use of information contained in the plan.

Minebea's new three-year management plan encompasses three key tasks aimed at bolstering sales and ensuring a high level of profitability. The first task is to expand production capacity for mainstay bearings and bearing-related products, the Company's most profitable product category. Second, Minebea will expand its operations in the area of small motors and other rotary components to a scale similar to its bearing operations. Third, the Company will increase the weight of high-value-added products and expand applications to enable the cultivation of a broader market.

The plan also includes clear numerical targets. Minebea forecasts net sales of ¥290,000 million in fiscal 2001, ¥332,000 million in fiscal 2002 and ¥373,000 million in fiscal 2003. As a consequence of its efforts, the Company expects net sales in the electronic devices and components industry, which encompasses spindle motors for HDDs, fan motors and stepping motors, to exceed those of the machinery components industry, the main product of which is bearings, in fiscal 2003. Minebea also targets operating income of ¥33,000 million in fiscal 2001, ¥39,000 million in fiscal 2002 and ¥47,000 million in fiscal 2003. In the final year of the plan, the Company expects its operating margin to exceed 12.0%. Net income is forecast to reach ¥15,000 million in fiscal 2001, ¥20,000 million in fiscal 2002 and ¥27,000 million in fiscal 2003.

Minebea expects expenditure for purchase of property, plant and equipment to average ¥32,000 million annually for the three years of the plan, and to fund the total each year from within net cash provided by operating activities. In principle, the Company plans to cover all expenditures using internal reserves and to apply surplus funds to the reduction of interest-bearing debt. Based on the assumption that this is achieved, as of March 31, 2003, Minebea expects the balance of outstanding interest-bearing debt to be less than ¥130,000 million.



Note: Forecasts in the above graphs are based on an assumed exchange rate of ¥105 to US\$1.00.

# CONSOLIDATED BALANCE SHEETS

As of March 31, 2000 and 1999

Assets	Millions of yen		Thousands of U.S. dollars (Note 3)
	2000	1999	2000
<b>Current Assets:</b>			
Cash and cash equivalents (Note 2-c)	¥ 24,432	¥ 50,187	\$ 230,165
Marketable securities (Notes 2-h and 5)	8,942	10,059	84,239
Notes and accounts receivable (Notes 2-d, 2-e and 4):			
Trade	56,747	66,982	534,592
Finance receivables	—	21,323	—
Other	3,055	1,957	28,780
	<u>59,802</u>	<u>90,262</u>	<u>563,372</u>
Allowance for doubtful receivables (Note 2-e)	(785)	(1,213)	(7,395)
Net notes and accounts receivable	<u>59,017</u>	<u>89,049</u>	<u>555,977</u>
Inventories (Note 2-f)	46,839	53,816	441,253
Deferred tax assets (Note 6)	6,718	2,768	63,288
Prepaid expenses and other current assets	7,710	13,947	72,633
Total current assets	<u>153,658</u>	<u>219,826</u>	<u>1,447,555</u>
<b>Property, Plant and Equipment</b> (Notes 2-g and 5):			
Land	11,105	11,739	104,616
Buildings and structures	82,426	88,077	776,505
Machinery and/or transportation equipment	203,997	219,325	1,921,780
Construction in progress	3,892	2,110	36,665
	<u>301,420</u>	<u>321,251</u>	<u>2,839,566</u>
Accumulated depreciation	(158,862)	(160,543)	(1,496,580)
Net property, plant and equipment	<u>142,558</u>	<u>160,708</u>	<u>1,342,986</u>
<b>Investments and Other Assets:</b>			
Excess of cost over net assets acquired (Note 2-j)	15,990	19,627	150,636
Investments in affiliates (Notes 2-a and 4)	188	183	1,771
Investments in securities (Note 2-h)	1,148	1,163	10,815
Long-term loans receivable	1,245	86	11,729
Deferred tax assets (Note 6)	15,481	—	145,841
Foreign currency translation adjustments (Note 2-b)	69,942	64,152	658,898
Other (Notes 2-e)	5,079	10,158	47,847
	<u>109,073</u>	<u>95,369</u>	<u>1,027,537</u>
Allowance for doubtful receivables (Note 2-e)	(1,295)	(2,543)	(12,200)
Net investments and other assets	<u>107,778</u>	<u>92,826</u>	<u>1,015,337</u>
<b>Total Assets</b>	<u>¥ 403,994</u>	<u>¥ 473,360</u>	<u>\$ 3,805,878</u>

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



<b>Liabilities and Shareholders' Equity</b>	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 3)</i>
	<b>2000</b>	1999	<b>2000</b>
<b>Current Liabilities:</b>			
Short-term loans payable (Note 5)	¥ 63,787	¥135,184	\$ 600,914
Current portion of long-term debt (Note 5)	4,235	7,644	39,896
Notes and accounts payable (Note 4):			
Trade	31,249	27,694	294,385
Other	7,871	7,945	74,150
Total notes and accounts payable	39,120	35,639	368,535
Income taxes payable (Note 6)	3,160	4,210	29,769
Accrued expenses and other current liabilities	13,783	14,394	129,845
Total current liabilities	124,085	197,071	1,168,959
<b>Long-term Liabilities:</b>			
Long-term debt (Note 5)	124,690	128,223	1,174,658
Other (Note 2-i)	501	1,927	4,720
Total long-term liabilities	125,191	130,150	1,179,378
<b>Minority Interests in Consolidated Subsidiaries</b>	361	434	3,401
<b>Shareholders' Equity</b> (Note 7):			
Common stock, par value ¥50 per share—			
Authorized 1,000,000,000 shares			
Issued:			
March 31, 2000—399,150,527 shares			
March 31, 1999—397,787,828 shares	68,251	67,664	642,968
Capital reserve	94,749	94,162	892,595
Accumulated deficit	8,641	16,120	81,404
	154,359	145,706	1,454,159
Treasury stock	(2)	(1)	(19)
Total shareholders' equity	154,357	145,705	1,454,140
<b>Contingent Liabilities</b> (Notes 9 and 10)			
<b>Total Liabilities and Shareholders' Equity</b>	<b>¥403,994</b>	<b>¥473,360</b>	<b>\$3,805,878</b>

# CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31, 2000, 1999 and 1998

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2000	1999	1998	2000
<b>Net Sales</b> (Note 4)	<b>¥284,757</b>	¥305,324	¥326,094	<b>\$2,682,591</b>
<b>Cost of Sales</b> (Note 4)	<b>203,223</b>	215,163	219,008	<b>1,914,489</b>
Gross profit	<b>81,534</b>	90,161	107,086	<b>768,102</b>
<b>Selling, General and Administrative Expenses</b> (Notes 2-j and 6)	<b>50,465</b>	51,615	48,275	<b>475,412</b>
Operating income	<b>31,069</b>	38,546	58,811	<b>292,690</b>
<b>Other Income (Expenses):</b>				
Interest income	<b>927</b>	691	818	<b>8,733</b>
Equity in income (losses) of nonconsolidated subsidiaries and affiliates (Note 2-a)	<b>6</b>	14	(167)	<b>56</b>
Interest expense	<b>(7,897)</b>	(12,231)	(16,593)	<b>(74,395)</b>
Losses on sales of marketable securities, investment securities and investment securities in affiliates	<b>—</b>	(1,720)	(664)	<b>—</b>
Gains (losses) on revaluation of marketable and investment securities	<b>573</b>	(1,256)	(4,577)	<b>5,398</b>
Foreign currency exchange losses (Note 2-b)	<b>(1,710)</b>	(860)	(6,186)	<b>(16,109)</b>
Losses on disposals of inventories	<b>(1,864)</b>	(1,468)	—	<b>(17,560)</b>
Losses on disposals of real estate for resale	<b>—</b>	(104)	(751)	<b>—</b>
Losses on sales and disposals of property, plant and equipment	<b>(324)</b>	(316)	(2,130)	<b>(3,052)</b>
Losses on liquidation of subsidiaries and affiliates	<b>(25,782)</b>	—	—	<b>(242,883)</b>
Other, net (Note 2-j)	<b>(1,610)</b>	(2,861)	(5,626)	<b>(15,167)</b>
	<b>(37,681)</b>	(20,111)	(35,876)	<b>(354,979)</b>
<b>Income (Loss) before Income Taxes</b>	<b>(6,612)</b>	18,435	22,935	<b>(62,289)</b>
<b>Income Taxes</b> (Note 6):				
Current	<b>2,242</b>	4,656	4,538	<b>21,121</b>
Deferred (benefit)	<b>(6,276)</b>	1,690	909	<b>(59,124)</b>
	<b>(4,034)</b>	6,346	5,447	<b>(38,003)</b>
<b>Minority Interests in Earnings of Consolidated Subsidiaries</b>	<b>99</b>	582	2,344	<b>933</b>
<b>Net Income (Loss)</b>	<b>¥ (2,677)</b>	¥ 11,507	¥ 15,144	<b>\$ (25,219)</b>
			Yen	U.S. dollars (Note 3)
<b>Per Share Data</b> (Note 8):				
Net income (loss):				
Primary	<b>¥(6.72)</b>	¥28.94	¥38.42	<b>\$(0.06)</b>
Fully diluted	<b>(5.39)</b>	26.32	34.85	<b>(0.05)</b>
Cash dividends applicable to the year	<b>7.00</b>	7.00	7.00	<b>0.07</b>

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

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Years ended March 31, 2000, 1999 and 1998

Millions of yen

	Number of Shares of Common Stock	Common Stock	Capital Reserve	Legal Reserve (Note 7)	Retained Earnings (Deficit) (Note 7)	Treasury Stock
<b>Balance at March 31, 1997</b>	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
<b>Balance at March 31, 1998</b>	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)
<b>Balance at March 31, 1999</b>	<b>397,787,828</b>	<b>67,664</b>	<b>94,162</b>	<b>—</b>	<b>(16,120)</b>	<b>(1)</b>
Net income (loss)	—	—	—	—	(2,677)	—
Cash dividends	—	—	—	—	(2,794)	—
Bonuses to directors and corporate auditors	—	—	—	—	—	—
Transfer to legal reserve	—	—	—	280	(280)	—
Common stock issued on conversion of convertible bonds	<b>1,362,699</b>	<b>587</b>	<b>587</b>	—	—	—
Prior year tax effect adjustment	—	—	—	—	12,950	—
Other	—	—	—	(280)	280	(1)
<b>Balance at March 31, 2000</b>	<b>399,150,527</b>	<b>¥ 68,251</b>	<b>¥ 94,749</b>	<b>¥ —</b>	<b>¥ (8,641)</b>	<b>¥ (2)</b>

Thousands of U.S. dollars (Note 3)

	Number of Shares of Common Stock	Common Stock	Capital Reserve	Legal Reserve (Note 7)	Retained Earnings (Deficit) (Note 7)	Treasury Stock
<b>Balance at March 31, 1999</b>	<b>397,787,828</b>	<b>\$637,438</b>	<b>\$887,065</b>	<b>\$ —</b>	<b>\$(151,861)</b>	<b>\$ (9)</b>
Net income (loss)	—	—	—	—	(25,219)	—
Cash dividends	—	—	—	—	(26,321)	—
Bonuses to directors and corporate auditors	—	—	—	—	—	—
Transfer to legal reserve	—	—	—	2,638	(2,638)	—
Common stock issued on conversion of convertible bonds	<b>1,362,699</b>	<b>5,530</b>	<b>5,530</b>	—	—	—
Prior year tax effect adjustment	—	—	—	—	121,997	—
Other	—	—	—	(2,638)	2,638	(10)
<b>Balance at March 31, 2000</b>	<b>399,150,527</b>	<b>\$642,968</b>	<b>\$892,595</b>	<b>\$ —</b>	<b>\$ (81,404)</b>	<b>\$(19)</b>

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

# CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31, 2000, 1999 and 1998

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2000	1999	1998	2000
<b>Cash Flows from Operating Activities:</b>				
Net income (loss)	¥ (2,677)	¥ 11,507	¥ 15,144	\$ (25,219)
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	25,026	28,034	29,616	235,761
(Income) losses on revaluation of marketable and investment securities	(573)	1,256	4,577	(5,398)
Losses on disposals of inventories and real estate for resale	1,864	1,572	751	17,560
Losses on sales and disposals of property, plant and equipment	135	316	2,130	1,272
Losses on liquidation of subsidiaries and affiliates	25,782	—	—	242,883
Equity in (income) losses of nonconsolidated subsidiaries and affiliates	(6)	(14)	167	(56)
Allowance for doubtful receivables	(154)	(183)	—	(1,451)
Deferred income taxes (benefit)	(6,276)	1,690	909	(59,124)
Decrease in notes and accounts receivable	8,918	19,170	16,571	84,013
Decrease in inventories	5,112	13,253	15,219	48,158
(Increase) decrease in prepaid expenses and other current assets	2,685	3,190	(467)	25,294
Increase (decrease) in notes and accounts payable	3,481	(14,208)	(1,104)	32,793
Increase (decrease) in income taxes payable	(1,044)	549	(1,108)	(9,835)
Increase (decrease) in accrued expenses and other current liabilities	(509)	(1,428)	1,375	(4,795)
 Increase (decrease) in minority interests in consolidated subsidaries	 (72)	 (3,964)	 98	 (678)
Total adjustments	64,369	49,233	68,734	606,397
Net cash provided by operating activities	61,692	60,740	83,878	581,178
<b>Cash Flows from Investing Activities:</b>				
Marketable securities	1,690	2,389	8,202	15,921
Proceeds from sales of property, plant and equipment	113	211	60	1,065
Expenditure for purchase of property, plant and equipment	(19,504)	(20,563)	(23,688)	(183,740)
Investments in and advances to nonconsolidated subsidiaries and affiliates	—	—	239	—
Long-term loans receivable	—	93	(87)	—
Investments in securities	(2)	88	703	(19)
Proceeds from sales of subsidiary	5,147	—	—	48,488
(Increase) decrease in other assets	2,053	528	(19,174)	19,340
Net cash used in investing activities	(10,503)	(17,254)	(33,745)	(98,945)
<b>Cash Flows from Financing Activities:</b>				
Proceeds from issuance of bonds	—	25,000	10,000	—
Proceeds from common stock issued on conversion of convertible bonds	1,174	1,120	5,794	11,060
Decrease in short-term loans payable	(71,397)	(33,851)	(71,701)	(672,605)
Cash dividends and bonuses to directors and corporate auditors	(2,794)	(2,876)	(2,874)	(26,321)
Increase (decrease) in long-term debt	(5,768)	5,912	(18,003)	(54,338)
Conversion of convertible bonds	(1,174)	(1,120)	(5,794)	(11,060)
Redemption of bonds	—	—	(3,000)	—
Increase (decrease) in other liabilities	(1,280)	(1,050)	215	(12,059)
Net cash used in financing activities	(81,239)	(6,865)	(85,363)	(765,323)
<b>Effect of Exchange Rate Changes</b>				
Net increase (decrease) in cash and cash equivalents	4,295	9,426	27,021	40,462
	(25,755)	46,047	(8,209)	(242,628)
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>50,187</b>	<b>4,140</b>	<b>12,349</b>	<b>472,793</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>¥ 24,432</b>	<b>¥ 50,187</b>	<b>¥ 4,140</b>	<b>\$ 230,165</b>

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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## 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.

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## 2. Summary of Significant Accounting Policies

### *a) Principles of consolidation*

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

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 which went into effect in fiscal 2000. As a result, beginning in fiscal 1999, all of the Company’s subsidiaries have been included in the consolidated financial statements, while 20% to 50% owned affiliates have been 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 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 consolidated subsidiary receivables is eliminated on consolidation. The balances of the allowance as of March 31, 2000 and March 31, 1999, 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, 2000 and 1999, comprised the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2000	1999	2000
Merchandise and finished goods	<b>¥21,285</b>	¥25,094	<b>\$200,518</b>
Work in process	<b>12,438</b>	14,614	<b>117,174</b>
Raw materials	<b>9,642</b>	9,981	<b>90,834</b>
Supplies	<b>3,474</b>	4,127	<b>32,727</b>
	<b>¥46,839</b>	¥53,816	<b>\$441,253</b>

**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, 2000, were as follows:

	<i>Millions of yen</i>
<hr/>	
Aggregate cost:	
Current	¥8,942
Noncurrent	—
	<hr/>
	¥8,942
Aggregate market value:	
Current	¥9,735
Noncurrent	—
	<hr/>
	¥9,735

***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 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 amount charged by the Company and its consolidated subsidiaries to income as incurred under the above plans was ¥1,148 million and ¥989 million in fiscal 2000 and 1999, respectively.

**j) Excess of cost over net assets acquired**

Excess of cost over net assets acquired for business acquisitions was amortized, amounting to ¥2,866 million in fiscal 2000 and ¥2,772 million in fiscal 1999, 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 now included in selling, general and administrative expenses.

**k) Reclassifications**

Certain amounts in the prior years' financial statements have been reclassified to conform with the 2000 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 ¥106.15=US\$1, the approximate exchange rate on March 31, 2000. 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 Affiliates**

Summarized financial information for all affiliates as of March 31, 2000 and 1999, and for the years then ended, was as follows:

<b>Financial Position</b>	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 3)</i>
	<b>2000</b>	1999	<b>2000</b>
Assets:			
Current assets	<b>¥686</b>	¥778	<b>\$6,462</b>
Other assets, including property, plant and equipment	<b>175</b>	200	<b>1,649</b>
	<b>¥861</b>	¥978	<b>\$8,111</b>
Liabilities and shareholders' equity:			
Current liabilities	<b>¥280</b>	¥403	<b>\$2,638</b>
Long-term liabilities	<b>26</b>	30	<b>245</b>
Shareholders' equity	<b>555</b>	545	<b>5,228</b>
	<b>¥861</b>	¥978	<b>\$8,111</b>
<b>Operations</b>			
		<i>Millions of yen</i>	<i>Thousands of U.S. dollars (Note 3)</i>
	<b>2000</b>	1999	<b>2000</b>
Net sales	<b>¥1,303</b>	¥1,487	<b>\$12,275</b>
Cost and expenses	<b>1,290</b>	1,446	<b>12,153</b>
Net income	<b>¥ 13</b>	¥ 41	<b>\$ 122</b>



Summarized below are the significant transactions of the Company and its consolidated subsidiaries with affiliates for the years ended March 31, 2000 and 1999, and the related account balances as of March 31, 2000 and 1999:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 3)</i>
	<b>2000</b>	1999	<b>2000</b>
Transactions:			
Sales	¥—	¥—	\$ —
Purchases	12	31	113
Account balances:			
Notes and accounts receivable	—	—	—
Notes and accounts payable	—	12	—

#### 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 4.4% and 5.6% for the years ended March 31, 2000 and 1999, respectively.

The aggregate annual maturities of long-term debt outstanding as of March 31, 2000, are as follows:

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars (Note 3)</i>
2001	¥ 4,235	\$ 39,896
2002	11,267	106,142
2003	44,369	417,984
2004	11,334	106,773
2005 and thereafter	57,720	543,759

As of March 31, 2000, the following assets were pledged as collateral against short-term bank loans of ¥6,199 million and long-term debt of ¥3,099 million:

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars (Note 3)</i>
Marketable securities	¥ 2,549	\$ 24,013
Property, plant and equipment	10,228	96,354
	<b>¥12,777</b>	<b>\$120,367</b>

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

	<i>Conversion price per share of common stock as of March 31, 2000</i>	<i>Exchange rate applicable upon conversion</i>	<i>Redemption at the option of the Company</i>
0.8% unsecured convertible bonds payable in Japanese yen due 2003	¥852.00	—	On or after April 1, 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, 2000, 44,101,430 shares of common stock would have been issued.

Long-term debt as of March 31, 2000 and 1999, consisted of the following:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 3)</i>
	<b>2000</b>	1999	<b>2000</b>
0.8% unsecured convertible bonds payable in Japanese yen due 2003	<b>¥ 13,835</b>	¥ 14,911	<b>\$ 130,334</b>
0.65% unsecured convertible bonds payable in Japanese yen due 2005	<b>27,083</b>	27,180	<b>255,139</b>
2.0% unsecured bonds payable in Japanese yen due 2003	<b>10,000</b>	10,000	<b>94,206</b>
2.85% unsecured bonds payable in Japanese yen due 2005	<b>10,000</b>	10,000	<b>94,206</b>
3.0% unsecured bonds payable in Japanese yen due 2008	<b>15,000</b>	15,000	<b>141,310</b>
1.8% to 12.5% loans from banks, other	<b>53,007</b>	58,776	<b>499,359</b>
	<b>128,925</b>	135,867	<b>1,214,554</b>
Less current portion	<b>4,235</b>	7,644	<b>39,896</b>
	<b>¥124,690</b>	¥128,223	<b>\$1,174,658</b>

## 6. Income Taxes

The Company and its consolidated domestic subsidiaries are subject to a number of different taxes based on income, which in the aggregate indicate an effective statutory rate of 40% and 47% for fiscal 2000 and 1999.

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.

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.

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, in fiscal 2000, the Company and consolidated domestic subsidiaries recognized the timing difference because of the adoption of tax effect accounting in Japan. This income tax effect is recognized for timing differences resulting from elimination of inter-company profit and certain adjustments made in the accompanying consolidated financial statements.

The aggregate deferred (prepaid) income taxes of ¥22,199 million and ¥2,768 million as of March 31, 2000 and 1999, respectively, are included in deferred tax assets of current assets and investments and other assets in the accompanying consolidated balance sheets.

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## 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, 2000 and 1999, 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 now 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, 2000 and 1999, was as follows:

	<i>Thousands of shares</i>	
	2000	1999
Primary	398,469	397,651
Fully diluted	443,251	443,251

## 9. Litigation

As of March 31, 2000, 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, 2000.

## 11. Industry Information

In fiscal 2000, ended March 31, 2000, Minebea reclassified its operations into three industry categories: machinery components, which includes bearings and bearing-related products, notably ball bearings, rod-end and spherical bearings and pivot assemblies, as well as other machinery components, such as fasteners, wheels and defense-related special parts; electronic devices and components, encompassing rotary components and other electronic devices and components, primarily PC keyboards, speakers, FDD sub-assemblies and switching power supplies; and consumer and others, comprising the import and sale of furniture and interior-related products.

The following table presents certain information regarding the Company's performance by industry category at March 31, 2000, and for the year then ended:

### Performance by Industry Category in Fiscal 2000

<i>Year ended March 31, 2000</i>	<i>Millions of yen</i>					
	<i>Machinery Components</i>	<i>Electronic Devices and Components</i>	<i>Consumer and Others</i>	<i>Total before Eliminations</i>	<i>Eliminations</i>	<i>Total</i>
Sales to external customers	¥127,734	¥146,133	¥10,890	¥284,757	¥ —	¥284,757
Internal sourcing	6,940	—	—	6,940	(6,940)	—
Total sales	134,674	146,133	10,890	291,697	(6,940)	284,757
Operating expenses	112,678	137,879	10,071	260,628	(6,940)	253,688
Operating income	21,996	8,254	819	31,069	—	31,069
Assets	183,111	234,558	8,022	425,691	(21,697)	403,994
Depreciation and amortization	10,031	11,911	83	22,025	—	22,025
Investment	8,813	10,571	228	19,612	—	19,612

Note: Assets of the Company and its subsidiaries in the Eliminations column totaled ¥69,942 million, resulting from foreign currency translation adjustments.

The following tables present certain information regarding the Company's performance by region at March 31, 2000 and 1999, and for the years then ended:

#### Performance by Region in Fiscal 2000

Millions of yen

Year ended March 31, 2000	Japan	Asia (excluding Japan)	North, Central and South America	Europe	Total before Eliminations	Eliminations	Total
Sales to external customers	¥117,141	¥ 74,067	¥58,253	¥35,296	¥284,757	¥ —	¥284,757
Internal sourcing	77,697	107,033	1,533	3,926	190,189	(190,189)	—
Total sales	194,838	181,100	59,786	39,222	474,946	(190,189)	284,757
Operating expenses	182,955	165,927	57,057	37,938	443,877	(190,189)	253,688
Operating income	11,883	15,173	2,729	1,284	31,069	—	31,069
Assets	182,130	168,406	41,265	33,851	425,652	(21,658)	403,994

Notes: 1. Assets of the Company and its subsidiaries in the Eliminations column totaled ¥69,942 million, resulting from foreign currency translation adjustments.

2. In fiscal 2000, the Company applied tax effect accounting overall. Compared with using the same method as that of fiscal 1999, the change has increased "Assets" by ¥19,724 million in "Japan" and by ¥152 million in "Asia (excluding Japan)".

#### Performance by Region in Fiscal 1999

Millions of yen

Year ended March 31, 1999	Japan	Asia (excluding Japan)	North, Central and South America	Europe	Total before Eliminations	Eliminations	Total
Sales to external customers	¥121,123	¥ 77,038	¥65,806	¥41,357	¥305,324	¥ —	¥305,324
Internal sourcing	88,054	119,541	2,239	2,157	211,991	(211,991)	—
Total sales	209,177	196,579	68,045	43,514	517,315	(211,991)	305,324
Operating expenses	192,987	179,557	64,895	41,330	478,769	(211,991)	266,778
Operating income	16,190	17,022	3,150	2,184	38,546	—	38,546
Assets	244,831	155,029	45,611	30,738	476,209	(2,849)	473,360

Note: Assets of the Company and its subsidiaries in the Eliminations column totaled ¥64,152 million, resulting from foreign currency translation adjustments.

The following tables present certain information regarding the Company's overseas sales for the years ended March 31, 2000 and 1999:

#### Overseas Sales in Fiscal 2000

Millions of yen

Year ended March 31, 2000	To Asia (excluding Japan)	To North, Central and South America	To Europe	Total
Overseas sales	¥82,445	¥58,148	¥35,326	¥175,919
Total sales				¥284,757
Percentage of total sales	29.0%	20.4%	12.4%	61.8%

#### Overseas Sales in Fiscal 1999

Millions of yen

Year ended March 31, 1999	To Asia (excluding Japan)	To North, Central and South America	To Europe	Total
Overseas sales	¥81,425	¥65,722	¥41,546	¥188,693
Total sales				¥305,324
Percentage of total sales	26.7%	21.5%	13.6%	61.8%

## 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, 2000 and 1999, and the related consolidated statements of income, shareholders' equity and cash flows for each of the 3 years in the period ended March 31, 2000, 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, 2000 and 1999, and the results of their operations and their cash flows for each of the 3 years in the period ended March 31, 2000, in conformity with accounting principles generally accepted in Japan.

Tokyo, Japan  
June 29, 2000

  
**Century Ota Showa & Co.**  
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
<b>Japan</b>		
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
<b>Thailand</b>		
NMB Thai Ltd.	Manufacture and sale of bearings	100.0
Pelmec Thai Ltd.	Manufacture and sale of bearings	100.0
Minebea Thai Ltd.	Manufacture and sale of keyboards, motors and other products	100.0
NMB Hi-Tech Bearings Ltd.	Manufacture and sale of bearings	100.0
NMB Precision Balls Ltd.	Manufacture and sale of steel balls for ball bearings	100.0
Minebea Electronics (Thailand) Co., Ltd.	Manufacture and sale of electronic devices and components	97.2
Power Electronics of Minebea Co., Ltd.	Manufacture and sale of electronic devices and components	100.0
<b>Singapore</b>		
NMB Singapore Ltd.	Manufacture and sale of bearings and measuring instruments	97.4
Pelmec Industries (Pte.) Ltd.	Manufacture and sale of bearings	100.0
NMB Precision Tool & Die (Pte.) Ltd.	Manufacture and sale of tools and dies	100.0
Minebea Technologies Pte. Ltd.	Sale of bearings, electronic devices and components	100.0
<b>People's Republic of China</b>		
Minebea Electronics & Hi-Tech Components (Shanghai) Ltd.	Manufacture and sale of bearings and fan motors	100.0
<b>Taiwan</b>		
Hwan Chong Enterprise Co., Ltd.	Manufacture and sale of speaker units	100.0
<b>Korea</b>		
NMB Korea Co., Ltd.	Sale of bearings, electronic devices and components	100.0
<b>Malaysia</b>		
Kuen Dar (M) Sdn. Bhd.	Manufacture and sale of speaker units	100.0

<b>Subsidiaries in North America</b>	<b>Operations</b>	<b>Percentage of shares controlled by Minebea</b>
<b>United States</b>		
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 Technologies Corporation	Sale of bearings, electronic devices and components	100.0
<b>Mexico</b>		
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

<b>Subsidiaries in Europe</b>	<b>Operations</b>	<b>Percentage of shares controlled by Minebea</b>
<b>United Kingdom</b>		
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
<b>Germany</b>		
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
<b>Italy</b>		
NMB Italia S.r.L.	Sale of bearings, electronic devices and components	100.0
<b>France</b>		
NMB Minebea S.a.r.l.	Sale of bearings, electronic devices and components	100.0



# CORPORATE DATA

As of June 2000

## Minebea Co., Ltd. Corporate Information

### Tokyo Head Office

ARCO Tower, 19th Floor,  
1-8-1, Shimo-Meguro,  
Meguro-ku, Tokyo 153-8662, Japan  
Tel: 81-3-5434-8611  
Fax: 81-3-5434-8601  
<http://www.minebea.co.jp/>

### Registered Headquarters

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

### Established

July 16, 1951

## Investor Information

### Common Stock (As of March 31, 2000)

Authorized: 1,000,000,000 shares  
Issued: 399,150,527 shares  
Capital: ¥68,251 million

### Common Stock Listings

Tokyo, Osaka and Nagoya

### American Depository Receipts

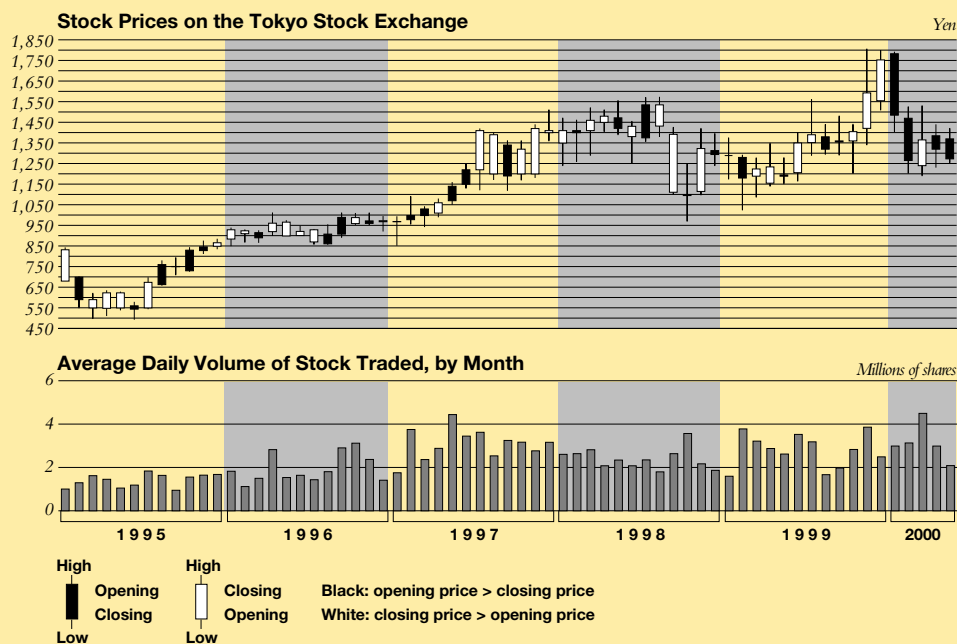
Ratio (ADR: ORD): 1: 2  
Exchange: Over-the-Counter (OTC)  
Symbol: MNBEY  
CUSIP: 602725301  
Depository: The Bank of New York  
101 Barclay Street,  
New York, NY 10286, U.S.A.  
Tel: 1-212-815-2204  
U.S. toll-free: 888-269-2377  
(888-BNY-ADRS)  
<http://www.bankofny.com/adr>

### Independent Certified Public Accountants

Century Ota Showa & Co.

### Transfer Agent

The Sumitomo Trust and Banking Co., Ltd.



For further information  
please contact:

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Corporate Finance Department  
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