

MINEBEA

**“For Minebea,
competitiveness means
being able to offer a stable supply of
superior quality products,
more quickly and cost efficiently,
and at a greater volume,
than any other company.”**

MINEBEA CO., LTD.

NMB

ANNUAL REPORT 2000

Year Ended March 31, 2000

CONSOLIDATED FINANCIAL HIGHLIGHTS

Years ended March 31

	Millions of yen		Percentage change	Thousands of U.S. dollars (Note)
	2000	1999	2000/1999	2000
Net sales	¥284,757	¥305,324	(6.7)%	\$2,682,591
Operating income	31,069	38,546	(19.4)	292,690
Net income (loss)	(2,677)	11,507	(123.3)	(25,219)
Total shareholders' equity	154,357	145,705	5.9	1,454,140
Total assets	403,994	473,360	(14.7)	3,805,878
Return on shareholders' equity	(1.8)%	8.0%		

	Yen		Percentage change	U.S. dollars (Note)
Per share data				
Net income (loss) (primary)	¥ (6.72)	¥ 28.94	(123.2)%	\$(0.06)
Shareholders' equity	386.71	366.29	5.6	3.64

Note: 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.

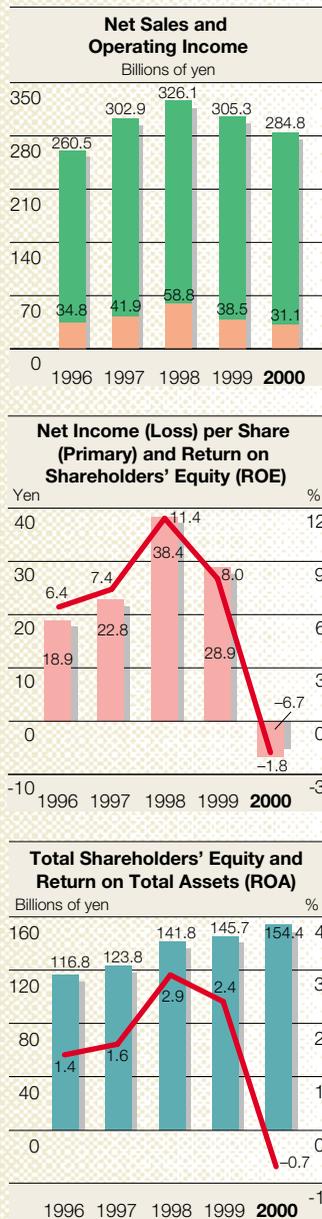
Contents	
1 A Message to Shareholders	Minebea Co., Ltd., was established in 1951 as Japan's first specialized manufacturer of high-precision miniature ball bearings. Today, the Company is the world's leading comprehensive manufacturer of miniature ball bearings and high-precision components, supplying customers worldwide in the information and telecommunications equipment, aerospace, automotive and household electrical appliance industries.
5 New Frontiers in Core Businesses	As of March 31, 2000, the Minebea Group encompassed 57 subsidiaries and affiliates in 15 countries.
12 Environmental Achievements	These companies maintain 38 plants and 69 sales offices, and employ a total of 42,399 people.
13 Performance by Industry Category	
19 Performance by Region	
22 Board of Directors	
23 Financial Section	
45 Principal Subsidiaries	
47 Corporate Data	

Disclaimer Regarding Future Projections

In this Annual Report, all statements which are not an historical fact are future projections made based on certain assumptions and our management's judgement drawn from currently available information. Accordingly, when evaluating our performance or value as a going concern, you are requested not to rely on these projections entirely. Please note that actual performance may vary significantly from any particular projection, due to various factors.

Factors affecting our actual performance include: (i) changes in economic indicators surrounding us or demand trends; (ii) fluctuation of foreign exchange rates or interest rates; and (iii) our ability to continue R&D, manufacturing and marketing in a timely manner in the electronics business sector, where technological innovations are rapid and new products are launched continuously. However, this is not a complete list of the factors affecting actual performance.

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.

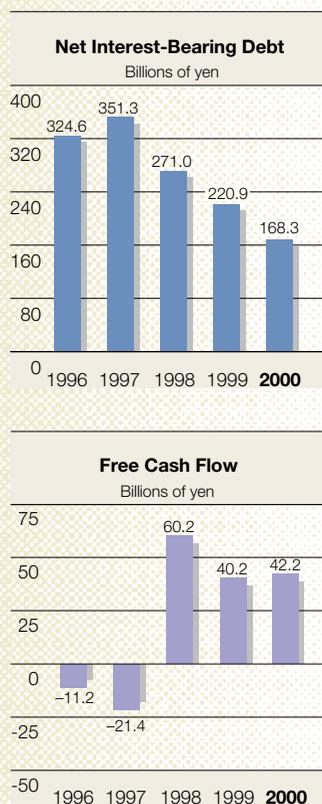
In response to steady growth in demand for ball bearings beginning in early calendar year 1999, we decided in October 1999 to increase our monthly ball bearing output by 25%, to 150 million pieces, from 120 million pieces. Demand continues to grow, and efforts to expand production capacity at our mainstay 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



Bearings

New Frontiers in Core Businesses

Automotive Components

Spindle Motors

Reinforcing Competitiveness

SMALL BEARINGS

Minebea is the leading manufacturer of small ball bearings up to 22mm in external diameter, and has a global market share in excess of 60%. With the launch of production of fluid dynamic bearings, the Company has added a final key dimension to its lineup of small bearings, which includes conventional ball bearings, integrated-shaft ball bearings and RO bearings, positioning us well to take advantage of new markets for these products and respond to rising demand.

The unmatched competitiveness of Minebea's small bearings stems from its vertically integrated manufacturing system, which encompasses all processes, from engineering and development to the manufacture of components, assembly and final testing. This system ensures the same level of quality for small bearings produced at any of Minebea's 10 manufacturing bases worldwide.

Minebea uses its own high-precision small bearings in a broad range of other products, including spindle motors for HDDs, stepping motors, fan motors and pivot assemblies, which has given the Company an outstanding competitive edge in these product categories in terms of quality, supply capabilities, lead time and manufacturing costs.



Minebea's Small Ball Bearings

Minebea manufactures small ball bearings of more than 8,500 different specifications with external diameters ranging from less than 3mm to 28mm. Each ball bearing comprises an outer ring, inner ring, balls, retainer, shield and snap ring. The average motor contains two ball bearings. Ball bearings are thus essential components in information and telecommunications equipment, household electrical appliances and automobiles. The average household is said to use between 60 to 200 small ball bearings at any given time.



Integrated-Shaft Ball Bearings

The integrated-shaft ball bearing has two raceways on the shaft, allowing the integration of the inner ring and shaft of two ball bearings. This facilitates more precise rotation than is possible with two independent ball bearings, making integrated-shaft ball bearings particularly suited to use in, for example, the cylinder units of video cameras.

RO Bearings

The RO bearing features two raceways on the inside of the outer ring and one each on the shaft and inner ring fitted on the shaft, essentially combining the functions of two ball bearings in one while eliminating the misalignment that can occur with two bearings. Because it contains fewer components, the RO bearing also minimizes accumulated tolerance, improving rotating accuracy. Moreover, the stable thermal resonance of RO bearings makes the designing of motors easy. Minebea currently uses most of the RO bearings it produces in its spindle motors for HDDs, but demand is expected to grow for use in pivot assemblies, fan motors and other high-precision components.



Shipments of Small Ball Bearings

Demand for Minebea's ball bearings in the 1950s and 1960s came primarily from the aerospace industry for use in aircraft instruments. In the 1980s, the growing popularity of home-use video cassette recorders caused demand to soar, while in the 1990s, the expanding markets for office automation equipment, household electrical appliances, and PCs have further stimulated demand for ball bearings. The global market has been growing at an unprecedented rate since the second half of the period under review, in response to which Minebea plans to expand its global monthly production capacity by 30 million units, to 150 million units, by the end of 2000.

Cross-License and Other Agreements with Seagate Technology

“Seagate Technology is the world’s largest supplier of HDDs and related components, and pioneered the technological development and volume production of fluid dynamic bearing motors. In March 2000, Seagate and Minebea entered into cross-license, know-how license and supply agreements, enabling Minebea to become a major supplier to Seagate of fluid dynamic bearings and various types of motors, including fluid dynamic bearing spindle motors for HDDs based on Seagate’s pioneering designs. Seagate’s Motor Group holds a high number of motor patents for design as well as manufacturing. The company’s fluid dynamic bearings are the result of its leadership in advanced technology, design, quality, productivity and cost-effectiveness. Disk drives will continue to require higher areal and track densities and increasingly quiet operation. Motor technology is a critical, enabling factor in current and future disk drive design, and Seagate believes this agreement with Minebea will be of benefit to both companies. Seagate and Minebea see these agreements as an intelligent way to bring the most advanced disk drive motors to market in a timely and cost-effective manner. The combination of Seagate’s advanced motor designs and Minebea’s mass-production capabilities will be very powerful. Seagate looks forward to leveraging Minebea’s capabilities and its proven, high-volume, low-cost manufacturing expertise, and believes Minebea will be able to ramp quickly into a significant supplier of motors for our best-in-class disk drives.”

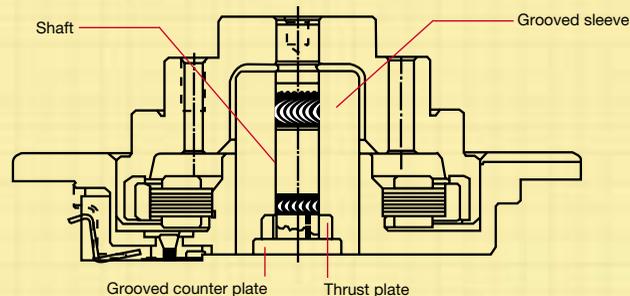


Gunter Heine,
Vice President,
Seagate Technology, Inc.

Fluid Dynamic Bearing Motor Operation

The principle of the fluid dynamic bearing involves replacing the ball bearing function with a layer of lubricant thinner than one-tenth the thickness of a strand of hair. The rotor supported by the bearing essentially “swims around” the shaft. Special grooves in the metal bearing parts generate a hydrodynamic force that stabilizes the motor rotation and provides the vibration damping required for future disk drive applications. Benefits to drive companies include improved quietness and robustness. Fluid bearings also make it easier to increase data storage density and data transfer rate. The reliability of the Seagate fluid dynamic technology has been proven through two and a half years of successful volume manufacturing experience.

Single-Plate Fluid Dynamic Bearing Spindle Motor for HDD



Expanding High-Value-Added Products

SPINDLE MOTORS FOR HDDs

Minebea uses its own high-precision ball bearings in its spindle motors for HDDs, one of the Company's mainstay products. In fact, almost all of the parts in these motors are produced in-house, which gives Minebea an outstanding competitive edge in terms of quality, supply capabilities, lead time and manufacturing costs.

Over the past two years, Minebea has strategically shifted its focus from spindle motors for 3.5-inch low-end HDDs to high-value-added spindle motors for 2.5-inch and 3.5-inch high-end HDDs. Although the Company saw a temporary decline in orders for these motors as a consequence, this strategy has begun to pay off as orders have risen steadily since the latter half of 1999.

Minebea expects to see significant growth in orders for spindle motors for HDDs in the years ahead and plans to expand its monthly production capacity, from approximately 2.0 million units in the first quarter of 2000 to an estimated 3.5 million units by the third quarter of 2000, 5.0 million by the third quarter of 2001 and 10.0 million in 2003.

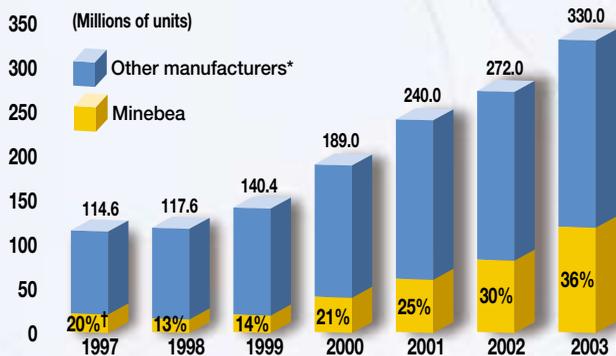
Prospects for Growth

At present, spindle motors for 3.5-inch low-end HDDs for desktop PCs account for more than half of Minebea's total monthly output of spindle motors for HDDs, with 3.5-inch high-end HDDs for desktop PCs and PC servers and those for 2.5-inch mobile information and telecommunications equipment accounting for approximately 20% and 25%, respectively. By the third quarter of 2001, the Company expects its monthly output to more than double, to 5.0 million units, of which approximately 70% will be for high-end markets—1.4 million units for 3.5-inch high-end HDDs for desktop PCs and PC servers, 1.5 million units for 2.5-inch HDDs for information and telecommunications equipment, and 500,000 units for 3.5-inch high-end HDDs for enterprise and host computers—and 30% for 3.5-inch low-end HDDs for desktop PCs.



Spindle Motors

Shipments of Spindle Motors for HDDs and Minebea's Global Market Share



*Percent figures in bars refer to Minebea's share or estimated share of the global market.

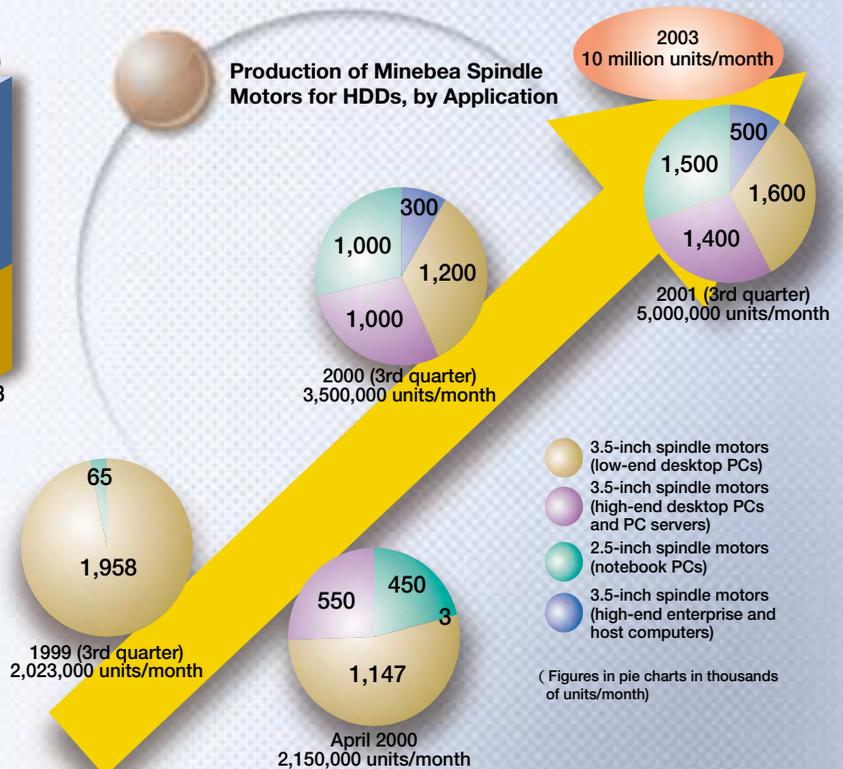
*Refers to manufacturers other than Minebea.

(Source: Pixie Pinnacle Corporation)

Global Market Prospects

In 2000, total shipments of spindle motors for HDDs are expected to amount to 189.0 million units, an increase of approximately 65% since 1997. Minebea's leading share of this market in 2000 is estimated at 21%, compared to 20% in 1997. In the next few years, however, the market is expected to explode, with shipments projected to reach 330.0 million units in 2003. By enhancing its lineup of spindle motors for HDDs and targeting high-end users, Minebea expects its share of the global market to climb to 36% in the same period.

Production of Minebea Spindle Motors for HDDs, by Application



- 3.5-inch spindle motors (low-end desktop PCs)
- 3.5-inch spindle motors (high-end desktop PCs and PC servers)
- 2.5-inch spindle motors (notebook PCs)
- 3.5-inch spindle motors (high-end enterprise and host computers)

(Figures in pie charts in thousands of units/month)

New Developments in Spindle Motors for HDDs

“Under Minebea’s vertically integrated manufacturing system, the Company develops and engineers spindle motors for HDDs in Japan and Germany and conducts all production processes, from the manufacture of parts through to final assembly, at its mass-production facilities in Thailand. Moreover, Minebea has established R&D centers at its product development bases (Japan and Germany), its mass-production base (Thailand), and one of its most important markets (Singapore) to conduct cleanliness evaluation and precision analysis, thus facilitating swift and accurate responses to customer needs in terms of product quality and earning the Company a solid reputation for reliability.

Like hard disks and magnetic heads, spindle motors are high-precision components that are critical to the performance of HDDs. With the rapid expansion of HDD memory capacity and shorter seek times, demand for increasingly precise spindle motors has escalated. In response to changing customer needs, Minebea has launched production of spindle motors for HDDs containing fluid dynamic bearings and spindle motors for HDDs containing RO bearings, and has started using ceramic balls in RO bearings.”



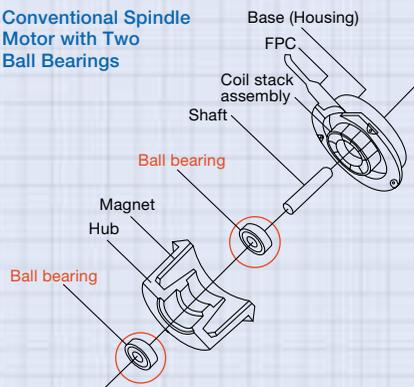
Rikuro Obara,
Senior Managing Director,
General Manager of the
1st Manufacturing Head-
quarters and Karuizawa
Manufacturing Unit, and
General Manager of Bear-
ings Manufacturing Div.,
Karuizawa Manufacturing
Unit, Minebea Co., Ltd.

RO Bearings

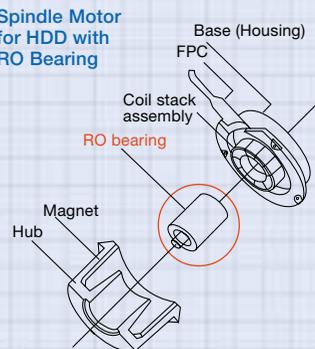


When used in a spindle motor, the RO bearing eliminates the misalignment that often occurs with two conventional ball bearings. RO bearings are also superior in terms of responsiveness to thermal shifts, rotating speed and non-repetitive run-out (NRRO). Because RO bearings also enable more compact designs, they are particularly suited to use in spindle motors for higher-precision 3.5-inch and 2.5-inch high-end HDDs. Moreover, the use of Minebea’s own ceramic balls, which are highly durable and resistant to thermal shift, facilitates even higher levels of precision. Minebea intends to expand the proportion of its total output of RO bearings used in its own spindle motors for HDDs to 60% by the end of 2001, from 45% at the close of fiscal 2000.

Conventional Spindle Motor with Two Ball Bearings



Spindle Motor for HDD with RO Bearing



Cultivating New Markets

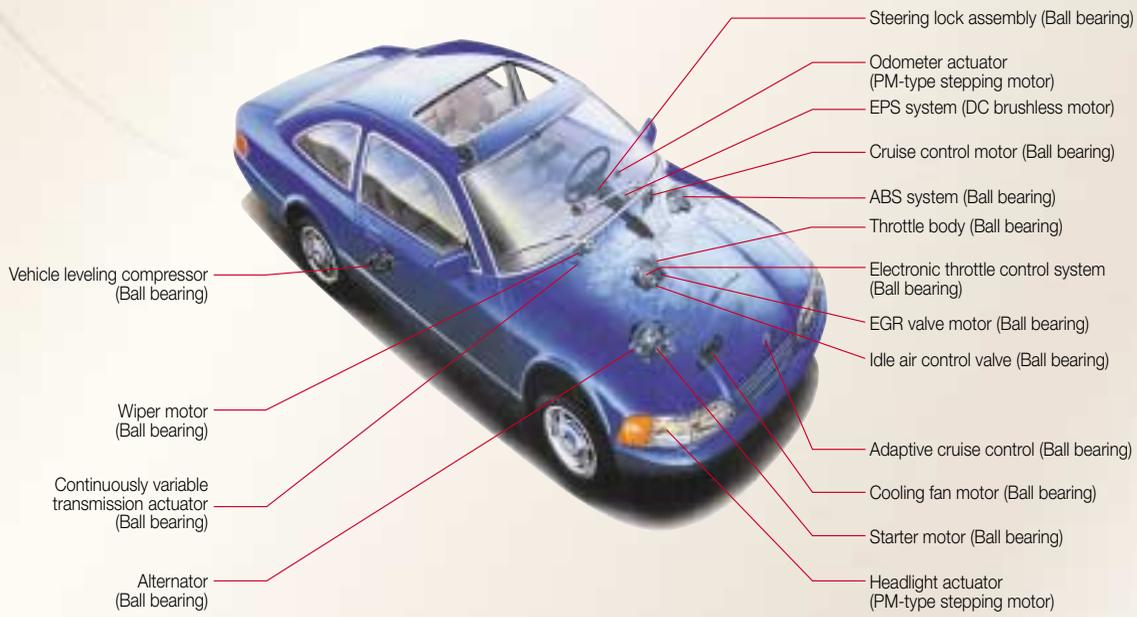
AUTOMOTIVE COMPONENTS

Concern for the environment and better vehicle performance has greatly increased the use of electronically controlled steering and engines. As a consequence, Minebea is seeing demand from automotive manufacturers soar not only for the products it has traditionally supplied to the industry, namely fasteners, speakers and rod-end bearings, but also for mainstay small ball bearings, small motors and a broad range of other products.

With the aim of cultivating new markets, in 1997 Minebea set up a sales group within its marketing headquarters in Japan that specializes in automotive components. The Company also augmented its engineering and development capabilities, which are centered at subsidiary PMDM, by establishing a technical center on the outskirts of Detroit to conduct quality evaluation and product testing. Further, Minebea's ball bearing production facilities in Thailand and Singapore have obtained QS-9000, the U.S. Automobile Manufacturers' Association certification of quality systems for suppliers. These efforts have positioned Minebea well to capitalize on the expanding market for automotive components.



Automotive Applications for Minebea Products



Production of DC Brushless Motor for Delphi

"In line with a contract signed with Delphi Automotive Systems, in April 1999 Minebea began production of a proprietary DC brushless motor for a new electric power steering system developed by Delphi. Delphi chose Minebea after comparing test motors produced by leading global motor manufacturers according to the same specifications, citing the superior motor technologies of PMDM, Minebea's principal small motor development subsidiary, in Germany. Minebea is manufacturing DC brushless motors for Delphi exclusively in Thailand, and with output expected to increase in the future, is planning to build a new plant in that country for this and other small motors for automobiles."



Dr. Helmut Hans,
Vice President,
Precision Motors
Deutsche Minebea
GmbH (PMDM)



Delphi Automotive Systems, a world leader in automotive components and systems technology headquartered in Troy, Michigan, designs, engineers and manufactures a wide variety of components, integrated systems and modules on a worldwide basis. Delphi employs approximately 214,200 people and operates 178 wholly owned manufacturing sites, 41 joint ventures, 53 customer centers and sales offices, and 27 technical centers in 39 countries.

Minebea has been chosen by Delphi to supply a proprietary DC brushless motor used in Delphi's E-STEER™ electric power steering system. E-STEER™ is an all-electric engine-independent power steering system developed by Delphi to replace conventional automotive hydraulics. Increased fuel economy and power are some of the numerous benefits that this system provides. Delphi was the winner of a 1999 Premier Automotive Suppliers' Contributions to Excellence (PACE) award, given by Ernst & Young LLP and Automotive News, for this innovative technology.

Minebea's commitment to the global automotive market is evident in the steps that it has taken to accommodate and support this new program. The development of this DC brushless motor, which was designed by Delphi, was performed both in Minebea's German facility and its Automotive Technical Center in Wixom, Michigan. Motors are manufactured at one of Minebea Thai Ltd.'s facilities and shipped to a Delphi facility in Europe, where they are integrated into steering systems for the European automotive market.



E-STEER™ electric power steering system

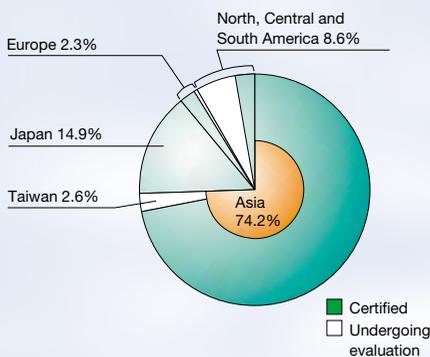
ENVIRONMENTAL ACHIEVEMENTS

Protecting the Environment

Minebea has always placed a high priority on environmental protection in managing its operations. 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 95% 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 April 2000, 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 Minebea's Singapore plants in January 1998.

North, Central and South America

The other manufacturing facility in the United States, U.S. subsidiary New Hampshire Ball Bearings' Peterborough plant obtained ISO 14001 certification in May 1999.

Europe

U.K. subsidiary Rose Bearings' Lincoln and Skegness plants obtained ISO 14001 certification in April 1997 and February 1999, respectively. German subsidiary PMDM was endorsed in February 1998.

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."



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

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

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, Minebea's Singapore plants obtain ISO 14001 certification. This endorsement is also awarded to five plants and three subsidiaries in Japan, and one subsidiary in Germany during the year.

1999 One plant in Japan, two plants of a subsidiary in England and one plant in the United States obtain ISO 14001 certification.

2000 One plant of a subsidiary in Japan obtains ISO 14001 certification.

(As of June 29, 2000)

PERFORMANCE BY INDUSTRY CATEGORY

In fiscal 2000, Minebea reclassified its operations into three categories—machinery components, electronic devices and components, and consumer and others—to better reflect the nature of the Company's business.

Machinery Components

This category encompasses the manufacture and sale of ball bearings; rod-end and spherical bearings for the aerospace industry; HDD pivot assemblies and other bearing-related products, fasteners used in aircraft and automobiles, and a variety of other products, notably defense-related special parts.



Ball bearings



Rod-end and spherical bearings



HDD pivot assemblies



Fasteners



Defense-related special parts

Electronic Devices and Components

In this category, Minebea produces and sells a wide range of small motors, including spindle motors for HDDs, stepping motors, fan motors and DC brushless motors for electric power steering systems, as well as PC keyboards, floppy disk drive (FDD) sub-assemblies, speakers, switching power supplies, inductors, and an extensive selection of measuring instruments and other electronic devices.



Spindle motors for HDDs



Lamination-type stepping motors



Permanent-magnet (PM)-type stepping motors



Fan motors



PC keyboards



Speakers



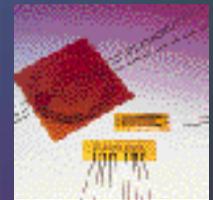
FDD subassemblies



Switching power supplies



Inductors



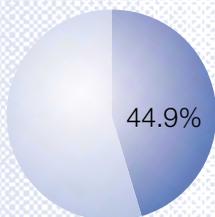
Strain gauges

Consumer and Others

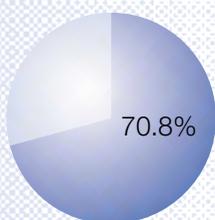
Operations in this category focus on retail sales of furniture and interior decor items.

Machinery Components

Percentage of net sales



Percentage of operating income



Principal Products

Bearings and Bearing-Related Products

- Miniature ball bearings
- Small-sized ball bearings
- Integrated-shaft ball bearings
- RO bearings
- Rod-end and spherical bearings
- Roller bearings
- Journal bearings
- Pivot assemblies
- Tape guides

Other Machinery Components

- Aerospace fasteners
- Automotive fasteners
- Wheels
- Defense-related special parts
- Magnetic clutches
- Magnetic brakes

Reflecting steady growth in demand from customers in the information and telecommunications industry, notably PC manufacturers, and the household electrical appliance industry, sales of ball bearings and HDD pivot assemblies and other bearing-related products were brisk during the period under review. In contrast, sluggish conditions in the aerospace industry, particularly in the United States, led to slow demand for rod-end and spherical bearings, fasteners and other aerospace components. Special machinery components remained comparatively firm.

Sales in this category for the period under review declined 6.6%, to ¥127,734 million, and accounted for 44.9% of net sales. Category sales were ¥11,584 million lower, and those of mainstay bearings and bearing-related products ¥11,207 million lower than would have been the case had the fiscal 1999 average exchange rate been applied. Category operating income was ¥21,996 million, equivalent to 70.8% of operating income.

Bearings and Bearing-related Products

Sales of bearings and bearing-related products, comprising small ball bearings, rod-end and spherical bearings, pivot assemblies and other related products, slipped 7.0%, to ¥101,847 million.

Small ball bearing sales flagged in the first half, but recovered with a sharp increase in demand from the information and telecommunications industry. As a consequence, shipments rose 10.0% from fiscal 1999, although the impact of the strong yen led to a decline in sales.

In fiscal 2000, Minebea continued to focus on enhancing product quality. The Company also expanded its lineup of high-value-added ball bearings by inaugurating full-scale mass production of RO bearings, primarily for use in internally manufactured spindle motors for HDDs, and by commencing production of ceramic balls. With demand for products in this category expected to continue rising, Minebea will expand its monthly production capacity for bearings to 150 million pieces by the end of calendar year 2000, from 120 million in the period under review. The Company also anticipates growth in demand for small ball bearings for use in automotive equipment, a new market for these products, reflecting greater emphasis on energy efficiency, safety and comfort and a corresponding increase in

the use of sophisticated electronic systems in vehicles.

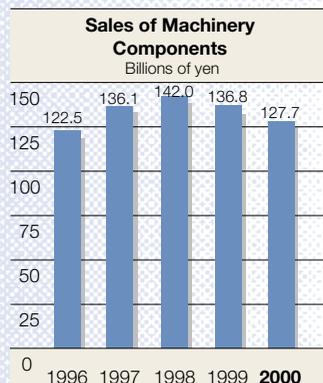
During the period under review, Minebea announced plans to enter the market for fluid dynamic bearings, which are expected to become the principal choice for spindle motors for HDDs. Accordingly, by the end of calendar year 2000, Minebea intends to launch production of these bearings for use in spindle motors for HDDs manufactured for Seagate of the United States. This move will reinforce Minebea's lineup of small bearings, as well as enhance its overall supply capabilities.

Owing to flagging demand from aerospace companies, primarily in the United States, the principal customers for rod-end and spherical bearings, sales of these products fell in fiscal 2000. Demand remains slack, but is expected to pick up gradually in fiscal 2001, spurred by economic recovery in Southeast Asia. Minebea will strive to expand sales in this product group by cultivating demand from manufacturers of small and medium-sized aircraft, particularly in the PRC, Canada and Brazil, a market in which it has not traditionally had a strong presence. The Company will also endeavor to enhance production efficiency for these products.

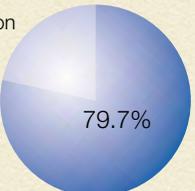
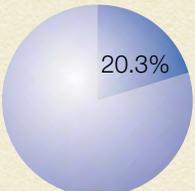
Demand for pivot assemblies continued to soar in fiscal 2000, offsetting the impact of declining sales prices. As a consequence, sales of mechanical assemblies, which also include tape guides, rose from the previous period. With demand expected to remain on an upward trend in fiscal 2001, Minebea plans to boost production capacity and enhance profitability by offering a balanced mix of high-value-added and low-end products.

Other Machinery Components

Sales of other products in this group, which include fasteners, wheels and defense-related special machinery components, declined 5.1% in fiscal 2000, to ¥25,887 million. With demand from the aerospace and automotive industries unchanged, sales of fasteners remained level with fiscal 1999. In fiscal 2001, Minebea expects demand from the aerospace sector to remain flat and will respond by reducing inventories and further rationalizing operations. A decline in orders prompted a decline in sales of wheels. Sales of special machinery components fell, also reflecting falling orders from defense contractors. In fiscal 2001, Minebea will step up marketing efforts for the latter to private-sector manufacturers.

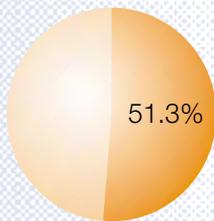


Note: For more information on Minebea's RO and fluid dynamic bearings, see pages 6-7 in the special feature section of this annual report.

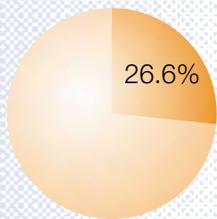
	Bearings and Bearing-Related Products	Other Machinery Components
Category Sales	<ul style="list-style-type: none"> Net sales in fiscal 2000: ¥101,847 million Percentage of category sales: 79.7% 	<ul style="list-style-type: none"> Net sales in fiscal 2000: ¥25,887 million Percentage of category sales: 20.3% 
Market Position	<ul style="list-style-type: none"> World's largest manufacturer of small ball bearings up to 22mm in diameter (over 60% market share), rod-end and spherical bearings (60% market share) and pivot assemblies (70% market share). 	
Competitive Advantages	<ul style="list-style-type: none"> In fiscal 2000, Minebea added fluid dynamic bearings to its already extensive small bearing lineup, which includes conventional ball bearings, integrated-shaft ball bearings and RO bearings, thereby expanding its potential market and positioning it better to respond to demand for even higher levels of precision. Minebea's vertically integrated manufacturing system means that all processes, including engineering, the design, development and manufacture of parts, and assembly are conducted in-house, resulting in product quality, supply capabilities, delivery speed and production costs unmatched by any of its competitors. This system also guarantees identical quality for bearings produced at all of the Company's 10 plants worldwide. Mainstay bearings are used extensively in information and telecommunications equipment, such as PCs, and other high-growth areas. The use of high-precision ball bearings manufactured in-house facilitates a stable supply of superior quality pivot assemblies. 	
Market Outlook	<ul style="list-style-type: none"> Minebea expects demand from manufacturers of PCs and other information and telecommunications equipment to continue growing. Significant growth in internal demand for use in spindle motors for HDDs, stepping motors, fan motors, pivot assemblies and other components is also anticipated. Firm demand from automotive manufacturers and related industries is likely. Demand for pivot assemblies for use in HDDs is expected to rise sharply. 	
Fiscal 2000 Highlights	<ul style="list-style-type: none"> Plans were announced to raise Minebea's monthly production capacity for ball bearings to 150 million units by the end of 2000, from 120 million in fiscal 2000. Minebea commenced production of ceramic balls. The Company announced its entry into the market for fluid dynamic bearings and plans to start production by the end of 2000. A production system enabling monthly output of 10 million pivot assemblies was established. 	
Basic Strategies	<ul style="list-style-type: none"> Enhance production capacity for ball bearings to ensure ability to respond to rising demand. Establish a mass-production system for fluid dynamic bearings as soon as possible. Enter the markets for rod-end and spherical bearings for small and medium-sized aircraft, particularly in the PRC, Canada and Brazil, a market in which Minebea has not traditionally had a strong presence, and bolster productivity to reduce manufacturing costs. Increase profitability by ensuring a balanced mix of high-value-added pivot assemblies with RO bearings and low-end products. 	

Electronic Devices and Components

Percentage of net sales



Percentage of operating income



Principal Products

Rotary Components

Spindle motors for HDDs
Hybrid-type stepping motors
PM-type stepping motors
Fan motors
DC brushless motors for electric power steering systems
Resolvers

Other Electronic Devices and Components

PC keyboards
Speakers
Electronic devices (FDD subassemblies, magnetic heads for FDDs, front light assemblies)
Power electronic components (switching power supplies, inductors)
Transformers
Hybrid integrated circuits (ICs)
Measuring instruments (strain gauges, load cells)

Demand for electronic devices from PC manufacturers and other customers in the information and telecommunications industries remained firm throughout fiscal 2000. Despite higher shipments, sales were hampered by intense pricing competition.

Sales in this category amounted to ¥146,133 million, or 51.3% of net sales. Category sales were ¥15,535 million lower than they would have been had the same exchange rate been used as in the previous period. Operating income in this category totaled ¥8,254 million, or 26.6% of operating income.

Rotary Components

Sales of motors, including spindle motors for HDDs, stepping motors and fan motors, edged down 1.6%, to ¥63,758 million.

Spindle Motors for HDDs

In the area of spindle motors, Minebea shifted its marketing focus from those for 3.5-inch low-end HDDs to high-value-added motors for 3.5-inch and 2.5-inch high-end HDDs, resulting in a temporary decline in shipments and a 23.3% decrease in sales in this product group in fiscal 2000. However, increased shipments of high-value-added products to major HDD manufacturers and firm orders for next-generation models are expected to support a significant increase in sales in fiscal 2001. In response, Minebea plans to increase its monthly output of spindle motors for HDDs to 3.5 million units, from 2.0 million, in the third quarter of 2000. Moreover, Minebea expects to complete a new facility exclusively for spindle motors for HDDs at its Bang Pa-in Plant in Thailand late in calendar year 2000, thereby boosting its monthly production capacity to 10.0 million. On another front, Minebea will commence production of fluid dynamic bearing spindle motors for HDDs by the end of 2000.

Fan Motors

Falling product prices also affected sales of fan motors, although the impact was largely offset by expanded shipments, particularly to PC manufacturers and other customers in the information and telecommunications industries. Accordingly, sales of fan motors were up from fiscal 1999. In the immediate future, the Company will endeavor to expand sales of

high-value-added fan motors, such as those for mobile telephone base stations, and develop high-value-added new products for the automotive industry.

Stepping Motors and Other Motors

Despite sagging product prices, firm demand, especially for use in office automation (OA) equipment, led to an increase in sales of stepping motors and miscellaneous other small motors. In fiscal 2001, Minebea will strive to cultivate new markets for stepping motors and other motors, such as that for automotive use, which includes DC brushless motors for electric power steering systems.

Other Electronic Devices and Components

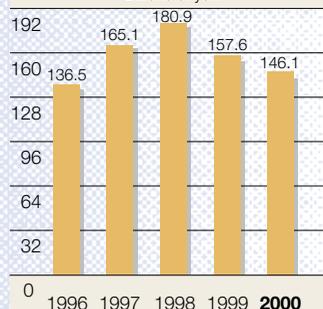
Sales of other electronic devices and components decreased 11.2%, to ¥82,375 million, in fiscal 2000. PC keyboard sales rose, spurred by rising demand for use in high-end desktop and notebook PCs. Severe pricing competition contributed to a decrease in sales of speakers. During the period, Minebea acquired a speaker box manufacturer in Malaysia, where many of the leading audio equipment manufacturers have key production bases. In fiscal 2001, the Company plans to enter the growing market for microspeakers for mobile telephones.

Electronic device sales also fell, a consequence of flagging demand, particularly for FDD subassemblies. Minebea will launch production of front light assemblies, which are expected to see a sharp increase in demand, particularly for use in mobile telephones.

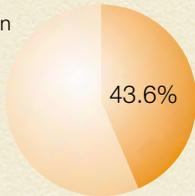
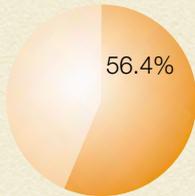
Sales of power electronic components expanded. In the current period, Minebea will work to bolster productivity at its mass-production facility for switching power supplies, the principal product in this group, in Thailand. At the same time, the Company will step up development of products for the telecommunications market in Europe and high-voltage power supplies in the United States.

Falling orders in the domestic market prompted a decline in sales of measuring instruments in fiscal 2000.

Sales of Electronic Devices and Components
Billions of yen

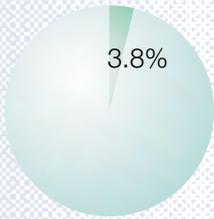


Note: For more information on Minebea's spindle motors for HDDs and DC brushless motors for electric power steering systems, see pages 8-11 in the special feature section of this annual report.

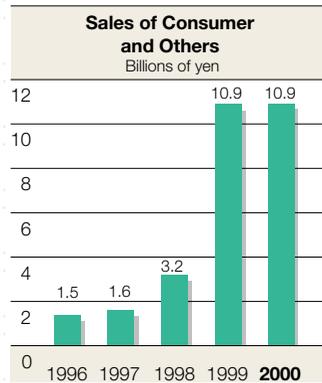
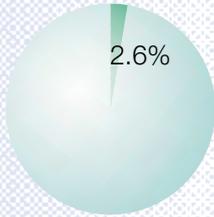
	Rotary Components	Other Electronic Devices and Components
Category Sales	<ul style="list-style-type: none"> ● Net sales in fiscal 2000: ¥63,758 million ● Percentage of category sales: 43.6% 	<ul style="list-style-type: none"> ● Net sales in fiscal 2000: ¥82,375 million ● Percentage of category sales: 56.4% 
Market Position	<ul style="list-style-type: none"> ● Spindle motors for HDDs: 17% market share Hybrid-type stepping motors: 35% market share PM-type stepping motors: 25% market share Fan motors: 30% market share 	<ul style="list-style-type: none"> ● PC keyboards: 20% market share
Competitive Advantages	<ul style="list-style-type: none"> ● Minebea's rotary components are manufactured using the Company's market-leading ball bearings, giving it a significant competitive advantage in terms of product quality and supply capabilities. ● Minebea's vertically integrated manufacturing system means that all processes, from design and development to the production of pressed parts, plastic injection molded parts, die-cast parts, machined parts and magnets, to final assembly and testing, are conducted in-house. This enables the Company to respond promptly to increased demand and rising expectations in terms of quality. ● Minebea has testing facilities in each of its major production bases and leading markets, earning the Company a reputation for outstanding reliability. 	<ul style="list-style-type: none"> ● Minebea's vertically integrated manufacturing system means that all processes, from design and development to the production of pressed parts, plastic injection molded parts, die-cast parts, machined parts and magnets, to final assembly, are conducted in-house. This enables the Company to respond promptly to increased demand and rising expectations in terms of quality.
Market Outlook	<ul style="list-style-type: none"> ● Minebea expects demand from manufacturers of PCs to continue growing. In particular, the Company anticipates demand for high-value-added spindle motors for 3.5-inch and 2.5-inch high-end HDDs to expand in fiscal 2001. ● Substantial demand for DC brushless motors, stepping motors and other products from automotive manufacturers and related industries is likely. 	<ul style="list-style-type: none"> ● Minebea forecasts an increase in demand from PC manufacturers, particularly for wireless keyboards and notebook PCs. ● New Minebea products, such as front light assemblies, are expected to benefit from growth in the markets for mobile telephones and other information and telecommunications equipment.
Fiscal 2000 Highlights	<ul style="list-style-type: none"> ● Minebea began supplying DC brushless motors to Delphi, the world's largest manufacturer of automotive components. ● Minebea announced plans to begin producing spindle motors for HDDs containing fluid dynamic bearings, which will be launched before the end of 2000. 	<ul style="list-style-type: none"> ● A new R&D center was completed in Germany that specializes in the design and development of switching power supplies for non-PC applications and conducts thermal analysis and other testing procedures for these applications. ● Minebea acquired a speaker box manufacturer in Malaysia, where many leading audio equipment manufacturers have production bases.
Basic Strategies	<ul style="list-style-type: none"> ● Grow rotary components into a second pillar of operations for Minebea that is similar in scale to the Company's bearings and bearing-related products business. ● Increase the weight of high-value-added products and expand product lines to better respond to a wider range of market needs. 	<ul style="list-style-type: none"> ● Increase the weight of high-value-added products and expand product lines to better respond to a wider range of market needs.

Consumer and Others

Percentage of net sales



Percentage of operating income



This category focuses on the operations of subsidiary Actus Corporation, which encompass retail sales of imported and domestic furniture and interior decor items in Japan. Despite weak consumer spending, Actus recorded firm results for the third consecutive year in fiscal 2000. As part of an assertive effort to expand its operations, Actus opened a new 3,000m² store at Itami Airport in Osaka. Minebea's other non-core subsidiary, Minebea Credit, which provides real estate collateralized loans, was sold to LSF Nippon Investment Company, LLC, of the United States during the period.

Sales in the consumer and others operations category edged down 0.2%, to ¥10,890 million, or 3.8% of net sales. Operating income in this category, at ¥819 million, represented 2.6% of operating income.

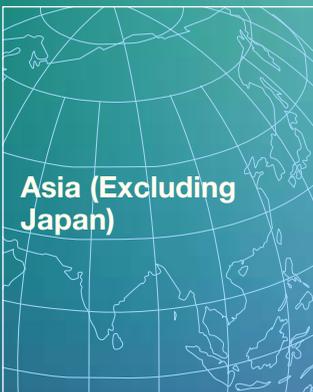
PERFORMANCE BY REGION

Minebea divides its operations into four regions based on the locations of its principal manufacturing facilities.



The Minebea Group's headquarters and the Karuizawa and Hamamatsu manufacturing units are located in Japan. The two manufacturing units act as parent plants and coordinate the production, quality control and environmental management activities of the Company's mass-production facilities in Thailand, the PRC and Singapore. The Karuizawa and Hamamatsu facilities are also responsible for developing mainstay products and manufacturing technologies, pilot production and small-lot production runs, as well as for overall support of overseas plants and the training of overseas employees. Plants in Fujisawa, Omori, Kyoto and elsewhere are primarily engaged in manufacturing products for the Group's domestic customers.

Japan remains the biggest market for Minebea's products, although the size of this market is gradually shrinking as key domestic customers shift production overseas.



Major production facilities in Asia form the Minebea Group's production nucleus, with output from plants in Thailand, the PRC, Singapore and elsewhere accounting for approximately 75% of total Group production. Most of the products manufactured in this region are exported to customers around the world. The Group's facilities in Thailand, which represent about 60% of total output, form its largest production base and are responsible for most of Minebea's mainstay products. As vertically integrated operations, these facilities conduct all processes, including the manufacture and maintenance of molds and the machining of parts, in-house.

With the increasing number of Japanese, North American and European manufacturers of PCs and household electrical appliances establishing production facilities in Asia, this region has evolved into the Minebea Group's second-largest market after Japan.



Minebea's operations in this region focus on the manufacture of rod-end and spherical bearings and small motors. The region is also home to technical centers that engage primarily in quality testing for automotive components and develop switching power supplies and other products.

Sales activities in the region mainly involve the import of products supplied by the Group's mass-production facilities in Asia for customers in North America.



The Minebea Group's plants in England manufacture rod-end and spherical bearings and small ball bearings, primarily for the European market, while the Group's plant in Scotland prints key caps in regional languages on keyboards supplied by its mass-production facilities in Thailand. The Group also has an R&D center in Europe, which functions as a design and development base for small motors, fan motors, switching power supplies and a variety of other products.

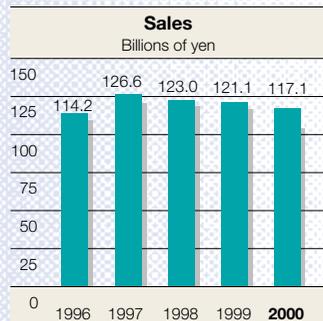
In addition to production, the Minebea Group has sales and marketing subsidiaries in the United Kingdom, Germany, Italy and France, which are responsible for local distribution of products manufactured at its plants in Asia.

Japan

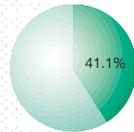
Japan's persistent economic malaise continued to hamper the Minebea Group's domestic operating environment in fiscal 2000. The situation was exacerbated as PC and household electric appliance manufacturers—Minebea's principal customers in the domestic market—accelerated the shift of production to other parts of Asia to counter the rising value of the yen. Falling prices for key products, especially those for information and telecommunications equipment, and the impact of the strong yen contributed to a less-than-satisfactory performance.

Sales in Japan decreased 3.3%, to ¥117,141 million, or 41.1% of net sales, while operating income fell 26.6%, to ¥11,883 million. Production in Japan accounted for 14.9% of total Group production during the period.

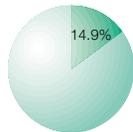
To improve the efficiency of its marketing activities in Japan, Minebea established three new sales bases during the period.



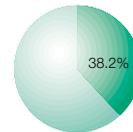
Percentage of net sales



Percentage of total production



Percentage of operating income



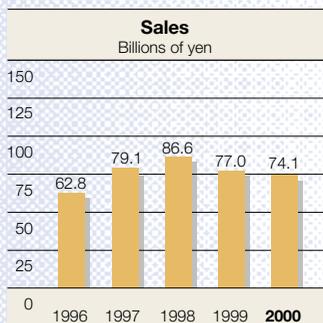
Asia (Excluding Japan)

The Minebea Group saw increased shipments in Asia in fiscal 2000, reflecting a strong comeback by Southeast Asian economies hampered by currency crises since 1997, as well as renewed production activity in the region by Japanese manufacturers of information and telecommunications equipment and household electrical appliances, which are key Minebea customers. However, sales and operating income were hampered by falling prices, especially for electronic devices.

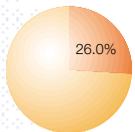
Sales in the region slipped 3.9%, to ¥74,067 million, or 26.0% of net sales. Operating income declined 10.9%, to ¥15,173 million. Production in Asia amounted to

¥211,385 million, and represented 74.2% of total production by the Group.

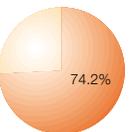
In response to rising demand for ball bearings, Minebea expanded the ball bearing production capacity of its plant in Shanghai and other regional plants during the period under review. In Thailand, the Company also commenced full-scale production of DC brushless motors for electric power steering systems and proceeded with work on two new plants it is building in Thailand, at a total cost of ¥15.0 billion. The first plant, a facility for spindle motors for HDDs and fluid dynamic bearings, will be finished by the end of 2000, while the second, which will mainly produce a variety of motors for automotive use, is scheduled for completion in 2001. In Malaysia, where many leading audio equipment manufacturers have established production activities, Minebea acquired a speaker box manufacturer. With key Asian economies continuing to improve, Minebea expects to see strong growth in demand in Asia and will strive in fiscal 2001 to maximize the benefits of having its principal manufacturing facilities in this important region to further increase sales.



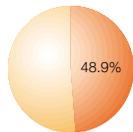
Percentage of net sales



Percentage of total production



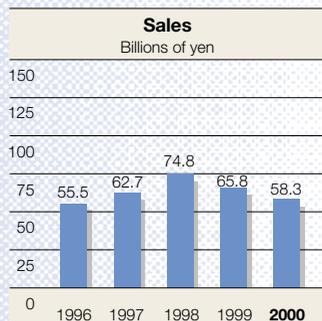
Percentage of operating income



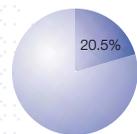
North, Central and South America

In fiscal 2000, Minebea's performance in North, Central and South America was hindered by sagging demand for rod-end and spherical bearings and other key products from the aerospace industry, as well as falling retail prices for PCs, which intensified pricing competition among component manufacturers.

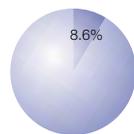
Sales generated by operations in the region declined 11.5%, to ¥58,253 million and were equivalent to 20.5% of net sales. Operating income fell 13.4%, to ¥2,729 million, and accounted for 8.8% of total operating income. Plants in the region were responsible for 8.6% of Group production.



Percentage of net sales



Percentage of total production



Percentage of operating income



During the period, work continued on the Chatsworth plant of New Hampshire Ball Bearings, Inc., Minebea's principal manufacturing subsidiary in the region. The plant is slated for completion in early autumn 2000. A highlight of the period was the commencement of full-scale operations at Minebea's new technical center in Detroit, which was finished in fiscal 1999. This facility will be crucial to the Company's efforts to respond to growing demand for ball bearings, small motors and other components for the automotive industry to secure new orders and expand sales.

Demand from major companies in the aerospace industry is currently showing firm signs of recovery. Minebea also plans to expand its sales of aerospace components by stepping up marketing to small and medium-sized aircraft manufacturers in Canada and Brazil. The Company will further strive to expand sales to manufacturers of information and telecommunications equipment and cultivate new markets, such as that for automotive components.

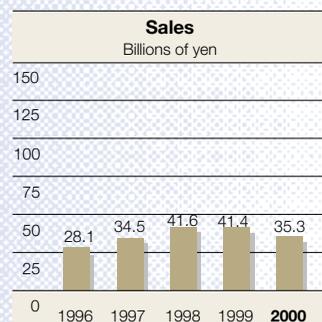
Europe

Falling orders for PC components created a difficult operating environment for the Minebea Group in Europe during the period under review.

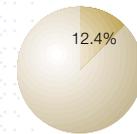
Sales in the region decreased 14.7%, to ¥35,296 million, and represented 12.4% of net sales. Operating income dropped 41.2%, to ¥1,284 million, or 4.1% of the Group total. Production in the region represented 2.3% of total Group output for the period.

During the period, new development facilities for fan motors, in the United Kingdom, and switching power supplies, in Germany, launched full-scale operations. Both facilities were completed in late fiscal 1999 and will

support Minebea's efforts to expand sales of these components worldwide. The Company also proceeded with construction of new facilities for PMDM in Germany, which designs and develops spindle motors and other small motors, and will function as the Group's principal development base for small motors after the completion of its new head office in autumn 2000. In fiscal 2001, Minebea will endeavor to maximize the capabilities of its various R&D facilities in Europe to bolster sales of mainstay products and improve its performance in the region.



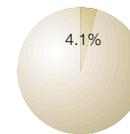
Percentage of net sales



Percentage of total production



Percentage of operating income



BOARD OF DIRECTORS



Tsugio Yamamoto
President and Representative Director

Senior Managing Directors



Masahito Saigusa
In charge of Furniture Business



Yoshihisa Kainuma
Member of the Tokyo Office Administration Executive Council, in charge of Personnel & General Affairs Dept. and Logistic & Procurement Dept.



Takayuki Yamagishi
General Manager of the 2nd Manufacturing Headquarters and Hamamatsu Manufacturing Unit



Rikuro Obara
General Manager of the 1st Manufacturing Headquarters and Karuizawa Manufacturing Unit; General Manager of Bearings Manufacturing Div., Karuizawa Manufacturing Unit

Managing Directors



Ryusuke Mizukami
Member of Tokyo Office Administration Executive Council, in charge of Corporate Planning, Business Administration Dept., and Information Systems Dept. and Environmental Preservation; General Manager of Corporate Planning Dept. and Corporate Communications Office



Takashi Yamaguchi
Member of Tokyo Office Administration Executive Council, in charge of Finance Dept. and General Manager of Finance Dept.



Kenji Senoue
Member of Tokyo Office Administration Executive Council, in charge of Strategy Planning and General Manager of Strategy Planning Office



Tomihiro Maruta
General Manager of Fujisawa Manufacturing Unit



Koichi Doshō
General Manager of Sales Headquarters, European & American Regional Sales Headquarters, and European Region Operations

Directors

Sadao Sawamura
General Manager of Information Systems Dept.

Akihiro Hirao
General Manager of Omori Manufacturing Unit, in charge of Engineering Management Office and General Manager of Engineering Management Office

Sadahiko Oki
In charge of Accounting Dept. and General Manager of Accounting Dept.

Takuya Naka
In charge of Legal Dept. and General Manager of Legal Dept. and Patent Administration Office

Yukio Shimizu
Deputy General Manager of Sales Headquarters (in charge of Japan & Asian region), General Manager of Japan & Asian Regional Sales Headquarters

Masayoshi Yamanaka
In charge of North and South American Region Operations

Shunji Mase

General Manager of Personnel & General Affairs Dept., Secretary of Office Tokyo Office Administration Executive Council

Hiroharu Katogi

General Manager of Business Administration Dept.

Masamitsu Osada

General Manager of Mechatronics Division

Susumu Fujisawa

In charge of Asian Region Operations

Atsushi Matsuoka

President and Representative Director of Keiaisha NMB Co., Ltd.

Chanchai Leetavorn

Chairman of Asia Credit Plc.

Tomeshiro Takeuchi

Senior Managing Director of Keiaisha NMB Co., Ltd.

Standing Corporate Auditors

Shinichi Mori
Yoshinori Amano

Corporate Auditors

Mitsuo Ichikawa
Senior Managing Director of Keiaisha NMB Co., Ltd.

Toshiro Uchida
Certified Public Tax Accountant

Note: Messrs. Mitsuo Ichikawa and Toshiro Uchida are external corporate auditors as required under paragraph 1 of Article 18 of the Law For Special Exceptions to the Commercial Code concerning Audit, etc., of Corporations.

(As of June 29, 2000)

FINANCIAL SECTION

Contents

24	Eleven-Year Summary
26	Management's Discussion and Analysis of Results of Operations and Financial Condition
26	Reclassification of Operations
26	Results of Operations
28	Analysis of Financial Position and Cash Flows
29	Three-Year Management Plan
30	Consolidated Balance Sheets
32	Consolidated Statements of Income
33	Consolidated Statements of Shareholders' Equity
34	Consolidated Statements of Cash Flows
35	Notes to Consolidated Financial Statements
44	Report of Independent Certified Public Accountants

ELEVEN-YEAR SUMMARY

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

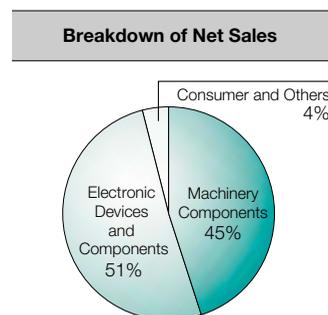
Thousands of
U.S. dollars
(Note 6)

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	\$2,682,591
122,540	113,795	51,835	111,644	122,634	131,851	124,188	1,203,335
47%	48%	42%	42%	44%	46%	47%	
136,519	115,216	61,504	126,653	124,555	121,001	113,820	1,376,665
52%	48%	51%	48%	45%	43%	43%	
1,478	10,122	8,247	26,868	31,496	32,567	25,428	102,591
1%	4%	7%	10%	11%	11%	10%	
¥ 75,152	¥ 63,866	¥ 31,753	¥ 69,430	¥ 68,197	¥ 78,032	¥ 79,103	\$ 768,102
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	292,690
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	(25,219)
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	\$3,805,878
291,143	287,762	457,402	463,902	546,324	610,029	562,441	1,447,555
336,106	308,740	414,075	384,190	388,385	454,420	395,083	1,168,959
251,983	249,712	328,082	290,144	277,031	321,153	274,817	640,810
97,129	99,208	161,207	198,773	285,111	260,251	225,246	1,174,658
(44,963)	(20,978)	43,327	79,712	157,939	155,609	167,358	278,596
116,753	113,276	111,623	111,573	168,489	181,921	182,770	1,454,140
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	\$ (0.06)
18.68	6.61	1.52	(157.40)	(35.07)	2.31	3.84	(0.05)
300.22	291.33	287.13	287.00	433.51	468.43	474.55	3.64
7.00	6.00	3.00	—	6.00	11.75	11.75	0.07
							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	\$ 74,395
26,230	52,951	16,594	1,868	17,134	(12,630)	(70,008)	581,178
37,434	22,895	8,880	19,452	35,256	61,704	52,838	183,740
(11,204)	30,056	7,714	(17,584)	(18,122)	(74,334)	(122,846)	397,438
22,319	18,634	9,269	17,584	24,771	22,316	21,679	235,761
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	

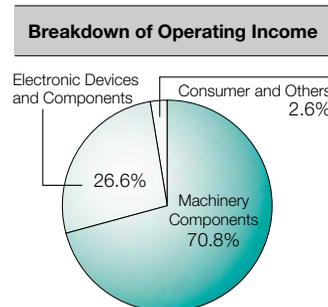
- In fiscal 1994, the Company changed its fiscal year-end from September 30 to March 31. Accordingly, fiscal 1994 included only six months of operations, beginning in October 1993 and ending in March 1994, whereas other fiscal years consist of 12 months.
- Net loss in fiscal 1993 includes extraordinary 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

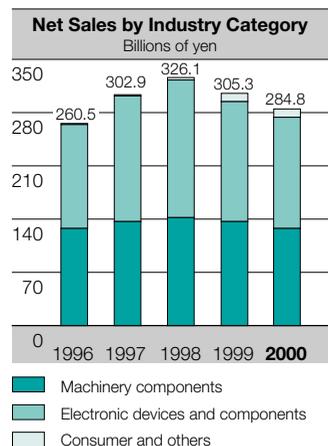
Net Sales

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.

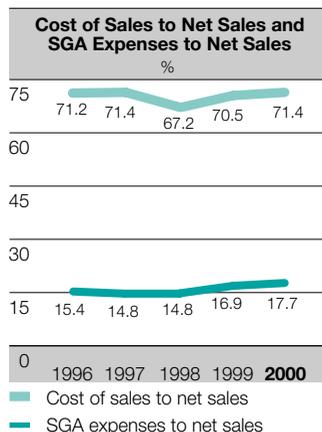
Despite flagging consumer spending, results in the consumer and others category were bolstered by active efforts to expand operations, including the opening of a new shop at Itami Airport, Osaka's domestic airport. Sales in this category edged down 0.2%, to ¥10,890 million.



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



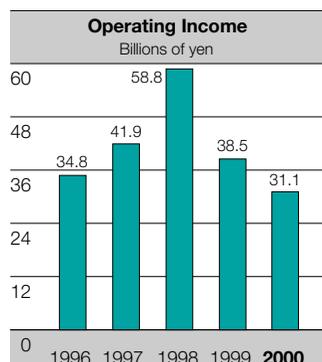
The cost of sales decreased 5.5%, to ¥203,223 million, in line with the 6.7% decline in net sales. However, a temporary increase in manufacturing costs resulting from expanded production of ball bearings and declining prices for electronic devices and components raised the ratio of cost of sales to net 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	¥284,757	¥305,324	¥326,094	¥302,886	¥260,537
Cost of sales	203,223	215,163	219,008	216,399	185,385
Cost of sales to net sales	71.4%	70.5%	67.2%	71.4%	71.2%
Gross profit	81,534	90,161	107,086	86,487	75,152
SGA expenses	50,465	51,615	48,275	44,586	40,364
SGA expenses to net sales	17.7%	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

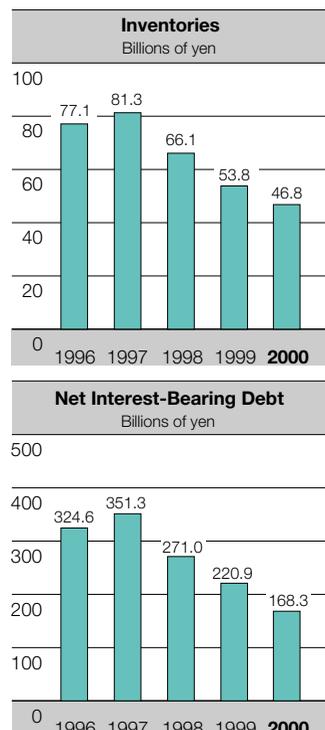
Years ended March 31	Millions of yen				
	2000	1999	1998	1997	1996
Operating income	¥31,069	¥38,546	¥58,811	¥41,901	¥34,788
Operating margin	10.9%	12.6%	18.0%	13.8%	13.4%
Other expenses, net	37,681	20,111	35,876	27,045	24,543
Net income (loss)	(2,677)	11,507	15,144	8,862	7,354
Net income (loss) to net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

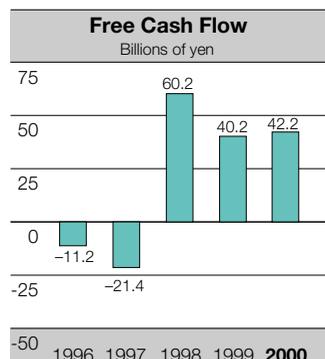
Interest-bearing debt fell ¥78,339 million, to ¥192,712 million. Net interest-bearing debt, excluding cash and cash equivalents, amounted to ¥168,280 million at fiscal 2000 year-end, in line with our publicized target of less than ¥200,000 million by the beginning of calendar year 2000.

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	¥403,994	¥473,360	¥492,210	¥563,220	¥556,787
Current assets	153,658	219,826	213,194	264,368	291,143
Inventories	46,839	53,816	66,074	81,293	77,146
Current liabilities	124,085	197,071	246,114	322,966	336,106
Working capital	29,573	22,755	(32,920)	(58,598)	(44,963)
Interest-bearing debt	192,712	271,051	275,110	363,608	349,112
Net interest-bearing debt	168,280	220,864	270,970	351,259	324,615
Total shareholders' equity	154,357	145,705	141,843	123,831	116,753
Shareholders' equity/total assets	38.2%	30.8%	28.8%	22.0%	21.0%
Shareholders' equity per share (Yen)	386.71	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	¥ 61,692	¥ 60,740	¥ 83,878	¥ 29,546	¥ 26,230
Expenditure for purchase of property, plant and equipment	(19,504)	(20,563)	(23,688)	(50,931)	(37,434)
Free cash flow	¥ 42,188	¥ 40,177	¥ 60,190	¥(21,385)	¥(11,204)

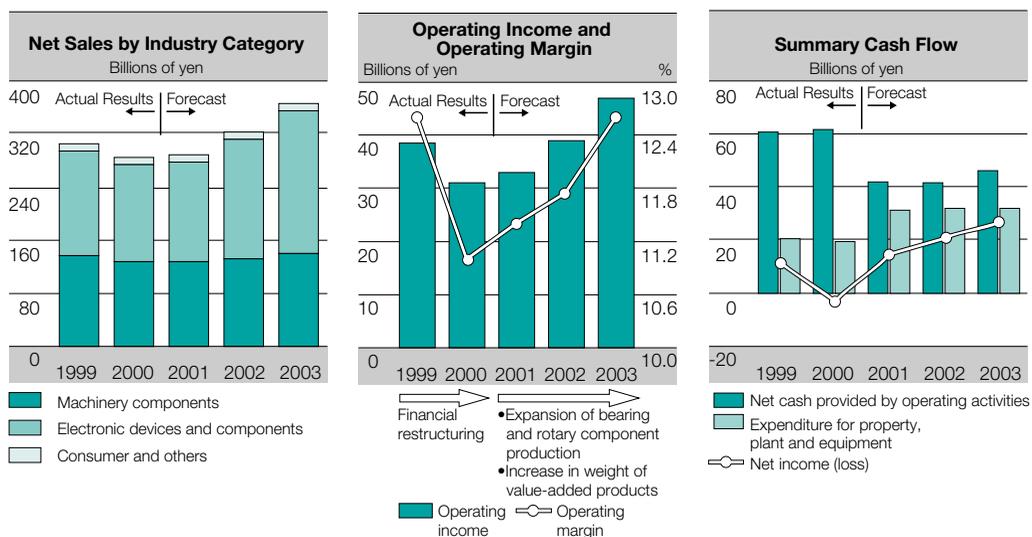
Three-Year Management Plan

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
Current Assets:			
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>
Property, Plant and Equipment (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>
Investments and Other Assets:			
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>
Total Assets	<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.

Liabilities and Shareholders' Equity	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 3)</i>
	2000	1999	2000
Current Liabilities:			
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
Long-term Liabilities:			
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
Minority Interests in Consolidated Subsidiaries			
	361	434	3,401
Shareholders' Equity (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
Contingent Liabilities (Notes 9 and 10)			
Total Liabilities and Shareholders' Equity	¥403,994	¥473,360	\$3,805,878

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

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
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)
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	1,362,699	587	587	—	—	—
Prior year tax effect adjustment	—	—	—	—	12,950	—
Other	—	—	—	(280)	280	(1)
Balance at March 31, 2000	399,150,527	¥ 68,251	¥ 94,749	¥ —	¥ (8,641)	¥ (2)

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
Balance at March 31, 1999	397,787,828	\$637,438	\$887,065	\$ —	\$(151,861)	\$ (9)
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	1,362,699	5,530	5,530	—	—	—
Prior year tax effect adjustment	—	—	—	—	121,997	—
Other	—	—	—	(2,638)	2,638	(10)
Balance at March 31, 2000	399,150,527	\$642,968	\$892,595	\$ —	\$ (81,404)	\$ (19)

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
Cash Flows from Operating Activities:				
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
Cash Flows from Investing Activities:				
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)
Cash Flows from Financing Activities:				
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)
Effect of Exchange Rate Changes				
Net increase (decrease) in cash and cash equivalents	4,295	9,426	27,021	40,462
	(25,755)	46,047	(8,209)	(242,628)
Cash and Cash Equivalents at Beginning of Year	50,187	4,140	12,349	472,793
Cash and Cash Equivalents at End of Year	¥ 24,432	¥ 50,187	¥ 4,140	\$ 230,165

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.

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:

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

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:

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

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>
	2000	1999	2000
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
	¥12,777	\$120,367

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

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.

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

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 Technologies Corporation	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

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

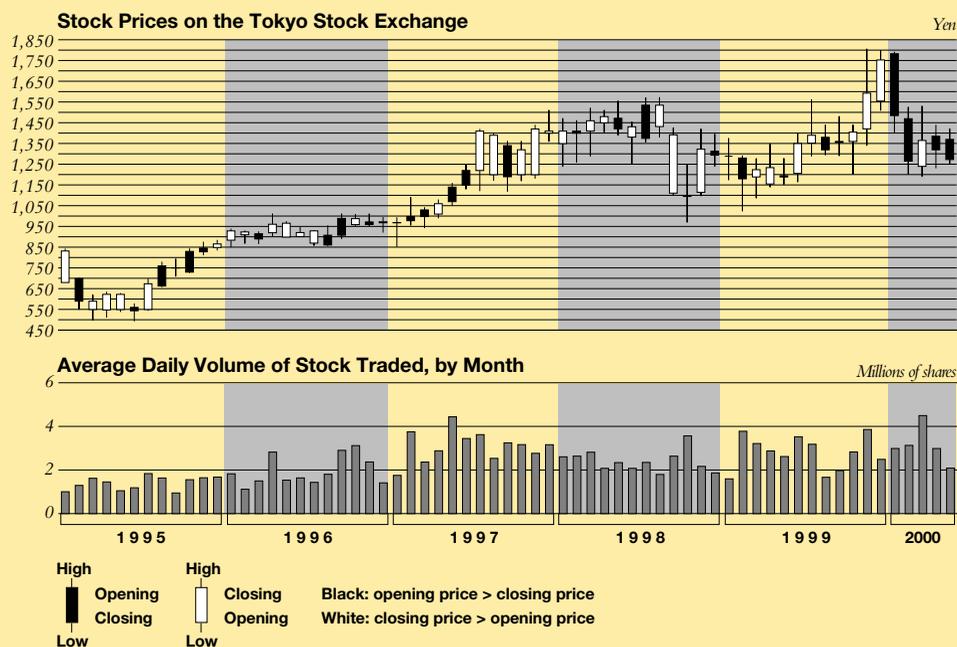
Ratio (ADR: ORD): 1: 2
Exchange: Over-the-Counter (OTC)
Symbol: MNBEY
CUSIP: 602725301
Depository: The Bank of New York
101 Barclay Street,
New York, NY 10286, U.S.A.
Tel: 1-212-815-2204
U.S. toll-free: 888-269-2377
(888-BNY-ADRS)
<http://www.bankofny.com/adr>

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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NMB

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