



# MINEBEA

“For Minebea, competitiveness means  
ultraprecision machining and  
mass production technology.”

Minebea Co., Ltd.

MINEBEA 

**ANNUAL REPORT 2001**  
Year Ended March 31, 2001

## CONSOLIDATED FINANCIAL HIGHLIGHTS

Years ended March 31

	Millions of yen		Percentage change	Thousands of U.S. dollars (Note)
	2001	2000	2001/2000	2001
Net sales	<b>¥287,045</b>	¥284,757	0.8%	<b>\$2,316,747</b>
Operating income	<b>32,977</b>	31,069	6.1	<b>266,158</b>
Net income (loss)	<b>14,826</b>	(2,677)	—	<b>119,661</b>
Total shareholders' equity	<b>100,574</b>	154,357	(34.8)	<b>811,735</b>
Total assets	<b>346,965</b>	403,994	(14.1)	<b>2,800,363</b>
Return on shareholders' equity	<b>11.6%</b>	(1.8)%		
		Yen	Percentage change	U.S. dollars (Note)
<b>Per share data</b>				
Net income (loss) (primary)	<b>¥ 37.14</b>	¥ (6.72)	—%	<b>\$0.30</b>
Shareholders' equity	<b>251.96</b>	386.71	(34.8)	<b>2.03</b>

Note: U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥123.90=US\$1, the approximate rate of exchange on March 31, 2001.

	Contents
1	<b>A Message to Shareholders</b>
5	<b>Performance Strategies</b>
12	<b>Environmental Achievements</b>
13	<b>Performance by Industry Category</b>
19	<b>Performance by Region</b>
24	<b>Board of Directors</b>
25	<b>Financial Section</b>
47	<b>Principal Subsidiaries</b>
49	<b>Corporate Data</b>

Minebea Co., Ltd., was established in 1951 as Japan's first specialized manufacturer of high-precision miniature ball bearings. Today, the Company is the world's leading comprehensive manufacturer of miniature ball bearings and high-precision components, supplying customers worldwide in the information and telecommunications equipment, aerospace, automotive and household electrical appliance industries.

As of March 31, 2001, the Minebea Group encompassed 58 subsidiaries and affiliates in 15 countries. These companies maintain 37 plants and 57 sales offices and employ a total of 45,193 people.

### Disclaimer Regarding Future Projections

In this annual report, all statements that are not historical facts 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, these projections should not be relied on entirely. Please note that actual performance may vary significantly from any particular projection, owing to various factors, including: (i) changes in economic indicators surrounding us, or in 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. Please note, however, this is not a complete list of the factors affecting actual performance.

## A MESSAGE TO SHAREHOLDERS

### The Year in Review

Fiscal 2001, ended March 31, 2001, was a year of progress for Minebea as we focused on reinforcing core operations and adding more value to products in these areas and on selectively enhancing our business portfolio. At the same time, we continued to make active investments aimed at growing promising businesses.

We benefited from brisk sales of ball bearings, small motors and other core products. Nonetheless, flagging orders and a drop in prices for switching power supplies, speakers and fasteners, together with the negative impact of foreign exchange fluctuations—estimated at ¥10,766 million—held consolidated net sales to ¥287,045 million, an increase of 0.8% from the previous period. In contrast, consolidated operating income rose 6.1%, to ¥32,977 million, as higher production volume and efforts to reduce costs for ball bearings, small motors and other products countered the impact of negative foreign exchange fluctuations—estimated at ¥2,000 million. Consolidated net income amounted to ¥14,826 million as income generated by the transfer of our holding in subsidiary Actus Corporation counterbalanced expenses associated with our decision to withdraw from the wheel business and the liquidation of several loss-making subsidiaries and affiliates.

During the period, we took decisive steps to lower interest-bearing debt. At the same time, however, we invested heavily to expand production capacity in core businesses and to begin manufacturing new products. Expenditure for purchase of property, plant and equipment totaled ¥39,877 million, approximately double the investment in the previous period. As a consequence, free cash flow decreased 103.6%, to ¥(1,536) million.

I am pleased to report that results for the period were largely in line with the forecasts contained in our current three-year management plan, launched in fiscal

2000. We achieved these results despite dramatic changes in our operating environment since January 2001 and significant foreign exchange fluctuations.

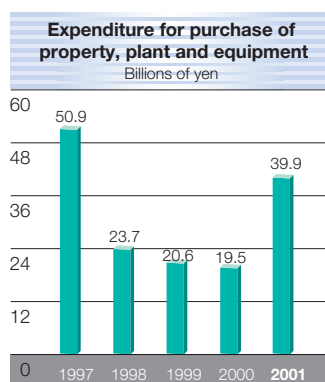
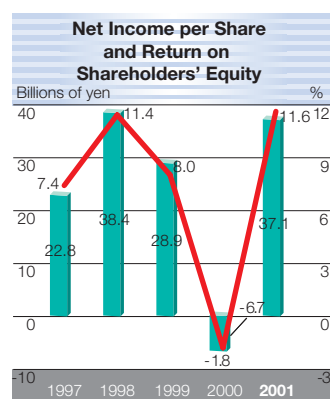
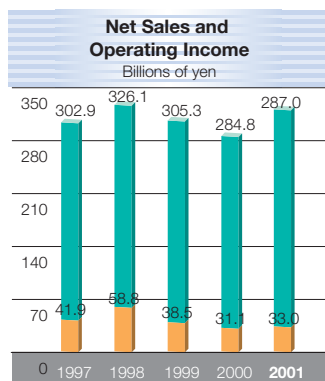
### Management Strategies

#### Three Basic Management Directions

We have set three basic management directions that will guide our efforts to build Minebea into a high-growth, highly profitable company.

**First, we will expand production capacity for our highly profitable mainstay bearings and bearing-related products. Second, we will build our operations in the area of precision small motors and other rotary components until they are similar in scale to our bearing operations. Third, we will increase the ratio of high-value-added products in core product categories.**

In the half-century since its establishment in 1951 as Japan's first specialized manufacturer of miniature ball bearings, Minebea has cultivated ultraprecision machining and mass-production technologies as it has built up its bearing operations. These technologies have given us our most important advantage, the one that distinguishes us from our competitors. Today, our ultraprecision machining technologies are used not only for ball bearings but also for small motors and other core products. These technologies have facilitated the implementation of our vertically integrated manufacturing system, which encompasses all processes—from engineering and development to the manufacture of molds and components to final assembly and testing—thereby enabling us to ensure a stable, high level of quality for our mass-produced components. (We invite you to learn more about this system in the special feature of this year's annual report.)



The effectiveness of measures implemented in line with our three-year management plan to advance these technologies is borne out by the fact that we have achieved results largely equal to the forecasts contained in our current three-year management plan.



RO bearings



Fluid dynamic bearings

RO bearings and fluid dynamic bearings are described in detail on page 15, in Performance by Industry Category.

#### *Selective Focusing of Resources*

To reinforce the foundation from which we are pursuing the three management directions I have outlined, we implemented a number of key restructuring measures during the period under review.

**First, we completed our withdrawal from the consumer business—in which we have been involved fully since 1993—by transferring our holding in subsidiary Actus, a furniture and interior decor product sales company, to a third party. Second, we reviewed loss-making operations with minimal growth potential and, as a result, made the decision to withdraw from the wheel business and reorganize our speaker business and related subsidiaries. Third, we dissolved our exclusive sales agent agreement with Keiaisha NMB Co., Ltd., which previously handled all domestic sales of Minebea products. This decision was prompted by a desire to improve the efficiency of domestic marketing by integrating manufacturing and reorganizing Our sales structure.**

We will continue to be selective and focus our resources in key businesses in fiscal 2002. As of June 2001, three key restructuring initiatives are in progress, and we will continue to rationalize and review the business plans of loss-making and low-growth businesses.

**The first restructuring initiative entails scaling back and integrating our switching power supply development and manufacturing operations in North America and development operations in Europe. The second initiative comprises a fundamental reforming of personnel and organizational structures and a review of the product lineup in our fastener business. The third initiative involves shifting our speaker box assembly operations from Taiwan to Malaysia—a major center for global audio equipment producers—and implementing a stringent review of our product lineup.**

#### **Product Strategies**

In line with the directions outlined in our three-year management plan, we have invested heavily in two core product categories, notably bearings and bearing-related products and small motors. At the same time, we have focused on developing promising new products and cultivating new markets.

##### *Bearings and Bearing-Related Products*

In fiscal 2001, shipments of ball bearings to outside customers climbed approximately 10% from the previous period, with gains particularly high in Asia (excluding Japan). Shipments for internal use also expanded sharply, spurred by increased output of several key products, including fan motors and pivot assemblies.

In response to soaring demand, we have taken steps in recent years to expand our ball bearing production capacity. As of December 2000, we had established a global monthly capacity of 150 million pieces, in accordance with stated plans, up from 120 million pieces as of October 1999. By March of this year, actual production



had caught up to capacity. We have also focused on improving the precision of such key products as RO bearings. At the same time, we have commenced mass production of fluid dynamic bearings, a crucial product for the future. We are the only bearing manufacturer in the world to manufacture both ball bearings and fluid dynamic bearings, a distinction that positions us well to respond effectively to the increasingly diverse demands of principal bearing customers, namely small motor manufacturers, and sets us apart from our competitors.

#### *Small Motors*

Our small motor operations date back more than 30 years and encompass fan motors, stepping motors, hard disk drive (HDD) spindle motors and other products that fully maximize our ultraprecision machining and mass-production technologies. We manufacture most of the parts used in these motors in-house, including the bearings (ball bearings or fluid dynamic bearings), shafts, housings, lead screws and magnets, giving us a considerable advantage in terms of quality, supply capabilities, lead time and manufacturing costs.

In the period under review, we recorded a sharp increase in sales of HDD spindle motors. Sales of fan motors, stepping motors and other key products in this category were also solid. We are taking steps to expand our production capabilities in anticipation of further increases in demand and, in March 2001, completed a new production facility for HDD spindle motors in Thailand. In August, we are scheduled to complete a new fan motor facility in the People's Republic of China (PRC). Demand for our HDD spindle motors is growing in response to the forthcoming launch of high-value-added models containing our RO bearings.

In addition to enhancing production capacity for these motors, we have commenced mass production of HDD spindle motors that incorporate fluid dynamic bearings, positioning us to respond to emerging needs for both types of motor and further reinforcing our competitiveness in this crucial market.

#### *Automotive Components*

In the automotive industry, demand continues to increase for improvements in energy consumption, safety and comfort. Accordingly, demand is also rising for high-performance motors and sensors for advanced control systems. This sector enables us to maximize our motor development capabilities, centered at German subsidiary Precision-Motors-Deutsche-Minebea-GmbH (PMDM); the development and engineering expertise we have accumulated as a manufacturer of resolvers, clutches and other components for aerospace and defense equipment; and, certainly, our ultraprecision machining and mass-production technologies. We view rotary components for automobiles as a business that offers outstanding medium-to long-term growth potential and will actively cultivate new demand for these products.

We already supply motors for electrical power steering systems, dashboard units and headlight actuators to leading European automakers. Domestic automakers are also showing considerable interest in these offerings. As well, we continue to work to develop new products, including motors for antilock brake systems (ABSs) and electric brake systems, and bring them to market.

In November 2000, we began sample shipments of variable reluctance (VR) resolvers with resolver-to-digital (RD) converters. Automakers in Japan, Europe and the United States have expressed strong interest in these units.



VR resolver with RD converter



New fluid dynamic bearing and HDD spindle motor plant in Thailand

VR resolvers with RD converters and our new fluid dynamic bearing and HDD spindle motor plant in Thailand are described in detail on page 17, in Performance by Industry Category.

## Outlook for Fiscal 2002

Our three-year management plan, announced in fiscal 2000, contains the following forecasts:

	2001		2002		2003
	Initial		Initial	New	Initial
	Target	Actual	Target	Target	Target
Net sales	¥290,000	¥287,045	¥332,000	¥300,000	¥373,000
Operating income	33,000	32,977	39,000	33,000	47,000
Net income	15,000	14,826	20,000	15,000	27,000
Expenditure for purchase of property, plant and equipment	31,300	39,877	32,000	25,700	32,000

We currently forecast net sales of ¥300 billion, operating income of ¥33 billion and net income of ¥15 billion for fiscal 2002. While all figures represent slight increases, they are closer to the fiscal 2001 targets contained in our three-year management plan and fall short of the targets for fiscal 2002. These forecasts reflect several key factors.

**First, we have accounted for slow-downs in the global economy and the market for information and telecommunications equipment since January 2001. Second, we now do not expect our switching power supply business to break even until fiscal 2003 or later, contrary to our initial projection that this would happen in fiscal 2002. Third, we now anticipate sales and operating income for speakers and fasteners will fall significantly below initial expectations. Finally, the sale of Actus will eliminate approximately ¥13,300 million from net sales and ¥800 million from operating income in fiscal 2002.**

## A High-Growth, Highly Profitable Company

We expect the second year of our management plan to be essentially a repeat of the first in terms of sales and profit



**Tsugio Yamamoto**  
President and Representative Director

performance. I stress, however, that the reasons for this represent the outcome of measures, implemented in line with our management plan's three basic management directions, to selectively concentrate resources in key areas and maximize our ultraprecision machining and mass-production technologies. We will continue to use such measures to ensure achievement of the plan's goals and further growth for Minebea in the future.

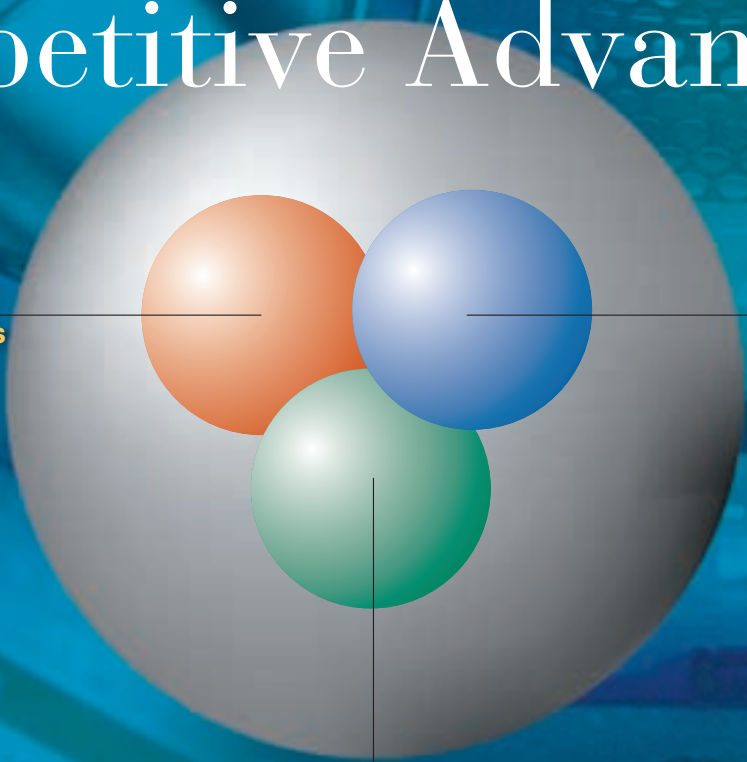
I thank our shareholders for their support to date. I look forward to responding to your expectations in the years ahead by building Minebea into a high-growth, highly profitable company and ask for your continued endorsement of our efforts.

June 28, 2001



Tsugio Yamamoto  
President and Representative Director

# Minebea's Competitive Advantages



**Ultraprecision  
machining technologies  
amassed through  
the production of  
ball bearings**

**A vertically integrated  
manufacturing system  
that facilitates mass  
production of  
high-precision  
components**

**High-growth markets**



# Minebea has cultivated ultraprecision machining technologies as it has developed its bearing operations

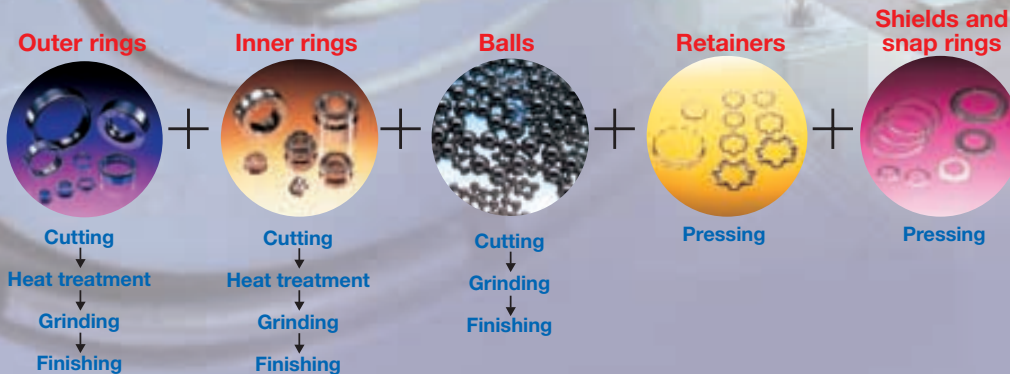
A ball bearing is a typical machine-processed part and usually comprises an outer and inner ring; balls; one or two retainers, which keep the balls in place; shields, protective covers fitted onto the outer rings; and snap rings. Very little about this basic design has changed in more than a century.

Today, however, ball bearings—particularly miniature and small-sized ball bearings—are the most crucial high-precision machined components in industry and the key element in determining the performance and quality of innumerable products essential to contemporary life, including PCs and other information and telecommunications equipment and household electrical appliances.

The precision of a ball bearing is determined by several factors, including the raceway roundness of the inner and outer rings, sphericity of balls and the raw materials used in each component. Improving precision demands uncompromising strictness on all counts. Moreover, the ability to mass produce high-precision ball bearings while ensuring a stable level of quality requires production lines composed of high-precision machining and assembly equipment, as well as high-level maintenance technology to ensure line efficiency.

The specialized expertise Minebea has amassed over the past 50 years enables it to achieve levels of precision that competitors cannot match simply by using state-of-the-art production equipment. The difference is our vertically integrated manufacturing system, whereby we conduct all ball bearing manufacturing processes—from machining to final assembly and testing—in-house. This system ensures the same superior quality for ball bearings produced at any of our mass-production bases worldwide.

## Internal Production of Parts



RO bearings



Ball bearings



Integrated-shaft bearings



# Minebea's Ultraprecision Machining Technologies



Ultraprecision machining technologies  
amassed through the production  
of ball bearings

## Minebea's Small Motors



HDD spindle motors



HDD spindle motors  
containing fluid  
dynamic bearings



Fan motors



Stepping motors

## Other Minebea Products



Pivot assemblies



Rod-end bearings



Spherical bearings



Precision machined parts  
for aerospace vehicles



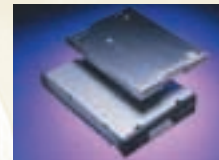
PC keyboards



Speakers



Front light assemblies  
for reflective color LCDs



FDD subassemblies



Fasteners



Resolvers

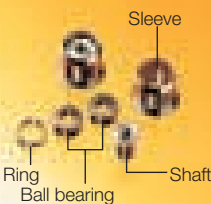


Special machinery  
components



Measuring equipment

A good example of Minebea's ultraprecision machining technologies at work is our fluid dynamic bearings, for which demand is expected to rise sharply in the future. The basic structure of a fluid dynamic bearing comprises a shaft, sleeve and plate—essentially the same as that of our global market-leading pivot assemblies for HDDs. This has given us a considerable competitive advantage, in terms of quality and manufacturing costs, in mass producing these revolutionary bearings.



Pivot Assembly



Fluid dynamic bearing



# Minebea's vertically integrated manufacturing system facilitates mass production of high-precision components

Minebea's mainstay products are used primarily in information and telecommunications equipment, household electrical appliances and automobiles.

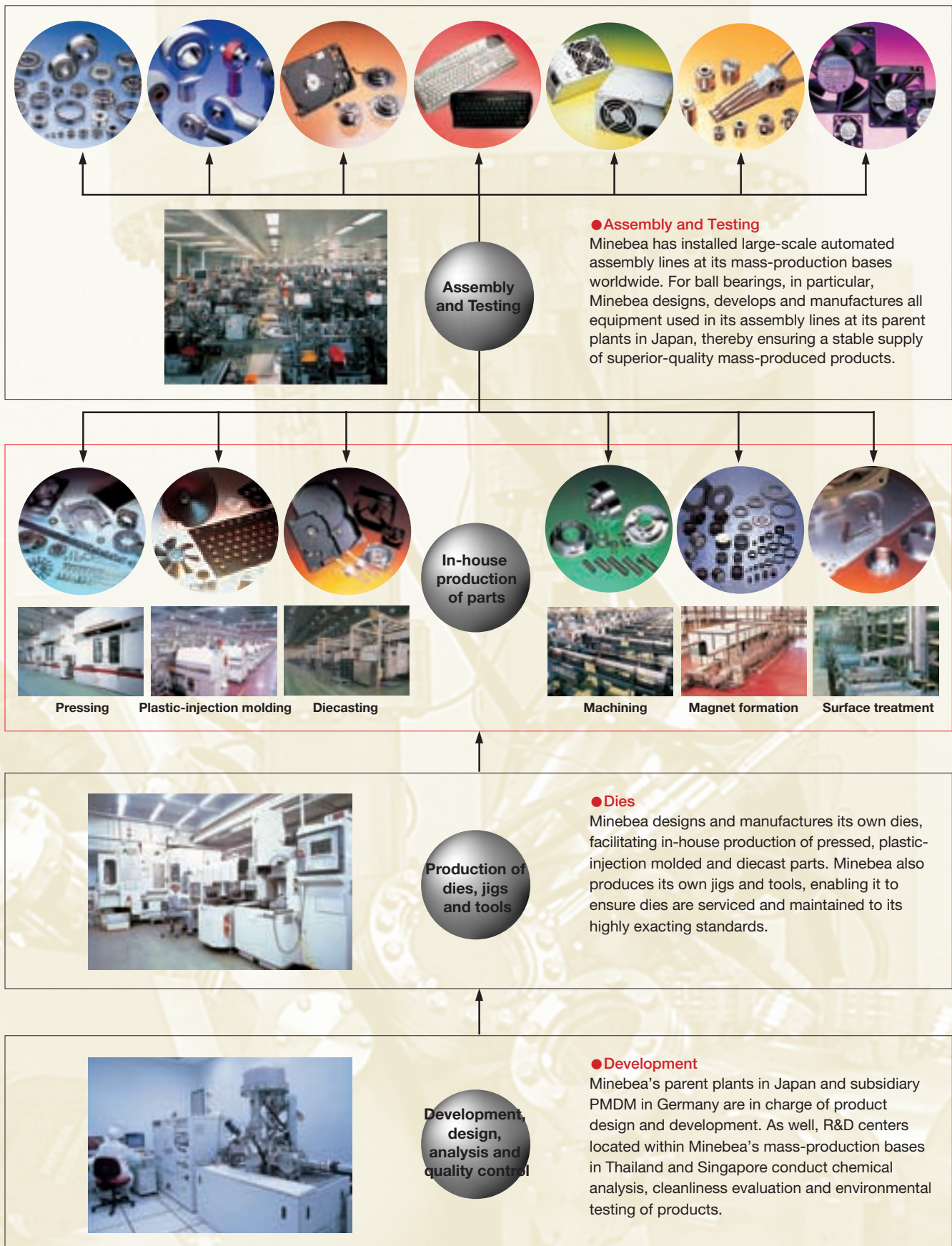
Growing technological sophistication in these industries continues to spur demands for higher levels of precision and quality at greater-than-ever production volumes. Minebea's ability to respond to such demands is due to its unique vertically integrated manufacturing system. This system, which encompasses all processes—including design and research; production and maintenance of dies; production of parts for in-house use, including pressed, plastic-injection molded, diecast and machined parts, and magnets; assembly and testing—facilitates mass production of high-precision machined components.

This system also enables our mass-production facilities in Thailand, the PRC and Singapore—which account for approximately 80% of total group sales—to coordinate smoothly and efficiently with parent plants in Japan and R&D bases worldwide. This ensures our ability to provide consistently superior-quality products from all of our mass-production bases.





# Vertically Integrated Manufacturing System

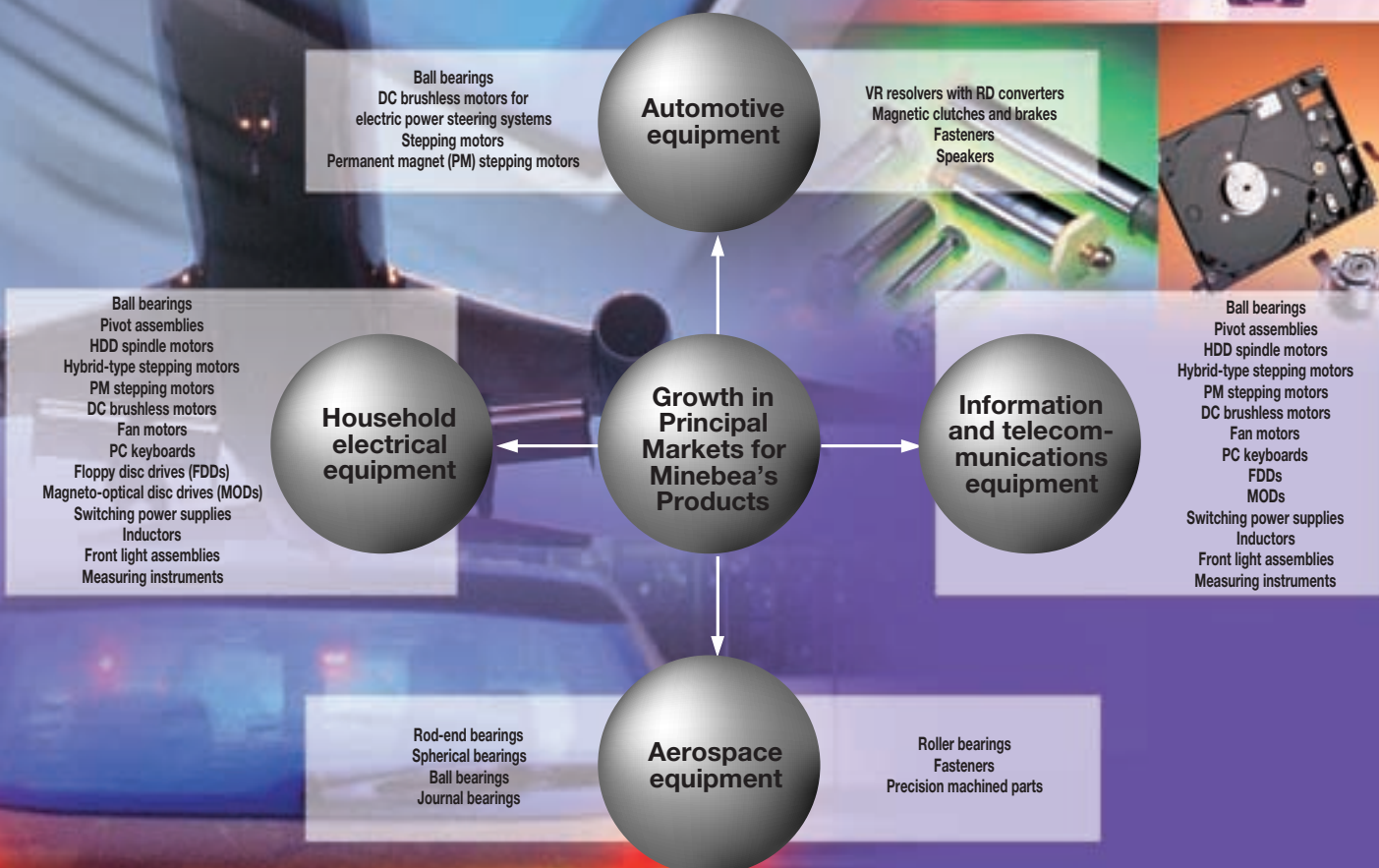
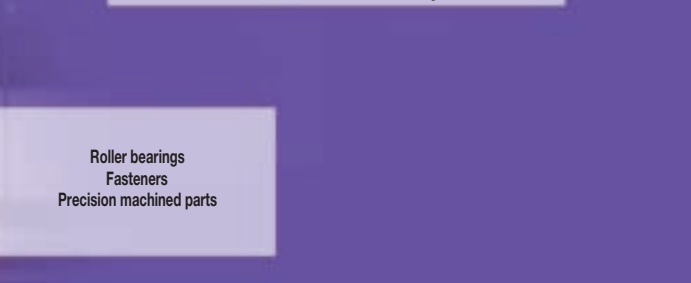
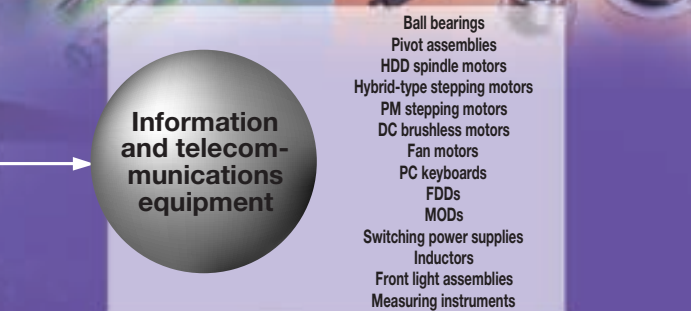




# Minebea continues to capitalize on the expansion and diversification of key markets to achieve growth

Minebea's mainstay products are sold extensively to manufacturers of information and telecommunications equipment, household electrical appliances, aerospace equipment and automobiles.

When we started out 50 years ago as a specialized manufacturer of miniature ball bearings in Japan, we supplied bearings for use in aircraft instruments. Since then, we have responded to demand for our precision machined components in an increasingly wide range of industries. In the 1970s, we expanded our focus to include VCRs and other household electrical appliances. We added office automation (OA) equipment to our list of key customer industries in the 1980s and PCs in the 1990s. These markets are expected to continue growing. We also anticipate increased demand from the automotive industry for high-precision, highly reliable control sensors, reflecting greater concern for fuel efficiency, safety and comfort, and from the markets for cellular telephones, personal digital assistants (PDAs) and digital household electrical appliances. Accordingly, we anticipate new opportunities to maximize the competitive edge afforded by our ultraprecision machining and mass-production technologies.





**DC brushless motor for electric power steering systems**

#### ● Automotive Components

Minebea, which enjoys a solid reputation as a manufacturer of high-quality special machinery components, and U.S. firm Analog Devices, Inc., a leading VR resolver and hybrid integrated circuit (IC) manufacturing company, have developed an innovative VR resolver with RD converter that combines a VR resolver, which senses the rotation angle and the revolutions per minute of the motor shaft, and an RD converter. We also manufacture motors for electric power steering systems, dashboard units and light control systems for automakers in Europe and are developing ABS motors, electric brake motors and other rotary components, which we expect to bring to market in the near future.



**VR resolver with RD converter**

### Growth in New Markets



#### ● Front Light Assemblies for Reflective Color Liquid Crystal Displays (LCDs)

These front light assemblies comprise a light-conducting, transparent polymethyl methacrylate (PMMA) panel made from a number of fine prisms and white light-emitting diode (LED) chips. This exclusive product, which capitalizes on Minebea's advanced plastic-injection molding technologies, improves the brightness and readability of the display, delivering better visibility in the dark and lower power consumption, enabling it to significantly reduce the power demands of PDAs, which use batteries, cellular telephones and other mobile equipment.



#### ● Fluid Dynamic Bearings

In a fluid dynamic bearing, a thin layer of oil or other lubricant is injected between the shaft and sleeve. The structure of the bearing features a rotating shaft, which generates a hydrodynamic force, causing the shaft to float. The noncontact construction of fluid dynamic bearings gives them certain advantages over conventional ball bearings. Minebea's fluid dynamic bearings bring together Seagate Technology, Inc.'s design and development capabilities and Minebea's ultraprecision machining and mass-production technologies, giving the Company a significant advantage in terms of precision, quality and manufacturing costs.



Desktop PCs



Notebook PCs



Facsimile machines



Laser printers



Sewing machines



Copy machines



Electronic music and game devices



Air conditioners



Audio components



Dehumidifiers



Televisions



VCRs



Interphones



Portable cassette players



Air sanitizers



Video cameras



Telephones



Sliding bookshelves



Microwave ovens



Weight scales



Micro-computerized wash/dry toilets



Oil fan heaters



Window shutters



Vacuum cleaners



Oil and gas water heaters



Rice cookers



Blenders



PDAs



Low tables with built-in heaters



Models



Refrigerators



In-line roller skates



Electric power tools



Fishing reels



Cellular telephones

Ball bearings  
Fan motors  
Hybrid-type stepping motors  
PM stepping motors  
HDD spindle motors  
FDD spindle motors  
DC spindle motors  
Induction motors  
Keyboards  
Speakers  
Transformers  
FDD subassemblies  
Head carriage assemblies  
Magnetic heads  
Switching power supplies  
Inductors  
Front light assemblies  
Strain gauges  
Load cells  
Pivot assemblies  
Tape guides

### Minebea's Mainstay Products at Home and at Work



## ENVIRONMENTAL ACHIEVEMENTS

### A Decade of Contribution to Environmental Preservation

**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 contributing to overall efforts to encourage environmental protection by actively disclosing technical information on its water-based washing system.

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

Minebea formulates its own "Charter for Environmental Protection."

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

**1996** Minebea Electronics & Hi-Tech Components (Shanghai) Ltd. establishes the Shanghai-Minebea Environmental Protection Fund, aimed at protecting the quality of the water in Lake Daishan-hu as well as the 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, seven subsidiaries and four sites in Thailand, home of Minebea's largest production base, and two plants in China also received 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 the United Kingdom obtains ISO 14001 certification.

Cleanup measures were implemented promptly after an investigation at subsidiary Minebea Onkyo Co., Ltd.'s Ichinoseki Plant, in Ichinoseki, Iwate Prefecture, confirmed trichloroethylene and trichloroethane contamination of the soil and groundwater.

(As of June 28, 2001)

### Topics

#### Shanghai-Minebea Environmental Protection Fund Increased

On May 23, 2001, subsidiary Minebea Electronics & Hi-Tech Components (Shanghai), in the PRC, increased the Shanghai-Minebea Environmental Protection Fund to Rmb110 million, from Rmb75 million. This was done in commemoration of the 50th anniversary of the founding of the parent company, which was observed on July 16, 2001.

The Shanghai-Minebea Environmental Protection Fund was established in April 1996 as part of Minebea Electronics & Hi-Tech Components (Shanghai)'s commitment to environmental protection. The purpose of the fund is to support activities aimed at preserving the quality of the water in Lake Daishan-hu and the environment of the surrounding area, particularly the town of Xicen. The fund is endowed by Minebea Electronics & Hi-Tech Components (Shanghai), and accrued interest is used to finance activities. To date, the fund has assisted efforts to:

- install 4,000 chemical toilets in Xicen;
- build green belts in and around the Shanghai and Xicen plants;
- clean up Lake Daishan-hu and the nearby highway, No. 318; and
- provide saplings to the Shanghai Sapling Center.



The Shanghai Plant of Minebea Electronics & Hi-Tech Components (Shanghai) Ltd.



Speech by Minebea President Yamamoto at a commemorative presentation ceremony on May 23, 2001



Sapling donation ceremony at the Shanghai Sapling Center



## PERFORMANCE BY INDUSTRY CATEGORY

### Review of operations and results in Minebea's three industry categories in fiscal 2001

#### Machinery Components

##### *Bearings and Bearing-Related Products*



Ball bearings



Ball bearings  
(R.O bearings)



Fluid dynamic bearings



Pivot assemblies



Rod-end bearings



Spherical bearings

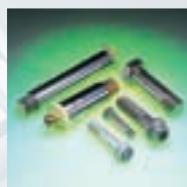
##### *Other Machinery Components*



Journal bearings



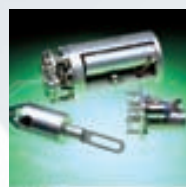
Roller bearings



Fasteners



Wheels



Special machinery  
components



Solenoid valves

#### Electronic Devices and Components

##### *Rotary Components*



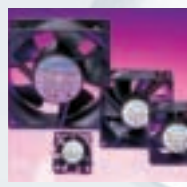
HDD spindle motors



Hybrid-type  
stepping motors



PM stepping motors



Fan motors

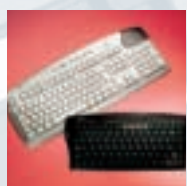


DC brushless motors

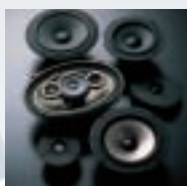


VR Resolvers

##### *Other Electronic Devices and Components*



PC keyboards



Speakers



Switching power  
supplies



FDD subassemblies



Front light assemblies for  
reflective color LCDs



Measuring equipment  
(strain gauges, load cells)

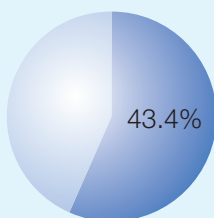
#### Consumer and Others

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

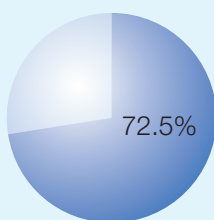
(This segment comprises the operations of subsidiary Actus Corporation. In February 2001, Minebea transferred its holding in Actus to TRS Co., Ltd.)

## 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  
Fluid dynamic bearings  
Rod-end bearings  
Spherical bearings  
Roller bearings  
Journal bearings  
Pivot assemblies  
Tape guides

#### Other Machinery Components

Aerospace/automotive fasteners  
Wheels  
Special machinery components  
Magnetic clutches and brakes  
Solenoid valves

**Sales of machinery components amounted to ¥124,461 million in fiscal 2001, down 2.6% from the previous period, and accounted for 43.4% of net sales. Reflecting efforts to lower manufacturing costs, particularly for ball bearings, category operating income advanced 8.7% from fiscal 2000, to ¥23,906 million, or 72.5% of operating income.**

### Bearings and Bearing-Related Products

Despite solid sales of ball bearings, sales of bearings and bearing-related products edged down 0.7%, to ¥101,096 million, owing to declines in sales of rod-end and spherical bearings and pivot assemblies.

Sales of ball bearings remained firm as increased demand from manufacturers of air conditioners, vacuum cleaners and other household electrical appliances countered the impact of inventory adjustments by PC manufacturers after January 2001. Shipments to external customers rose 9.5% as shipments to Asia (excluding Japan) climbed 33.0%. Volume for in-house use also rose sharply in response to expanded production of small motors, notably HDD spindle motors and fan motors.

In response to soaring demand, we expanded our ball bearing production capacity. As of December 2000, we had established a global monthly capacity of 150 million pieces—up from 120 million pieces as of October 1999—in line with stated plans. By March of 2001, actual production had caught up to capacity. With demand from the information and telecommunications equipment, household electronic appliance and automotive industries forecast to continue growing in fiscal 2002 and demand for use in-house in fan motors, stepping motors and HDD spindle motors also expected to expand, we expect ball bearing production facilities to operate at full capacity from the second half of fiscal 2002. We have also focused on improving the precision of RO bearings and other mainstay bearing products—an important factor given the increasing use of our HDD spindle motors for high-end applications.

In November 2000, we began mass production of fluid dynamic bearings for HDD spindle motors for Seagate Technology, Inc., of the United States. In March 2001, we completed a new plant for fluid dynamic bearings and HDD spindle motors within the Bang Pa-in Plant in Thailand, thereby positioning

ourselves to respond to requirements for various types of HDD spindle motor.

Sales of rod-end and spherical bearings edged down, owing to a drop in orders in fiscal 2000. Demand from U.S. aerospace companies—the principal customers for these products—began to recover in the second half of the period, following two consecutive years of decline. We will strive to expand sales in this product group by stepping up marketing to U.S., European and Japanese manufacturers of large commercial aircraft, as well as by cultivating demand from manufacturers of small and medium-sized aircraft in South America, the PRC and other key markets. At the same time, we will implement measures to reduce inventory and improve production efficiency.

Sales of pivot assemblies fell below the fiscal 2000 level, owing to such factors as inventory adjustments by HDD manufacturers, our principal customers for these products. Although the outlook for the PC industry is uncertain, we expect the launch of a new duplex-type pivot assembly developed in-house to bolster sales in this product group.

### Other Machinery Components

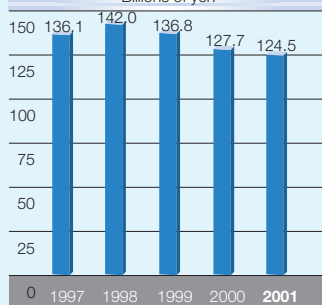
Despite firm sales of special machinery components, sales of fasteners and wheels decreased. As a consequence, sales of other machinery components fell 9.7%, to ¥23,365 million.

A decline in fastener sales was largely attributable to slack demand from the domestic aerospace and automotive industries. Although market conditions are expected to remain difficult in fiscal 2002, we will continue to implement a fundamental restructuring of this product group's personnel organization and review its product lineup in an effort to improve results.

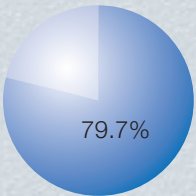
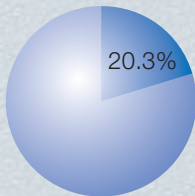



Falling sales of wheels reflected a decline in demand from principal customers, namely, manufacturers of industrial and construction vehicles and snow tires. Based on our view that the market for steel wheels is unlikely to grow significantly in the future, we decided to withdraw from the wheel business.

Expanded marketing to private-sector customers offset a decrease in demand for special machinery components from the public sector. As a consequence, sales of special machinery components were level with the previous period and are expected to remain so in fiscal 2002.

Net Sales of Machinery Components  
Billions of yen



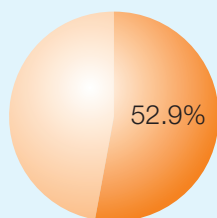


	Bearings and Bearing-Related Products	Other Machinery Components
Category Sales	<ul style="list-style-type: none"> <li>Net sales in fiscal 2001: ¥101,096 million</li> <li>Percentage of category sales: 79.7%</li> </ul> 	<ul style="list-style-type: none"> <li>Net sales in fiscal 2001: ¥23,365 million</li> <li>Percentage of category sales: 20.3%</li> </ul> 
Fiscal 2001 Highlights	<ul style="list-style-type: none"> <li>Global monthly production capacity for ball bearings was increased to 150 million pieces, in line with stated plans.</li> <li>Mass production of fluid dynamic bearings commenced.</li> <li>A plant for fluid dynamic bearings and HDD spindle motors was completed in Thailand.</li> </ul>	
RO Bearings	<ul style="list-style-type: none"> <li>RO bearings are high-precision bearings developed by Minebea for use in HDD spindle motors. Conventional HDD spindle motors feature two standard discrete ball bearings on the shaft. The groundbreaking RO bearing—which features two raceways on the inside of the outer ring and one each on the shaft and the inner ring fitted on the shaft—combines the functions of two standard ball bearings in one. In addition to reducing misalignment and minimizing the nonrepeatable run-out (NRRO) that often occurs with two ordinary ball bearings, RO bearings facilitate more compact motor designs. RO bearings also use Minebea's proprietary ceramic balls, ensuring even higher levels of precision.</li> </ul>	
Fluid Dynamic Bearings	<ul style="list-style-type: none"> <li>In a fluid dynamic bearing, a thin layer of oil or other lubricant is injected between the shaft and sleeve. The structure of the bearing features a rotating shaft, which generates a hydrodynamic force, causing the shaft to float. The noncontact construction of fluid dynamic bearings gives them certain advantages over conventional ball bearings. Minebea's fluid dynamic bearings bring together Seagate Technology's design and development capabilities and Minebea's ultraprecision machining and mass-production technologies, giving the Company a significant advantage in terms of precision, quality and manufacturing costs.</li> </ul>	
Duplex-Type Pivot Assemblies	<ul style="list-style-type: none"> <li>Pivot assemblies are components for positioning HDD magnetic heads, which Minebea holds the largest market share in the world. The duplex-type pivot assembly is Minebea's original development and, essentially, combines two special structured ball bearings with a shaft. Compared to a conventional pivot assembly, a graded sleeve that fits around the ball bearings is not required. It has the advantage of smaller running torque and torque band over a conventional pivot assembly.</li> </ul>	

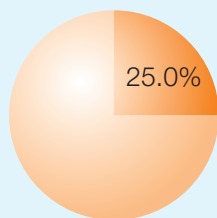


## Electronic Devices and Components

Percentage of net sales



Percentage of operating income



### Principal Products

#### Rotary Components

HDD spindle motors  
Hybrid-type stepping motors  
PM stepping motors  
DC brushless 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, MODs, front light assemblies for reflective color LCDs)  
Power electronic components (switching power supplies, inductors, hybrid ICs)  
Measuring equipment (strain gauges, load cells)

Sales in this category rose 4.0%, to ¥151,910 million, and represented 52.9% of net sales. Category operating income was held to a 0.1% increase, to ¥8,259 million, or 25.0% of operating income, owing to flagging orders and declining prices for switching power supplies, speakers and other electronic devices.

#### Rotary Components

Reflecting firm sales of small motors, including HDD spindle motors, stepping motors and fan motors, sales of rotary components advanced 15.4%, to ¥73,603 million.

Despite the impact of inventory adjustments by PC manufacturers after January 2001, we recorded firm gains in shipments and sales of HDD spindle motors. Quality and performance improvements, particularly for motors containing RO bearings, have made Minebea motors a leading choice of manufacturers for use in high-end 3.5-inch and new 2.5-inch HDDs. Accordingly, we anticipate a significant increase in demand in fiscal 2002.

In November 2000, we commenced mass production of fluid dynamic bearing HDD spindle motors for Seagate Technology, Inc. In March 2001, we completed a new plant for fluid dynamic bearings and HDD spindle motors in Thailand, thereby increasing our monthly production capacity for the latter to 10 million units and positioning us to respond to demand for HDD spindle motors containing either ball bearings or fluid dynamic bearings.

Sales of stepping motors declined as falling prices countered increased shipments for use in printers and other information and telecommunications equipment. In fiscal 2002, we will step up efforts to reduce costs and cultivate new markets for stepping motors.

Brisk demand from the information and telecommunications, household electronic appliances and other key customer industries supported sharp gains in sales and shipments of fan motors. We conduct vertically integrated production of fan motors at our plant in Xicen, Shanghai, in the PRC, and are currently building a new facility there—scheduled for completion in August 2001—which will increase our monthly production capacity for fan motors to 10 million units.

In the area of other rotary components, production of DC brushless motors for electric power steering systems for Delphi Automotive Systems of the United States proceeded steadily in fiscal 2001. During the period, we commenced sample shipments of a new VR resolver with RD converter to take advantage

of an anticipated increase in demand for these innovative units, particularly from the automotive industry.

#### Other Electronic Devices and Components

Sales in this category decreased 4.9%, to ¥78,307 million. Although sales of PC keyboards and measuring instruments were favorable, flagging orders and falling prices drove down sales of speakers, electronic devices, such as FDDs, and power electronic components, notably switching power supplies.

PC keyboard sales continued to grow despite the impact of inventory adjustments by PC manufacturers after January 2001, owing to an increase in the weighting of high-value-added models.

In fiscal 2002, we will focus on further enhancing product quality and increasing sales of high-value-added models. At the same time, we will work to lower manufacturing costs.

Sales of speakers dropped sharply, reflecting unfavorable conditions in the audiovisual equipment market—the principal destination for these products—and falling orders from customers in multimedia industries. In fiscal 2002, we will take steps to rationalize production and shift the weight of our product lineup toward high-value-added models. One such step will be to shift our speaker box assembly operations from Taiwan to Malaysia, a major center for global audio equipment producers.

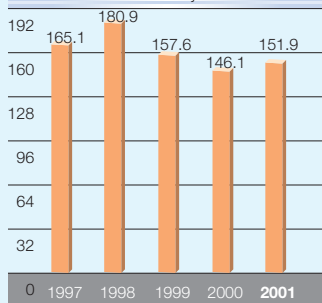
Sales of electronic devices slipped as negative conditions in the PC market and falling prices hampered sales of FDD subassemblies and MODs. We have already commenced mass production of front light assemblies for reflective color LCDs, which have been selected for use in cellular telephones put out by leading names in this industry. A manufacturer of PDAs has also decided to employ our front light assemblies, prompting us to project a significant increase in demand in fiscal 2002.

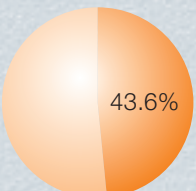
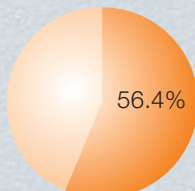



Sales of power electronic components declined as a consequence of sluggish demand and falling prices for mainstay switching power supplies. In fiscal 2002, we will continue to promote rationalization measures in this area in an effort to improve the efficiency of development activities and the profitability of newly developed products. These will include integrating and scaling back R&D and production in the United States and R&D in Europe.

Measuring equipment sales exhibited stable growth in fiscal 2001. During the period, we reached the decision to liquidate subsidiary Minebea Geotechnology Co., Ltd., a manufacturer of construction and civil engineering-related measuring equipment. We will continue to take steps to rationalize production and narrow down our lineup of measuring equipment.

Net Sales of Electronic Devices and Components

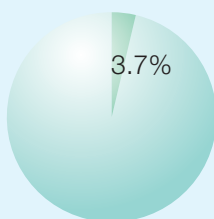
Billions of yen



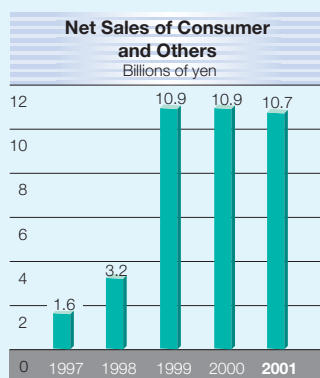
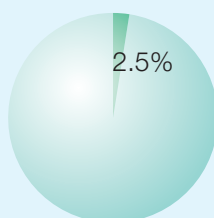
	Rotary Components	Other Electronic Devices and Components
Category Sales	<ul style="list-style-type: none"> <li>Net sales in fiscal 2001: ¥73,603 million</li> <li>Percentage of category sales: 43.6%</li> </ul> 	<ul style="list-style-type: none"> <li>Net sales in fiscal 2001: ¥78,307 million</li> <li>Percentage of category sales: 56.4%</li> </ul> 
Fiscal 2001 Highlights	<ul style="list-style-type: none"> <li>A plant for fluid dynamic bearings and HDD spindle motors was completed in Thailand in March 2001.</li> <li>Construction began on a new fan motor plant in the PRC. The plant is scheduled for completion in August 2001.</li> <li>A new facility for German small motor development subsidiary Precision-Motors-Deutsch-Minebea-GmbH (PMDM) was completed.</li> <li>Sample shipments of a newly developed VR resolver with RD converter commenced.</li> <li>Mass production of front light assemblies for reflective color LCDs was launched.</li> </ul>	
New Plant for Fluid Dynamic Bearings and HDD Spindle Motors	<ul style="list-style-type: none"> <li>During the period under review, we completed a new plant for fluid dynamic bearings and HDD spindle motors. The plant boasts a floor space of 24,960 square meters, large enough to accommodate a monthly production capacity of 6 million HDD spindle motors, bringing total capacity at this location to 10 million units. We will continue to introduce new equipment, as necessary in response to market needs.</li> </ul>	
VR Resolvers with RD Converters	<ul style="list-style-type: none"> <li>Our VR resolvers with RD converters bring together our resolvers—a result of advanced precision manufacturing technologies cultivated as a manufacturer of special machinery components—and innovative RD converters developed by Analog Devices, Inc., a leading U.S. manufacturer of ICs. We expect demand for our VR resolvers with RD converters to expand considerably in the years ahead for use in sensors for next-generation automobiles.</li> </ul>	
Front Light Assemblies for Reflective Color LCDs	<ul style="list-style-type: none"> <li>When attached on a reflective color LCD, such as that on a PDA or a cellular phone, Minebea's front light assemblies for color LCDs improve the brightness and readability of the display, delivering better visibility in the dark and lower power consumption than back-lit assemblies. As a consequence, we anticipate significant growth in demand.</li> </ul> <p>These innovative front light assemblies combine a light-conducting, transparent PMMA panel comprising a number of fine prisms and white LED chips. These assemblies were developed using Minebea's exclusive design and simulation software and advanced injection-molding technologies.</p>	

## Consumer and Others

Percentage of net sales



Percentage of operating income



This category comprises the operations of subsidiary Actus Corporation, which engages in retail sales of furniture and interior decor products in Japan, and which continued to record favorable results in the period under review. In line with our commitment to focusing on core manufacturing operations, bolstering results and reinforcing our financial condition, we transferred our holding in Actus to TRS Co., Ltd., in February 2001. This move marks the completion of our withdrawal from the consumer business, in which we have been involved fully since 1993.

As a consequence of this, our results for the period include the sales and income of Actus for the 11-month period from April 2000 through February 2001. As a consequence, sales in this category declined 2.0%, to ¥10,674 million, equivalent to 3.7% of net sales, while category operating income dipped 0.9%, to ¥812 million, or 2.5% of operating income.

The transfer of our holding in Actus generated ¥5,215 million in proceeds from sale of a subsidiary.



## 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 dies 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.



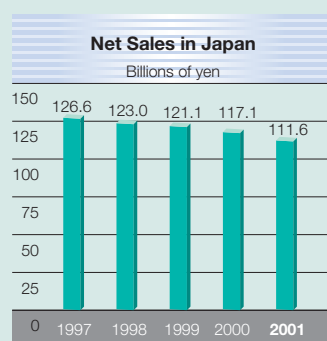
The Minebea Group's plants in England manufacture rod-end and spherical bearings and small ball bearings, primarily for the European market, while the Group's plant in Scotland prints key caps in regional languages on PC keyboards supplied by its mass-production facilities in Thailand. The Group also 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.

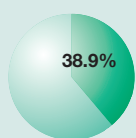
## Japan

The accelerated shift of production to Asia (excluding Japan) by its principal customers combined with Japan's ongoing recession to drive Minebea's sales in Japan down in fiscal 2001. Income was hampered by a number of factors, notably falling prices for certain electronic devices.

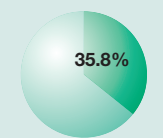
Sales in Japan declined 4.7%, to ¥111,643 million, equivalent to 38.9% of net sales, while operating income edged down 0.6%, to ¥11,806 million, or 35.8% of operating income. The value of domestic production was ¥40,149 million, equivalent to 14.0% of total production.



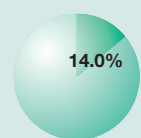
Percentage of net sales



Percentage of operating income



Percentage of total production



Karuizawa Manufacturing Unit, the parent plant for bearings, small motors and other machinery components



Hamamatsu Manufacturing Unit, the parent plant for switching power supplies and other electronic devices and components

With the aim of focusing key resources in core manufacturing businesses, we transferred our holding in subsidiary Actus, a furniture and interior product sales company, to TRS Co., Ltd. We also took decisive steps to restructure loss-generating businesses, including deciding to withdraw from the wheel business and closing down transformer manufacturing subsidiary Minebea Onkyo's Ichinoseki Plant and shifting its operations to its Kofu Plant and facilities in Thailand. We also decided to liquidate construction and civil engineering equipment manufacturing subsidiary Minebea Geotechnology Co., Ltd., in fiscal 2002. On another front, we dissolved our domestic exclusive sales agent contract with Keiaisha NMB Co., Ltd., to improve the efficiency of domestic sales and marketing.

### Domestic Offices and Manufacturing Units

- Karuizawa Manufacturing Unit
- Matsuida Factory
- Saku Factory
- Hamamatsu Manufacturing Unit
- Fujisawa Manufacturing Unit
- Omori Manufacturing Unit
- Kyoto Manufacturing Unit
- Tokyo Head Office

### Principal Domestic Subsidiaries and Affiliates

- Minebea Electronics Co., Ltd.
- NMB Electro Precision, Inc.
- Minebea Onkyo Co., Ltd.

### Principal Domestic Sales Divisions, Branches and Offices

- Minebea Co., Ltd., Sales Headquarters
- Tokyo Branch
- Fukushima Office
- Mito Office
- Utsunomiya Office
- Kumagaya Office
- Hachioji Office
- Atsugi Office
- Nagoya Branch
- Hamamatsu Office
- Hokuiku Office
- Suwa Office
- Karuizawa Office
- Osaka Branch
- Kyoto Office
- Akashi Office
- Hiroshima Office
- Shikoku Office
- Kyushu Office



## Asia (Excluding Japan)

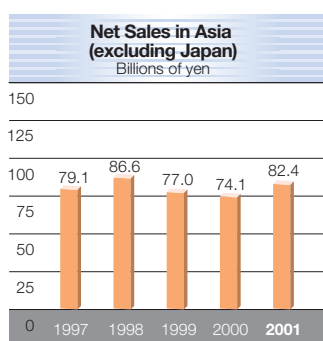
The Minebea Group recorded increased shipments of ball bearings, small motors and other core products in Asia (excluding Japan), reflecting the expansion of production in the region by global manufacturers, particularly of information and telecommunications equipment and household electrical appliances.

As a consequence, sales generated by our operations in this region advanced 11.3%, to ¥82,437 million, and represented 28.7% of net sales. Regional operating income climbed 14.4%, to ¥17,362 million, and accounted for 52.6% of operating income. The value of production by plants in the region was ¥219,392 million, or 76.4% of total production.

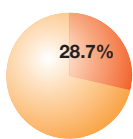
Highlights of the period included the completion of a new production facility for fluid dynamic bearings and HDD spindle motors

within the Bang Pa-in Plant, our largest manufacturing base in Thailand. We also took steps to expand production capacity and strategically position the plant for future growth, such as acquiring a piece of land adjacent to the Bang Pa-in Plant, doubling the total area of the facility to 850,000 square meters.

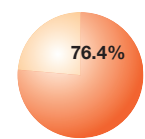
We also increased monthly production capacity for ball bearings at our plant in Shanghai, our second-largest production base after Thailand, to 20 million pieces, from 10 million pieces. Work progressed on a new fan motor facility within the Shanghai Plant, built in response to rising demand. Completion of the new facility is scheduled for August 2001. In light of the growing importance of our operations in the PRC, we created a supervisory position for China Operations, to which a director of the parent company was appointed and stationed in Shanghai.



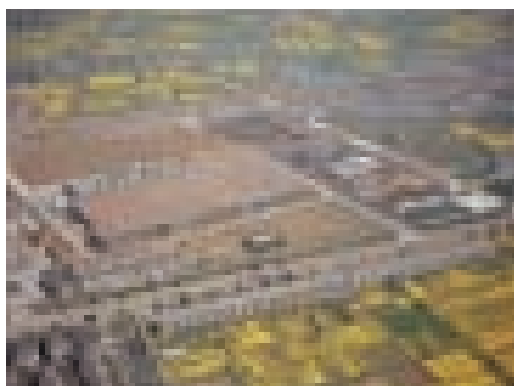
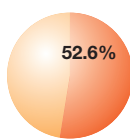
Percentage of net sales



Percentage of operating income



Percentage of total production



The Xicen Plant of Minebea Electronics & Hi-Tech Components (Shanghai) Ltd.



New facility for fluid dynamic bearings and HDD spindle motors, Bang Pa-in, Thailand

### Subsidiaries in Asia (excluding Japan)

#### Thailand

- NMB Thai Ltd.
- Pelmec Thai Ltd.
- Minebea Thai Ltd.
- Bang Pa-in Plant
- Ayutthaya Plant
- Rojana Plant
- NMB Hi-Tech Bearings Ltd.
- NMB Precision Balls Ltd.
- Minebea Electronics (Thailand) Co., Ltd.
- Power Electronics of Minebea Co., Ltd.
- Minebea Thai Ltd., Bangkok Office

#### Singapore

- NMB Singapore Ltd.
- Chai Chee Plant
- Jurong Plant
- Kallang Plant
- Pelmec Industries (Pte.) Ltd.
- NMB Precision Tool & Die (Pte.) Ltd.
- Minebea Technologies Pte. Ltd.

#### People's Republic of China

- Minebea Electronics & Hi-Tech Components (Shanghai) Ltd.
- Shanghai Plant
- Xicen Plant
- Minebea Technologies Pte. Ltd.
- Shanghai Office
- Shenzhen Office
- Hong Kong Branch

#### Taiwan

- Hwan Chong Enterprise Co., Ltd.
- Minebea Technologies Pte. Ltd., Taipei Branch

#### Republic of Korea

- NMB Korea Co., Ltd.
- Pusan Office
- Kumi Office

#### Malaysia

- Kuen Dar (M) Sdn. Bhd.
- Minebea Co., Ltd., Kuala Lumpur Branch
- Penang Office

#### Philippines

- Minebea Technologies Pte. Ltd., Manila Office

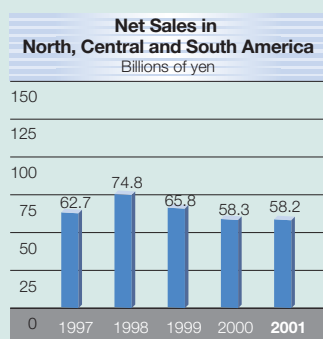
#### India

- Minebea Technologies Pte. Ltd., Bangalore Office

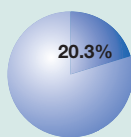
## North, Central and South America

Demand from the U.S. aerospace industry—our principal customer in this region—bottomed out in the first half and began to recover thereafter. Nonetheless, our performance in this region was hampered by a sharp decline in the market for information and telecommunications equipment, compounded by worsening losses in our switching power supply business.

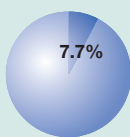
Sales in the region edged down 0.1%, to ¥58,192 million, or 20.3% of net sales. Operating income fell 51.8%, to ¥1,327 million, equivalent to 4.0% of operating income. Production in the region was valued at ¥22,122 million, or 7.7% of total production.



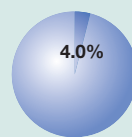
Percentage of net sales



Percentage of operating income



Percentage of total production



Key achievements during the period included the completion of the Chatsworth Plant of New Hampshire Ball Bearings, Inc., our largest manufacturing subsidiary in the region, and a new head office for holding company NMB (USA) Inc. and sales company NMB Technologies Corporation. These moves have positioned us to broaden production of miniature ball bearings and more effectively coordinate and manage regional production and sales activities.

With the aim of improving our profit performance in the region, we made the decision to close Power Systems, Inc., in the United States, and Minebea Electronics Mexico S.A. de C.V. in fiscal 2002. The former is a development facility, while the latter is a production facility for switching power supplies.



NMB Technologies Corporation's Technical Center



The new Chatsworth Plant of New Hampshire Ball Bearings, Inc.

### Subsidiaries in North and Central America

#### United States

- NMB (USA) Inc.
- NMB Technologies Corporation
- (Precision Components Div.)
- (Technologies Div.)
- Technical Center
- New Hampshire Ball Bearings, Inc.
- Peterborough Plant
- Laconia Plant
- Chatsworth Plant
- IMC Magnetics Corp.
- Hansen Corporation
- Power Systems, Inc.

#### Mexico

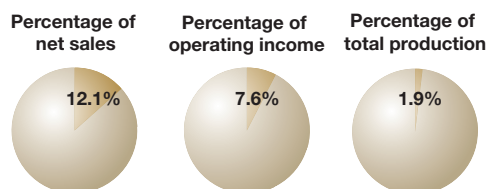
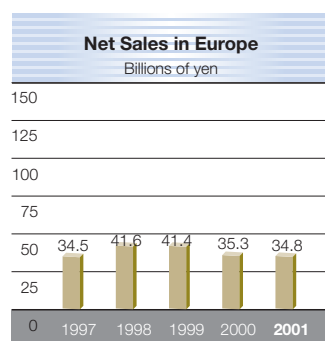
- Minebea Electronics Mexico S.A. de C.V.



## Europe

Despite an increase in sales of volume core ball bearings, small motors and PC key-boards, falling prices—notably for electronic devices—caused a decline in overall sales. Growth in income at German subsidiary PMDM, which designs and develops small motors, notably HDD spindle motors, contributed to a substantial improvement in our profit performance in this region.

Regional sales dipped 1.5%, to ¥34,773 million, and accounted for 12.1% of net sales. In contrast, operating income soared 93.3%, to ¥2,482 million, and represented 7.6% of operating income. The value of production in Europe was ¥5,382 million, or 1.9% of total production.



The Lincoln Plant of Rose Bearings Ltd.



New facility built for Precision-Motors-Deutsche-Minebea-GmbH

In November 2000, we completed construction of a new facility for PMDM, which played a crucial role in the development of HDD spindle motors and DC brushless motors. Since fiscal 2000, we have supplied these motors on an original equipment manufacturer basis to Delphi Automotive Systems of the United States for use in electric power steering systems. We will continue to enhance the capabilities of PMDM, which will serve as the Minebea Group's principal small motor development base. At subsidiary Rose Bearings, we proceeded with the installation of a new fully automated ball bearing production line encompassing all processes—from grinding through assembly—in a move aimed at improving production efficiency and lowering production costs.

With the aim of revamping the product line-ups of our U.K. and German switching power supply development bases to emphasize profitable offerings, thereby enhancing the efficiency of development efforts, we will scale back development efforts in the United Kingdom in fiscal 2002. We expect this move to improve the profitability of these operations.

### Subsidiaries in Europe

#### United Kingdom

- Rose Bearings Ltd.
- Lincoln Plant
- Skegness Plant
- Minebea Electronics (UK) Ltd.
- NMB (U.K.) Ltd.
- Inchinnan Keyboard Printing Plant
- Airmover Division

#### Germany

- Precision-Motors-Deutsche-Minebea-GmbH (PMDM)
- NMB-Minebea-GmbH
- Minebea Europe PE Development Centre

#### Italy

- NMB Italia S.r.l.

#### France

- NMB Minebea S.a.r.l.

## BOARD OF DIRECTORS



**Tsugio Yamamoto**  
President and Representative Director

### Senior Managing Directors



**Masahito Saigusa**  
Member of Tokyo Office Administration Executive Council, Administration in general



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



**Takayuki Yamagishi**  
General Manager of the 2nd Manufacturing Headquarters and Hamamatsu Manufacturing Unit, in charge of R&D Headquarters



**Rikuro Obara**  
General Manager of the 1st Manufacturing Headquarters, Karuizawa Manufacturing Unit and Bearings Manufacturing Div., Karuizawa Manufacturing Unit, in charge of R&D Headquarters



**Ryusuke Mizukami**  
Member of Tokyo Office Administration Executive Council, in charge of Corporate Planning, Business Administration Information Systems, Environmental Preservation and R&D Headquarters



**Kenji Senoue**  
Member of Tokyo Office Administration Executive Council, in charge of Strategy Planning Dept.



**Tosei Takenaka**  
In charge of Asian Region Operations

### Managing Directors



**Takashi Yamaguchi**  
Member of Tokyo Office Administration Executive Council, in charge of Finance



**Tomihiro Maruta**  
General Manager of Fujisawa Manufacturing Unit



**Koichi Dosho**  
General Manager of Sales Headquarters, European & American Regional Sales Headquarters, and European Region Operations, in charge of R&D Headquarters

### 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 and General Manager of Accounting Dept. and Internal Auditing Office

**Takuya Naka**  
In charge of Legal and General Manager of Legal Dept. and Patent Administration Office, Secretary of R&D Headquarters

**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**  
In charge of Business Administration

**Masamitsu Osada**  
General Manager of Mechatronics Division

**Susumu Fujisawa**  
In charge of China Operations

**Akio Okamiya**  
In charge of R&D Center of Karuizawa Manufacturing Unit

**Atsushi Matsuoka**  
President and Representative Director of Keiaisha Co., Ltd.

**Chanchai Leetavorn**  
Chairman of Asia Credit Plc.

**Tomeshiro Takeuchi**  
Senior Managing Director of Keiaisha Co., Ltd.

### Standing Corporate Auditors

**Shinichi Mori**  
**Yoshinori Amano**

### Corporate Auditors

**Mitsuo Ichikawa**  
Senior Managing Director of Keiaisha 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 28, 2001)



## **FINANCIAL SECTION**

### **Contents**

<b>26</b>	<b>Eleven-Year Summary</b>
<b>28</b>	<b>Management's Discussion and Analysis of Results of Operations and Financial Condition</b>
<b>28</b>	<b>Results of Operations</b>
<b>30</b>	<b>Analysis of Financial Position and Cash Flows</b>
<b>31</b>	<b>Three-Year Management Plan</b>
<b>32</b>	<b>Consolidated Balance Sheets</b>
<b>34</b>	<b>Consolidated Statements of Income</b>
<b>35</b>	<b>Consolidated Statements of Shareholders' Equity</b>
<b>36</b>	<b>Consolidated Statements of Cash Flows</b>
<b>37</b>	<b>Notes to Consolidated Financial Statements</b>
<b>46</b>	<b>Report of Independent Certified Public Accountants</b>

## ELEVEN-YEAR SUMMARY

	2001	2000	1999	1998
<b>Statement of Income Data:</b>				
Net sales:	<b>¥287,045</b>	¥284,757	¥305,324	¥326,094
Machinery components	<b>124,461</b>	127,734	136,807	142,007
Percentage of net sales	<b>43%</b>	45%	45%	43%
Electronic devices and components	<b>151,910</b>	146,133	157,603	180,875
Percentage of net sales	<b>53%</b>	51%	52%	56%
Consumer and others	<b>10,674</b>	10,890	10,914	3,212
Percentage of net sales	<b>4%</b>	4%	3%	1%
Gross profit	<b>¥ 84,117</b>	¥ 81,534	¥ 90,161	¥107,086
Percentage of net sales	<b>29.3%</b>	28.6%	29.5%	32.8%
Operating income	<b>32,977</b>	31,069	38,546	58,811
Percentage of net sales	<b>11.5%</b>	10.9%	12.6%	18.0%
Net income (loss)	<b>14,826</b>	(2,677)	11,507	15,144
Percentage of net sales	<b>5.2%</b>	(0.9)%	3.7%	4.6%
<b>Balance Sheet Data:</b>				
Total assets	<b>¥346,965</b>	¥403,994	¥473,360	¥492,210
Total current assets	<b>137,106</b>	153,658	219,826	213,194
Total current liabilities	<b>127,290</b>	124,085	197,071	246,114
Short-term loans payable and current portion of long-term debt	<b>66,531</b>	68,022	142,828	178,228
Long-term debt	<b>118,629</b>	124,690	128,223	96,882
Working capital	<b>9,816</b>	29,573	22,755	(32,920)
Total shareholders' equity	<b>100,574</b>	154,357	145,705	141,843
Percentage of total assets	<b>29.0%</b>	38.2%	30.8%	28.8%
<b>Per Share Data:</b>				
Net income (loss):				
Primary	<b>¥ 37.14</b>	¥ (6.72)	¥ 28.94	¥ 38.42
Fully diluted	<b>34.10</b>	(5.39)	26.32	34.85
Shareholders' equity	<b>251.96</b>	386.71	366.29	357.77
Cash dividends	<b>7.00</b>	7.00	7.00	7.00
<b>Other Data:</b>				
Return on shareholders' equity	<b>11.6%</b>	(1.8)%	8.0%	11.4%
Return on total assets	<b>4.3%</b>	(0.7)%	2.4%	2.9%
Interest expense	<b>¥ 7,553</b>	¥ 7,897	¥12,231	¥16,593
Net cash provided by operating activities	<b>38,341</b>	61,692	60,740	83,878
Expenditure for purchase of property, plant and equipment	<b>39,877</b>	19,504	20,563	23,688
Free cash flow	<b>(1,536)</b>	42,188	40,177	60,190
Depreciation and amortization	<b>23,682</b>	25,026	28,034	29,616
Number of shares outstanding	<b>399,167,695</b>	399,150,527	397,787,828	396,470,473
Number of employees	<b>45,193</b>	42,399	40,482	38,733

- Notes: 1. In fiscal 2001, to concentrate resources in its best areas and improve financial strength, the Company transferred its shares in subsidiary Actus Corporation, posting an extraordinary gain of ¥5,215 million in gains on sales of investment securities in affiliates. The Company also showed an extraordinary loss of ¥2,762 million, in line with the projected loss on the withdrawal from the wheel business.
2. In fiscal 2000, to concentrate resources in its best areas and improve financial strength, the Company made decisions with regard to the transferral of its shares, etc., in Minebea Credit Co., Ltd., a wholly owned subsidiary; the liquidation of different affiliated companies; and other matters. As a result, the Company showed ¥25,782 million in extraordinary losses as losses on liquidation of subsidiaries and affiliates. The Company also applied tax effect accounting overall, which resulted in ¥6,276 million in deferred income taxes (benefit).
3. 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.



Millions of yen							Thousands of U.S. dollars (Note 7)
1997	1996	1995	1994	1993	1992	1991	2001
¥302,886	¥260,537	¥239,133	¥121,586	¥265,165	¥278,685	¥285,419	<b>\$2,316,747</b>
136,147	122,540	113,795	51,835	111,644	122,634	131,851	<b>1,004,528</b>
45%	47%	48%	42%	42%	44%	46%	
165,118	136,519	115,216	61,504	126,653	124,555	121,001	<b>1,226,069</b>
54%	52%	48%	51%	48%	45%	43%	
1,621	1,478	10,122	8,247	26,868	31,496	32,567	<b>86,150</b>
1%	1%	4%	7%	10%	11%	11%	
¥ 86,487	¥ 75,152	¥ 63,866	¥ 31,753	¥ 69,430	¥ 68,197	¥ 78,032	<b>\$ 678,910</b>
28.6%	28.8%	26.7%	26.1%	26.2%	24.5%	27.3%	
41,901	34,788	27,283	12,706	23,894	15,826	27,646	<b>266,158</b>
13.8%	13.4%	11.4%	10.4%	9.0%	5.7%	9.7%	
8,862	7,354	2,570	591	(61,212)	(13,643)	889	<b>119,661</b>
2.9%	2.8%	1.1%	0.5%	(23.1)%	(4.9)%	0.3%	
¥563,220	¥556,787	¥529,959	¥699,475	¥706,790	¥859,661	¥921,294	<b>\$2,800,363</b>
264,368	291,143	287,762	457,402	463,902	546,324	610,029	<b>1,106,586</b>
322,966	336,106	308,740	414,075	384,190	388,385	454,420	<b>1,027,360</b>
254,243	251,983	249,712	328,082	290,144	277,031	321,153	<b>536,973</b>
109,365	97,129	99,208	161,207	198,773	285,111	260,251	<b>957,458</b>
(58,598)	(44,963)	(20,978)	43,327	79,712	157,939	155,609	<b>79,226</b>
123,831	116,753	113,276	111,623	111,573	168,489	181,921	<b>811,735</b>
22.0%	21.0%	21.4%	16.0%	15.8%	19.6%	19.7%	
Yen							U.S. dollars (Note 7)
¥22.76	¥ 18.91	¥ 6.61	¥ 1.52	¥(157.48)	¥ (35.11)	¥ 2.29	<b>\$0.30</b>
21.03	18.68	6.61	1.52	(157.40)	(35.07)	2.31	<b>0.28</b>
317.46	300.22	291.33	287.13	287.00	433.51	468.43	<b>2.03</b>
7.00	7.00	6.00	3.00	—	6.00	11.75	<b>0.06</b>
Millions of yen							Thousands of U.S. dollars (Note 7)
7.4%	6.4%	2.3%	0.5%	(54.9)%	(7.8)%	0.5%	
1.6%	1.4%	0.4%	0.1%	(7.8)%	(1.5)%	0.1%	
29,546	26,230	52,951	16,594	1,868	17,134	(12,630)	<b>60,960</b>
50,931	37,434	22,895	8,880	19,452	35,256	61,704	<b>309,451</b>
(21,385)	(11,204)	30,056	7,714	(17,584)	(18,122)	(74,334)	<b>321,848</b>
29,277	22,319	18,634	9,269	17,584	24,771	22,316	<b>(12,397)</b>
390,076,018	388,892,609	388,824,616	388,761,608	388,758,517	388,664,237	388,368,093	<b>191,138</b>
37,096	35,978	29,790	27,821	28,311	31,582	33,372	

4. 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.

5. Net loss in fiscal 1993 includes extraordinary losses totaling ¥59,118 million. As part of a thorough restructuring aimed at strengthening the corporate framework, the Company withdrew from the semiconductor business in March 1993, resulting in a loss of ¥46,792 million. 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.

6. In fiscal 2000, the Company reclassified its operations into three industry categories and revised figures in prior years.

7. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥123.90=US\$1, the approximate rate of exchange on March 31, 2001.

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

## Results of Operations

### Net Sales

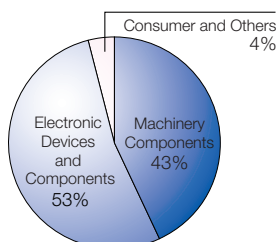
Consolidated net sales of Minebea amounted to ¥287,045 million in fiscal 2001, an increase of 0.8%, or ¥2,288 million from the previous fiscal year. If the same average yen-dollar exchange rate had been applied as in fiscal 2000, however, net sales would have been ¥10,766 million higher than the actual result.

Net sales of machinery components declined 2.6%, or ¥3,273 million, to ¥124,461 million. Net sales of bearings and bearing-related products edged down 0.7%, or ¥751 million, to ¥101,096 million. Sales of bearings remained firm, owing to an increase in demand from manufacturers of information and telecommunications equipment and household electrical appliances. In contrast, sales of rod-end and spherical bearings fell, reflecting a decline in orders in fiscal 2000 from U.S. aerospace manufacturers—the principal market for these products—while flagging conditions in the PC market after January 2001 prompted a decrease in sales of pivot assemblies. In other machinery components, net sales declined 9.7%, or ¥2,522 million, to ¥23,365 million, as sluggish sales of fasteners and wheels countered solid sales of special machinery components.

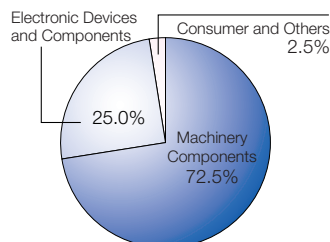
Net sales of electronic devices and components increased 4.0%, or ¥5,777 million, to ¥151,910 million. Net sales of rotary components rose 15.4%, or ¥9,845 million, to ¥73,603 million, bolstered by a substantial increase in shipments of small motors, particularly HDD spindle motors and fan motors. Despite a sharp increase in sales of PC keyboards, net sales of other electronic devices and components slipped 4.9%, or ¥4,068 million, to ¥78,307 million, owing to lower orders and falling prices for speakers; electronic devices, such as FDD subassemblies and MODs; and power electronics products, including switching power supplies.

Net sales of consumer and others amounted to ¥10,674 million, down 2.0%, or ¥216 million, from fiscal 2000. In line with its commitment to focusing on core manufacturing operations, Minebea transferred its holding in furniture and interior decor products sales subsidiary Actus Corporation to TRS, Co., Ltd., in February 2001. Accordingly, the Company's results for the period include the sales and income of Actus—which posted favorable results for the period—for the 11-month period from April 2000 through February 2001.

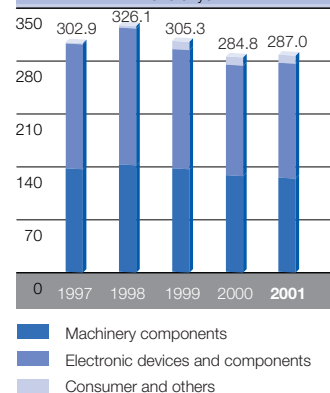
**Breakdown of Net Sales**



**Breakdown of Operating Income**



**Net Sales by Industry Category**  
Billions of yen



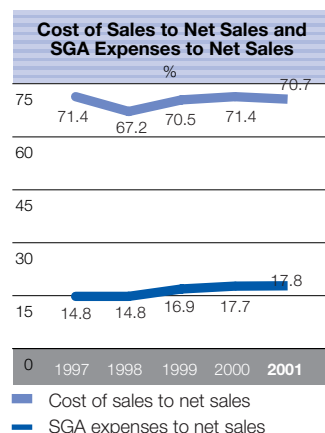
### Net Sales by Industry Category

		Millions of yen				
Years ended March 31		2001	2000	1999	1998	1997
Machinery components						
Bearings and bearing-related products	¥101,096	¥101,847	¥109,535	¥112,785	¥102,993	
Other machinery components	23,365	25,887	27,272	29,222	33,154	
	124,461	127,734	136,807	142,007	136,147	
Electronic devices and components						
Rotary components	73,603	63,758	64,789	68,358	64,248	
Other electronic devices and components	78,307	82,375	92,814	112,517	100,870	
	151,910	146,133	157,603	180,875	165,118	
Consumer and others		10,674	10,890	10,914	3,212	1,621
Net sales		¥287,045	¥284,757	¥305,324	¥326,094	¥302,886

### Performance by Industry Category

		Millions of yen					
Year ended March 31, 2001		Machinery Components	Electronic Devices and Components	Consumer and Others	Total before Eliminations	Eliminations	Total
Sales to external customers	¥124,461	¥151,910	¥10,674	¥287,045	¥	—	¥287,045
Internal sourcing	9,045	—	—	9,045	(9,045)	—	—
Total sales	133,506	151,910	10,674	296,090	(9,045)	—	287,045
Operating expenses	109,600	143,651	9,862	263,113	(9,045)	—	254,068
Operating income	23,906	8,259	812	32,977	—	—	32,977
Assets	200,457	255,789	3,711	459,957	(112,992)	—	346,965
Depreciation and amortization	10,842	11,240	68	22,150	—	—	22,150
Investment	19,464	21,010	185	40,659	—	—	40,659

## Cost of Sales and SGA Expenses



The cost of sales ratio improved 0.7 percentage point from fiscal 2000, to 70.7%, as a consequence of expanded production of core ball bearings and small motors, lower manufacturing costs and an increase in the ratio of high-value-added products in such key categories as HDD spindle motors. Selling, general and administrative (SGA) expenses represented 17.8% of net sales, up 0.1 percentage point, owing to a combination of factors, including higher personnel and shipping costs.

## Costs and Expenses

	Millions of yen				
Years ended March 31	2001	2000	1999	1998	1997
Net sales	<b>¥287,045</b>	¥284,757	¥305,324	¥326,094	¥302,886
Cost of sales	<b>202,928</b>	203,223	215,163	219,008	216,399
Cost of sales to net sales	<b>70.7%</b>	71.4%	70.5%	67.2%	71.4%
Gross profit	<b>84,117</b>	81,534	90,161	107,086	86,487
SGA expenses	<b>51,140</b>	50,465	51,615	48,275	44,586
SGA expenses to net sales	<b>17.8%</b>	17.7%	16.9%	14.8%	14.8%

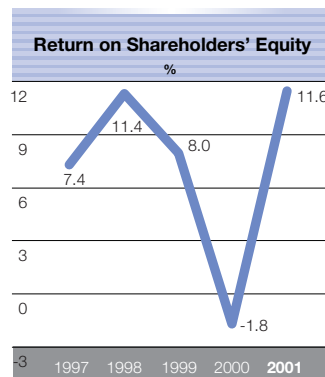
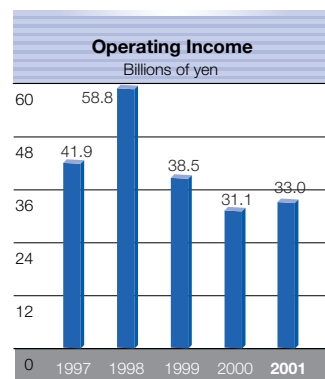
## Income

Improvements in the manufacturing cost margin pushed operating margin up 0.6 percentage point, to 11.5%. Operating margin in machinery components climbed 2.0 percentage points, to 19.2%, reflecting increased production of ball bearings. In contrast, severe pricing competition and a sluggish market for PCs after January 2001 contributed to a 0.2-percentage point decline, to 5.4%, in electronic devices and components operating margin.

Net balance of other income and expenses was a loss of ¥10,590 million, which was ¥27,091 million, or 71.9%, less than that of the previous fiscal year's. Major items included are as follows; the Company's transfer of its holding in subsidiary Actus generated ¥5,215 million in gains on sales of investment securities in affiliates. Interest expense amounted to ¥7,553 million, while other, net, was ¥3,755 million, of which ¥2,762 million represented a loss related to Minebea's withdrawal from the wheel business. Also included was a ¥1,943 million loss on liquidation of subsidiaries and affiliates and a ¥1,846 million loss on disposal of inventories. The significant decline of net balance of expenses was primarily attributable to the aforementioned gain on the Company's transfer of its holding in Actus, a ¥2,145 increase in other, net, and a ¥23,839 million decline in losses on liquidation of subsidiaries and affiliates.

Income taxes amounted to ¥7,456 million, deferred, which included taxes of ¥3,296 million based on the adoption of tax-effect accounting from the previous fiscal year.

As a result of these factors, Minebea achieved net income of ¥14,826 million, up ¥17,503 million from fiscal 2000.



## Income

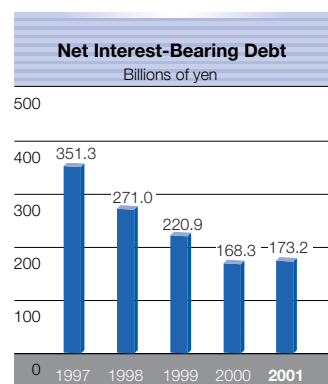
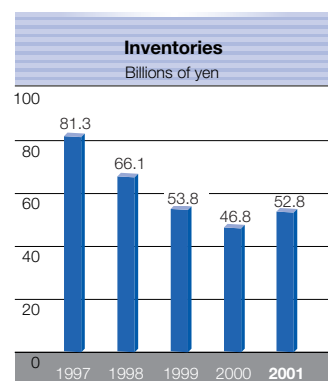
	Millions of yen				
Years ended March 31	2001	2000	1999	1998	1997
Operating income	<b>¥32,977</b>	¥31,069	¥38,546	¥58,811	¥41,901
Operating margin	<b>11.5%</b>	10.9%	12.6%	18.0%	13.8%
Net balance of other income (expenses)	<b>(10,590)</b>	(37,681)	(20,111)	(35,876)	(27,045)
Net income (loss)	<b>14,826</b>	(2,677)	11,507	15,144	8,862
Net income (loss) to net sales	<b>5.2%</b>	(0.9)%	3.7%	4.6%	2.9%
Net income (loss) per share (Yen):					
Primary	<b>37.14</b>	(6.72)	28.94	38.42	22.76
Fully diluted	<b>34.10</b>	(5.39)	26.32	34.85	21.03
Return on shareholders' equity	<b>11.6%</b>	(1.8)%	8.0%	11.4%	7.4%
Return on total assets	<b>4.3%</b>	0.7 %	2.4%	2.9%	1.6%

Note: In fiscal 2000, 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 matters. As a result, the Company showed ¥25,782 million in extraordinary losses as losses on liquidation of subsidiaries; and affiliates.



## Analysis of Financial Position and Cash Flows

### Financial Position



Total assets of Minebea amounted to ¥346,965 million at fiscal 2001 year-end, down 14.1%, or ¥57,029 million. This decrease was primarily due to a change in accounting standards in Japan, as a result of which foreign currency translation adjustments of ¥64,791 million, previously included in assets, are now included in shareholders' equity. Increases were recorded in inventories and property, plant and equipment. Inventories climbed 12.6%, or ¥5,925 million, as the yen was weaker at fiscal 2001 year-end than a year earlier—the impact of which is estimated at ¥2,559 million—and the last day of the period was a holiday, which increased inventory on consignment ¥2,076 million. Net property, plant and equipment climbed 18.4%, or ¥26,175 million, as the Company increased its expenditure for purchase of property, plant and equipment to ¥39,877 million, most of which was used to expand production facilities for bearings, small motors and other core products.

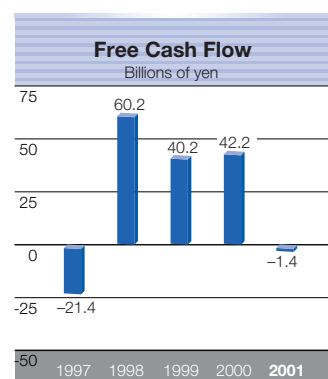
Total liabilities were ¥246,269 million, down 1.2%, or ¥3,070 million, from a year earlier. Interest-bearing debt was reduced ¥7,552 million. The Company's decision to withdraw from the wheel business resulted in a ¥2,762 million loss, which is included in accrued expenses and other current liabilities.

Total shareholders' equity was ¥100,574 million, a decline of 34.8%, or ¥53,783 million. Key reasons for this decrease include the aforementioned change to accounting standards in Japan, which resulted in the shift of foreign currency translation adjustments and difference on revaluation of other marketable securities, previously part of assets, to shareholders' equity. Retained earnings totaled ¥3,303 million, compared to a negative figure of ¥8,641 million a year earlier.

### Financial Position

	Millions of yen				
As of March 31	2001	2000	1999	1998	1997
Total assets	<b>¥346,965</b>	¥403,994	¥473,360	¥492,210	¥563,220
Total current assets	<b>137,106</b>	153,658	219,826	213,194	264,368
Inventories	<b>52,764</b>	46,839	53,816	66,074	81,293
Total current liabilities	<b>127,290</b>	124,085	197,071	246,114	322,966
Working capital	<b>9,816</b>	29,573	22,755	(32,920)	(58,598)
Interest-bearing debt	<b>185,160</b>	192,712	271,051	275,110	363,608
Net interest-bearing debt	<b>173,230</b>	168,280	220,864	270,970	351,259
Total shareholders' equity	<b>100,574</b>	154,357	145,705	141,843	123,831
Total shareholders' equity/Total assets	<b>29.0%</b>	38.2%	30.8%	28.8%	22.0%
Shareholders' equity per share (Yen)	<b>251.96</b>	386.71	366.29	357.77	317.46

### Cash Flows



Net cash provided by operating activities amounted to ¥38,341 million, down ¥23,351 million, or 37.9%, from fiscal 2000. This change reflected a decline in payables and an increase in inventories, which boosted working capital, offsetting increase in cash provided by income from operations.

An expenditure for purchase of property, plant and equipment of ¥39,877 million countered the impact of ¥5,215 million in proceeds from sales of subsidiary, generated by Minebea's transfer of its holding in Actus, ¥994 million in long-term loans receivable and ¥631 million in proceeds from sales of property, plant and equipment. As a consequence, net cash used in investing activities amounted to ¥33,978 million, up from ¥10,503 million used in fiscal 2000, but well within the reach of cash provided by operating activities.

### Free Cash Flow

	Millions of yen				
Years ended March 31	2001	2000	1999	1998	1997
Net cash provided by operating activities	<b>¥ 38,341</b>	¥ 61,692	¥ 60,740	¥ 83,878	¥ 29,546
Net cash used in investing activities	<b>(33,978)</b>	(10,503)	(17,254)	(33,745)	(31,866)
Net cash used in financing activities	<b>(10,834)</b>	(81,239)	(6,865)	(85,363)	12,646
Effect of exchange rate changes	<b>(6,031)</b>	4,295	9,426	27,021	(22,292)
Cash and cash equivalents at beginning of year	<b>24,432</b>	50,187	4,140	12,349	24,497
Cash and cash equivalents at end of year	<b>¥ 11,930</b>	¥ 24,432	¥ 50,187	4,140	12,349
Free cash flow	<b>¥ (1,536)</b>	¥ 42,188	¥ 40,177	¥ 60,190	¥(21,385)

## Three-Year Management Plan

Minebea's current three-year management plan, launched in fiscal 2000, outlines three basic management directions that will guide the Company's efforts to build itself into a high-growth, highly profitable company. First, Minebea will expand its production capacity for its highly profitable mainstay bearings and bearing-related products. Second, the Company will build its operations in the area of precision small motors and other rotary components until they are similar in scale to our bearing operations. Third, it will increase the ratio of high-value-added products in core product categories.

In line with these basic directions, the Company set the following numerical targets in its three-year management plan:

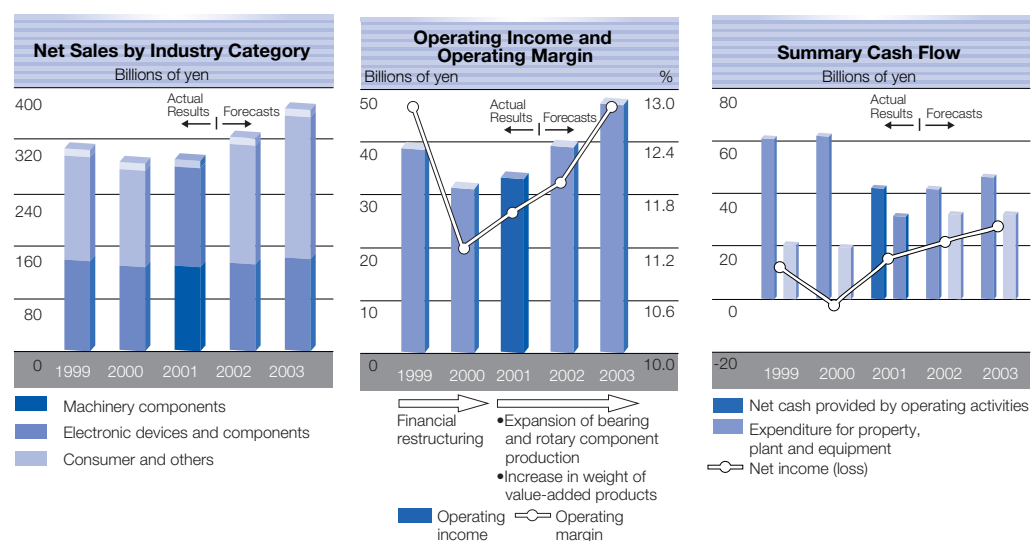
	2001		2002		2003
	Initial Target	Actual	Initial Target	New Target	Initial Target
Net sales	¥290,000	¥287,045	¥332,000	¥300,000	¥373,000
Operating income	33,000	32,977	39,000	33,000	47,000
Net income	15,000	14,826	20,000	15,000	27,000
Expenditure for purchase of property, plant and equipment	31,300	39,877	32,000	25,700	32,000

Minebea essentially achieved its targets for fiscal 2001. Currently, the Company's forecast for fiscal 2002 is for net sales of ¥300,000 million, operating income of ¥33,000 million and net income of ¥15,000 million, a slight increase from the previous fiscal year at all levels. This forecast, which is below the second year target of the three-year management plan, reflects:

- slowdowns in the global economy and the market for information and telecommunications equipment since January 2001;
- a delay in the return to profitability of Minebea's switching power supply business until fiscal 2003 or later, contrary to the Company's initial projection that this would happen in fiscal 2002;
- the anticipation that sales and operating income for speakers and fasteners will fall significantly below initial expectations; and
- the elimination of ¥13,300 million from net sales and ¥800 million from operating income as a consequence of Minebea's transfer of its shares in Actus.

Minebea thus expects the second year of its three-year management plan to be essentially a repeat of the first in terms of sales and profit performance. Nonetheless, the Company will continue to devote its efforts to achieving the new targets for fiscal 2002 and ensuring further growth and development in fiscal 2003 and beyond.

Note: Please refer to the Disclaimer Regarding Future Projections, on the inside front cover of this report, regarding the use of information on future outlook.



Note: Forecasts in the above graphs are based on an assumed exchange rate of ¥105.00=US\$1.

# CONSOLIDATED BALANCE SHEETS

As of March 31, 2001 and 2000

Assets	Millions of yen		Thousands of U.S. dollars (Note 3)
	2001	2000	2001
<b>Current Assets:</b>			
Cash and cash equivalents (Note 2-c)	¥ 11,930	¥ 24,432	\$ 96,287
Marketable securities	—	8,942	—
Notes and accounts receivable (Notes 2-d and 4):			
Trade	55,277	56,747	446,142
Other	3,230	3,055	26,070
	58,507	59,802	472,212
Allowance for doubtful receivables (Note 2-d)	(734)	(785)	(5,924)
Total notes and accounts receivable	57,773	59,017	466,288
Inventories (Note 2-e)	52,764	46,839	425,860
Deferred tax assets (Note 6)	6,271	6,718	50,613
Prepaid expenses and other current assets	8,368	7,710	67,538
Total current assets	137,106	153,658	1,106,586
<b>Property, Plant and Equipment</b> (Notes 2-f and 5):			
Land	16,551	11,105	133,583
Buildings and structures	90,196	82,426	727,974
Machinery and/or transportation equipment	237,558	203,997	1,917,337
Construction in progress	3,727	3,892	30,081
	348,032	301,420	2,808,975
Accumulated depreciation	(179,299)	(158,862)	(1,447,127)
Net property, plant and equipment	168,733	142,558	1,361,848
<b>Investments and Other Assets:</b>			
Excess of cost over net assets acquired (Note 2-i)	15,344	15,990	123,842
Investments in affiliates (Notes 2-a and 4)	303	188	2,445
Investments in securities (Notes 2-g and 5)	8,574	1,148	69,201
Long-term loans receivable	252	1,245	2,034
Deferred tax assets (Note 6)	13,388	15,481	108,055
Foreign currency translation adjustments (Note 2-b)	—	69,942	—
Other (Note 2-d)	3,585	5,079	28,935
	41,446	109,073	334,512
Allowance for doubtful receivables (Note 2-d)	(320)	(1,295)	(2,583)
Net investments and other assets	41,126	107,778	331,929
<b>Total Assets</b>	<b>¥ 346,965</b>	<b>¥ 403,994</b>	<b>\$ 2,800,363</b>

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



Thousands of  
U.S. dollars  
(Note 3)

Liabilities and Shareholders' Equity	Millions of yen		Thousands of U.S. dollars (Note 3)
	2001	2000	
<b>Current Liabilities:</b>			
Short-term loans payable (Note 5)	¥ 62,724	¥ 63,787	\$ 506,247
Current portion of long-term debt (Note 5)	3,807	4,235	30,726
Notes and accounts payable (Note 4):			
Trade	29,170	31,249	235,432
Other	8,145	7,871	65,738
Total notes and accounts payable	37,315	39,120	301,170
Income taxes payable (Note 6)	3,985	3,160	32,163
Accrued expenses and other current liabilities	19,459	13,783	157,054
Total current liabilities	127,290	124,085	1,027,360
<b>Long-Term Liabilities:</b>			
Long-term debt (Note 5)	118,629	124,690	957,458
Other (Note 2-h)	350	501	2,825
Total long-term liabilities	118,979	125,191	960,283
<b>Minority Interests in Consolidated Subsidiaries</b>	122	361	985
<b>Shareholders' Equity (Note 7):</b>			
Common stock, par value ¥50 per share—			
Authorized 1,000,000,000 shares			
Issued:			
March 31, 2001—399,167,695 shares			
March 31, 2000—399,150,527 shares	68,259	68,251	550,920
Capital reserve	94,757	94,749	764,786
Retained earnings (deficit)	3,303	(8,641)	26,659
Difference on revaluation of other marketable securities	(953)	—	(7,692)
Foreign currency translation adjustments	(64,791)	—	(522,930)
	100,575	154,359	811,743
Treasury stock	(1)	(2)	(8)
Total shareholders' equity	100,574	154,357	811,735
<b>Contingent Liabilities (Notes 9 and 10)</b>			
<b>Total Liabilities and Shareholders' Equity</b>	<b>¥346,965</b>	<b>¥403,994</b>	<b>\$2,800,363</b>

# CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31, 2001, 2000 and 1999

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2001	2000	1999	2001
<b>Net Sales</b> (Note 4)	<b>¥287,045</b>	¥284,757	¥305,324	<b>\$2,316,747</b>
<b>Cost of Sales</b> (Note 4)	<b>202,928</b>	203,223	215,163	<b>1,637,837</b>
Gross profit	<b>84,117</b>	81,534	90,161	<b>678,910</b>
<b>Selling, General and Administrative Expenses</b> (Notes 2-i and 6)	<b>51,140</b>	50,465	51,615	<b>412,752</b>
Operating income	<b>32,977</b>	31,069	38,546	<b>266,158</b>
<b>Other Income (Expenses):</b>				
Interest income	<b>360</b>	927	691	<b>2,906</b>
Equity in income of nonconsolidated subsidiaries and affiliates (Note 2-a)	<b>4</b>	6	14	<b>32</b>
Interest expense	<b>(7,553)</b>	(7,897)	(12,231)	<b>(60,960)</b>
Gains (losses) on sales of marketable securities, investment securities and investment securities in affiliates	<b>5,215</b>	—	(1,720)	<b>42,090</b>
Gains (losses) on revaluation of marketable and investment securities	<b>—</b>	573	(1,256)	<b>—</b>
Foreign currency exchange losses (Note 2-b)	<b>(732)</b>	(1,710)	(860)	<b>(5,908)</b>
Losses on disposals of inventories	<b>(1,846)</b>	(1,864)	(1,468)	<b>(14,899)</b>
Losses on disposals of real estate for resale	<b>—</b>	—	(104)	<b>—</b>
Losses on sales and disposals of property, plant and equipment	<b>(340)</b>	(324)	(316)	<b>(2,744)</b>
Losses on liquidation of subsidiaries and affiliates	<b>(1,943)</b>	(25,782)	—	<b>(15,682)</b>
Other, net (Note 2-i)	<b>(3,755)</b>	(1,610)	(2,861)	<b>(30,307)</b>
	<b>(10,590)</b>	(37,681)	(20,111)	<b>(85,472)</b>
<b>Income (Loss) before Income Taxes</b>	<b>22,387</b>	(6,612)	18,435	<b>180,686</b>
<b>Income Taxes</b> (Note 6):				
Current	<b>4,160</b>	2,242	4,656	<b>33,575</b>
Deferred (benefit)	<b>3,296</b>	(6,276)	1,690	<b>26,602</b>
	<b>7,456</b>	(4,034)	6,346	<b>60,177</b>
<b>Minority Interests in Earnings of Consolidated Subsidiaries</b>	<b>105</b>	99	582	<b>848</b>
<b>Net Income (Loss)</b>	<b>¥ 14,826</b>	¥ (2,677)	¥ 11,507	<b>\$ 119,661</b>
			Yen	U.S. dollars (Note 3)
<b>Per Share Data</b> (Note 8):				
Net income (loss):				
Primary	<b>¥37.14</b>	¥(6.72)	¥28.94	<b>\$0.30</b>
Fully diluted	<b>34.10</b>	(5.39)	26.32	<b>0.28</b>
Cash dividends applicable to the year	<b>7.00</b>	7.00	7.00	<b>0.06</b>

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

# CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Years ended March 31, 2001, 2000 and 1999

Millions of yen

	Number of Shares of Common Stock	Common Stock	Capital Reserve	Legal Reserve (Note 7)	Retained Earnings (Deficit) (Note 7)	Difference on Revaluation of Other Marketable Securities	Foreign Currency Translation Adjustments	Treasury Stock
<b>Balance at March 31, 1998</b>	396,470,473	¥67,104	¥93,602	¥ 1,223	¥(20,086)	¥ —	¥ —	¥ —
Net income	—	—	—	—	11,507	—	—	—
Cash dividends	—	—	—	—	(2,784)	—	—	—
Bonuses to directors and corporate auditors	—	—	—	—	(91)	—	—	—
Transfer to legal reserve	—	—	—	290	(290)	—	—	—
Common stock issued on conversion of convertible bonds	1,317,355	560	560	—	—	—	—	—
Other	—	—	—	(1,513)	(4,376)	—	—	(1)
<b>Balance at March 31, 1999</b>	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)
<b>Balance at March 31, 2000</b>	<b>399,150,527</b>	<b>68,251</b>	<b>94,749</b>	<b>—</b>	<b>(8,641)</b>	<b>—</b>	<b>—</b>	<b>(2)</b>
Net income	—	—	—	—	<b>14,826</b>	—	—	—
Cash dividends	—	—	—	—	<b>(2,794)</b>	—	—	—
Bonuses to directors and corporate auditors	—	—	—	—	<b>(122)</b>	—	—	—
Transfer to legal reserve	—	—	—	<b>292</b>	<b>(292)</b>	—	—	—
Common stock issued on conversion of convertible bonds	<b>17,168</b>	<b>8</b>	<b>8</b>	—	—	—	—	—
Prior year tax effect adjustment	—	—	—	—	—	—	—	—
Other	—	—	—	<b>(292)</b>	<b>326</b>	<b>(953)</b>	<b>(64,791)</b>	<b>1</b>
<b>Balance at March 31, 2001</b>	<b>399,167,695</b>	<b>¥68,259</b>	<b>¥94,757</b>	<b>¥ —</b>	<b>¥ 3,303</b>	<b>¥(953)</b>	<b>¥(64,791)</b>	<b>¥ (1)</b>

Thousands of U.S. dollars (Note 3)

	Number of Shares of Common Stock	Common Stock	Capital Reserve	Legal Reserve (Note 7)	Retained Earnings (Deficit) (Note 7)	Difference on Revaluation of Other Marketable Securities	Foreign Currency Translation Adjustments	Treasury Stock
<b>Balance at March 31, 2000</b>	<b>399,150,527</b>	<b>\$550,856</b>	<b>\$764,722</b>	<b>\$ —</b>	<b>\$ (69,742)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (16)</b>
Net income	—	—	—	—	<b>119,661</b>	—	—	—
Cash dividends	—	—	—	—	<b>(22,550)</b>	—	—	—
Bonuses to directors and corporate auditors	—	—	—	—	<b>(985)</b>	—	—	—
Transfer to legal reserve	—	—	—	<b>2,357</b>	<b>(2,357)</b>	—	—	—
Common stock issued on conversion of convertible bonds	<b>17,168</b>	<b>64</b>	<b>64</b>	—	—	—	—	—
Prior year tax effect adjustment	—	—	—	—	—	—	—	—
Other	—	—	—	<b>(2,357)</b>	<b>2,632</b>	<b>(7,692)</b>	<b>(522,930)</b>	<b>8</b>
<b>Balance at March 31, 2001</b>	<b>399,167,695</b>	<b>\$550,920</b>	<b>\$764,786</b>	<b>\$ —</b>	<b>\$ 26,659</b>	<b>\$ (7,692)</b>	<b>\$ (522,930)</b>	<b>\$ (8)</b>

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



# CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31, 2001, 2000 and 1999

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2001	2000	2001	2001
<b>Cash Flows from Operating Activities:</b>				
Net income (loss)	¥ 14,826	¥ (2,677)	¥ 11,507	\$ 119,661
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	23,682	25,026	28,034	191,138
(Income) losses on revaluation of marketable and investment securities	—	(573)	1,256	—
Losses on disposals of inventories and real estate for resale	1,846	1,864	1,572	14,899
Losses on sales and disposals of property, plant and equipment	235	135	316	1,897
Gains on sales of investment securities in affiliates	(5,215)	—	—	(42,090)
Losses on liquidation of subsidiaries and affiliates	1,943	25,782	—	15,682
Equity in income of nonconsolidated subsidiaries and affiliates	(4)	(6)	(14)	(32)
Allowance for doubtful receivables	(1,081)	(154)	(183)	(8,725)
Deferred income taxes (benefit)	3,296	(6,276)	1,690	26,602
Decrease in notes and accounts receivable	814	8,918	19,170	6,570
(Increase) decrease in inventories	(6,825)	5,112	13,253	(55,085)
Decrease in prepaid expenses and other current assets	2,772	2,685	3,190	22,373
Increase (decrease) in notes and accounts payable	(4,199)	3,481	(14,208)	(33,890)
Increase (decrease) in income taxes payable	823	(1,044)	549	6,642
Increase (decrease) in accrued expenses and other current liabilities	5,665	(509)	(1,428)	45,722
Decrease in minority interests in consolidated subsidiaries	(237)	(72)	(3,964)	(1,913)
Total adjustments	23,515	64,369	49,233	189,790
Net cash provided by operating activities	38,341	61,692	60,740	309,451
<b>Cash Flows from Investing Activities:</b>				
Marketable securities	—	1,690	2,389	—
Proceeds from sales of property, plant and equipment	631	113	211	5,093
Expenditure for purchase of property, plant and equipment	(39,877)	(19,504)	(20,563)	(321,848)
Long-term loans receivable	994	—	93	8,023
Investments in securities	(806)	(2)	88	(6,505)
Proceeds from sales of subsidiary	5,215	5,147	—	42,090
Proceeds from transfer of goodwill	91	—	—	734
(Increase) decrease in other assets	(226)	2,053	528	(1,824)
Net cash used in investing activities	(33,978)	(10,503)	(17,254)	(274,237)
<b>Cash Flows from Financing Activities:</b>				
Proceeds from issuance of bonds	—	—	25,000	—
Proceeds from issuance of bonds with warrants	4,000	—	—	32,284
Proceeds from common stock issued on conversion of convertible bonds	15	1,174	1,120	121
Decrease in short-term loans payable	(63)	(71,397)	(33,851)	(509)
Cash dividends and bonuses to directors and corporate auditors	(2,916)	(2,794)	(2,876)	(23,535)
Increase (decrease) in long-term debt	(11,757)	(5,768)	5,912	(94,891)
Conversion of convertible bonds	—	(1,174)	(1,120)	—
Decrease in other liabilities	(113)	(1,280)	(1,050)	(912)
Net cash used in financing activities	(10,834)	(81,239)	(6,865)	(87,442)
<b>Effect of Exchange Rate Changes</b>	(6,031)	4,295	9,426	(48,676)
Net increase (decrease) in cash and cash equivalents	(12,502)	(25,755)	46,047	(100,904)
<b>Cash and Cash Equivalents at Beginning of Year</b>	24,432	50,187	4,140	197,191
<b>Cash and Cash Equivalents at End of Year</b>	¥ 11,930	¥ 24,432	¥ 50,187	\$ 96,287

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. (the “Company”) and its consolidated domestic and overseas subsidiaries are stated in Japanese yen, the accounts of which are maintained in accordance with generally accepted accounting principles in the respective countries and 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 provided to present the accompanying consolidated financial statements in a format that 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*

Monetary assets and liabilities denominated in overseas currencies are translated into yen at the exchange rates prevailing at the balance sheet date, except for certain accounts that were hedged by forward exchange contracts. The resulting exchange losses and gains are charged or credited to income.

Financial statement items of consolidated overseas 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) Allowance for doubtful receivables**

With respect to the Company and its consolidated domestic subsidiaries, an allowance for doubtful receivables is determined by adding the estimated uncollectible amounts to an amount calculated using a set provision rate. Such allowance of consolidated overseas 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 on the balances of the allowance as of March 31, 2001 and March 31, 2000, were sufficient to cover the estimated uncollectible receivables.

**e) 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 moving average cost or market.

Inventories as of March 31, 2001 and 2000, comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	2001
Merchandise and finished goods	<b>¥24,739</b>	¥21,285	<b>\$199,669</b>
Work in process	<b>12,916</b>	12,438	<b>104,246</b>
Raw materials	<b>11,522</b>	9,642	<b>92,994</b>
Supplies	<b>3,587</b>	3,474	<b>28,951</b>
	<b>¥52,764</b>	¥46,839	<b>\$425,860</b>

**f) 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, 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.

**g) Investments in securities**

Investments in securities consist of equity securities of listed and unlisted companies. Securities held by the Company or its subsidiaries with quoted market values are stated at the lower of cost or market, based on the market closing price on March 31, 2001. Resulting valuation gains and losses are included, after the application of tax accounting, in shareholders' equity in the consolidated balance sheets. Those stocks with no quoted market value are stated at cost by the moving average method.



The aggregate cost and market value of securities with quoted market values held by the Company and its consolidated domestic subsidiaries as of March 31, 2001, were as follows:

		<i>Millions of yen</i>
Aggregate cost:		
Current		¥ —
Noncurrent		8,978
		<u>¥8,978</u>
Aggregate market value:		
Current		¥ —
Noncurrent		7,390
		<u>¥7,390</u>

***h) Retirement allowance plans***

On April 1, 2000, the Company and its consolidated subsidiaries adopted new accounting standards for retirement. To facilitate the payment of retirement benefits to employees, the Company makes provisions based on the estimated total benefit payments and pension plan assets as of March 31, 2001. The adoption of new accounting standards generated a shortfall in provisions of ¥3,222 million, which will be written off over five years and included as an extraordinary expense in other income (expenses).

To facilitate the payment of retirement benefits to employees, the Company's overseas subsidiaries make provisions based on the amount payable at the end of the term.

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

Excess of cost over net assets acquired for business acquisitions was amortized, amounting to ¥1,533 million in fiscal 2001 and ¥2,866 million in fiscal 2000, respectively, on a straight-line basis over a period ranging from five to 40 years.

***j) Reclassifications***

Certain amounts in the prior years' financial statements have been reclassified to conform with the fiscal 2001 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 U.S. dollars at the rate of ¥123.90=US\$1, the approximate exchange rate on March 31, 2001. 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 U.S. dollars.

### 4. Investments in Affiliates

Summarized financial information for all affiliates as of March 31, 2001 and 2000, and for the years then ended, was as follows:

<b>Financial Position</b>	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2001</b>	<b>2000</b>	<b>2001</b>
Assets:			
Current assets	<b>¥1,678</b>	¥686	<b>\$13,543</b>
Other assets, including property, plant and equipment	<b>106</b>	175	<b>856</b>
	<b>¥1,784</b>	¥861	<b>\$14,399</b>
Liabilities and shareholders' equity:			
Current liabilities	<b>¥ 964</b>	¥280	<b>\$ 7,781</b>
Long-term liabilities	<b>20</b>	26	<b>161</b>
Shareholders' equity	<b>800</b>	555	<b>6,457</b>
	<b>¥1,784</b>	¥861	<b>\$14,399</b>
<b>Operations</b>	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2001</b>	<b>2000</b>	<b>2001</b>
Net sales	<b>¥1,632</b>	¥1,303	<b>\$13,172</b>
Cost and expenses	<b>1,618</b>	1,290	<b>13,059</b>
Net income	<b>¥ 14</b>	¥ 13	<b>\$ 113</b>

Summarized below are the significant transactions of the Company and its consolidated subsidiaries with affiliates for the years ended March 31, 2001 and 2000, and the related account balances as of March 31, 2001 and 2000:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2001</b>	2000	<b>2001</b>
Transactions:			
Sales	<b>¥329</b>	¥—	<b>\$2,655</b>
Purchases	<b>8</b>	12	<b>65</b>
Account balances:			
Notes and accounts receivable	<b>412</b>	—	<b>3,325</b>
Notes and accounts payable	<b>1</b>	—	<b>8</b>

## 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. The average annual interest rates for short-term loans were 3.5% and 4.4% for the years ended March 31, 2001 and 2000, respectively.

The aggregate annual maturities of long-term debt outstanding as of March 31, 2001, are as follows:

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
2002	<b>¥ 3,806</b>	<b>\$ 30,718</b>
2003	<b>41,469</b>	<b>334,697</b>
2004	<b>10,797</b>	<b>87,143</b>
2005	<b>46,066</b>	<b>371,800</b>
2006 and thereafter	<b>20,298</b>	<b>163,826</b>

As of March 31, 2001, the following assets were pledged as collateral against short-term bank loans of ¥5,250 million and long-term debt of ¥1,626 million:

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
Property, plant and equipment	<b>¥10,114</b>	<b>\$81,630</b>
Investments in securities	<b>2,000</b>	<b>16,142</b>
	<b>¥12,114</b>	<b>\$97,772</b>



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

	<i>Exercise or conversion price per share of common stock as of March 31, 2001</i>	<i>Exchange rate applicable upon conversion</i>	<i>Exercise of warrants or 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, 2001, 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, 2002, at 103% to 100% of principal amount
1.55% unsecured bonds with warrants payable in Japanese yen due 2005	¥1,350.00	—	Exercisable into common stock between December 1, 2000 and October 31, 2005

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, notes and warrants were converted or exercised as of March 31, 2001, 47,044,547 shares of common stock would have been issued.

Long-term debt as of March 31, 2001 and 2000, consisted of the following:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2001</b>	2000	<b>2001</b>
0.8% unsecured convertible bonds payable in Japanese yen due 2003	<b>¥ 13,823</b>	¥ 13,835	<b>\$111,566</b>
0.65% unsecured convertible bonds payable in Japanese yen due 2005	<b>27,080</b>	27,083	<b>218,564</b>
2.0% unsecured bonds payable in Japanese yen due 2003	<b>10,000</b>	10,000	<b>80,710</b>
2.85% unsecured bonds payable in Japanese yen due 2005	<b>10,000</b>	10,000	<b>80,710</b>
3.0% unsecured bonds payable in Japanese yen due 2008	<b>15,000</b>	15,000	<b>121,065</b>
1.55% unsecured bonds with warrants payable in Japanese yen due 2005	<b>4,000</b>	—	<b>32,284</b>
1.8% to 12.5% loans from banks, other	<b>42,533</b>	53,007	<b>343,285</b>
	<b>122,436</b>	128,925	<b>988,184</b>
Less current portion	<b>3,807</b>	4,235	<b>30,726</b>
	<b>¥118,629</b>	¥124,690	<b>\$957,458</b>

---

## 6. Income Taxes

The Company and its consolidated domestic subsidiaries are subject to a number of different taxes based on income, which in the aggregate indicate an effective statutory rate of 40% for fiscal 2001 and 2000.

The income taxes of the consolidated overseas 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's income tax for two years starting from the first profit-making year and subject to 13.5% income tax rate for the following three years and after that subject to 27% income tax rate.

Provision (credit) has been made for deferred (prepaid) income taxes attributable to timing differences between recognition of income and expenses for financial reporting purposes for the Company's overseas 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 ¥19,659 million and ¥22,199 million as of March 31, 2001 and 2000, 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 be transferred to the common stock account through suitable shareholder and/or director action, but is not available for dividend payment. Owing to a change in consolidated accounting procedures in Japan, this reserve has been included in retained earnings (deficit) since fiscal 1999.

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, 2001 and 2000, respectively.

Owing to the application of accounting standards for financial instruments in Japan, valuation losses on marketable securities are now included in shareholders' equity. In addition, in accordance with revisions to procedures for preparing consolidated financial statements in Japan, foreign currency translation adjustments, previously included in assets, are now included in shareholders' equity.

## 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, 2001 and 2000, was as follows:

	<i>Thousands of shares</i>	
	2001	2000
Primary	399,163	398,469
Fully diluted	443,251	443,251

## 9. Litigation

As of March 31, 2001, 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, 2001.

## 11. Industry Information

Minebea classifies 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 special machinery components; 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 products.

The following table presents certain information regarding the Company's performance by industry category at March 31, 2001, and for the year then ended:

### Performance by Industry Category in Fiscal 2001

	<i>Millions of yen</i>					
<i>Year ended March 31, 2001</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	¥124,461	¥151,910	¥10,674	¥287,045	¥ —	¥287,045
Internal sourcing	9,045	—	—	9,045	(9,045)	—
Total sales	133,506	151,910	10,674	296,090	(9,045)	287,045
Operating expenses	109,600	143,651	9,862	263,113	(9,045)	254,068
Operating income	23,906	8,259	812	32,977	—	32,977
Assets	200,457	255,789	3,711	459,957	(112,992)	346,965
Depreciation and amortization	10,842	11,240	68	22,150	—	22,150
Investment	19,464	21,010	185	40,659	—	40,659



The following tables present certain information regarding the Company's performance by region at March 31, 2001 and 2000, and for the years then ended:

#### Performance by Region in Fiscal 2001

*Millions of yen*

<i>Year ended March 31, 2001</i>	<i>Japan</i>	<i>Asia (excluding Japan)</i>	<i>North, Central and South America</i>	<i>Europe</i>	<i>Total before Eliminations</i>	<i>Eliminations</i>	<i>Total</i>
Sales to external customers	¥111,643	¥ 82,437	¥58,192	¥34,773	¥287,045	¥ —	¥287,045
Internal sourcing	95,003	108,712	1,597	3,450	208,762	(208,762)	—
Total sales	206,646	191,149	59,789	38,223	495,807	(208,762)	287,045
Operating expenses	194,840	173,787	58,462	35,741	462,830	(208,762)	254,068
Operating income	11,806	17,362	1,327	2,482	32,977	—	32,977
Assets	212,827	183,118	38,821	25,191	459,957	(112,992)	346,965

#### Performance by Region in Fiscal 2000

*Millions of yen*

<i>Year ended March 31, 2000</i>	<i>Japan</i>	<i>Asia (excluding Japan)</i>	<i>North, Central and South America</i>	<i>Europe</i>	<i>Total before Eliminations</i>	<i>Eliminations</i>	<i>Total</i>
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

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 overseas sales for the years ended March 31, 2001 and 2000:

#### Overseas Sales in Fiscal 2001

*Millions of yen*

<i>Year ended March 31, 2001</i>	<i>To Asia (excluding Japan)</i>	<i>To North, Central and South America</i>	<i>To Europe</i>	<i>Total</i>
Overseas sales	¥84,687	¥58,203	¥34,564	¥177,454
Total sales				¥287,045
Percentage of total sales	29.5%	20.3%	12.0%	61.8%

#### Overseas Sales in Fiscal 2000

*Millions of yen*

<i>Year ended March 31, 2000</i>	<i>To Asia (excluding Japan)</i>	<i>To North, Central and South America</i>	<i>To Europe</i>	<i>Total</i>
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%

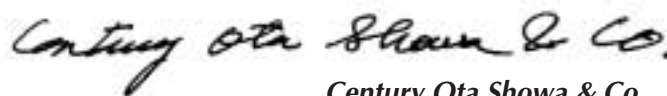
## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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, 2001 and 2000, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended March 31, 2001, 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, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2001, in conformity with accounting principles generally accepted in Japan.

Tokyo, Japan  
June 28, 2001



**Century Ota Showa & Co.**  
Certified Public Accountants

See Note 1 to the consolidated financial statements, which explains the basis of preparing the consolidated financial statements of Minebea Co., Ltd., under Japanese accounting principles and practices.

## PRINCIPAL SUBSIDIARIES

Subsidiaries in Asia	Operations	Percentage of shares controlled by Minebea
<b>Japan</b>		
Minebea Electronics Co., Ltd.	Manufacture and sale of electronic devices and components	100.0%
NMB Electro Precision, Inc.	Manufacture and sale of fan motors	100.0
Minebea Onkyo Co., Ltd.	Development of speakers and transformers	100.0
<b>Thailand</b>		
NMB Thai Ltd.	Manufacture and sale of bearings	100.0
Pelmec Thai Ltd.	Manufacture and sale of bearings	100.0
Minebea Thai Ltd.	Manufacture and sale of keyboards, motors and other products	100.0
NMB Hi-Tech Bearings Ltd.	Manufacture and sale of bearings	100.0
NMB Precision Balls Ltd.	Manufacture and sale of steel balls for ball bearings	100.0
Minebea Electronics (Thailand) Co., Ltd.	Manufacture and sale of electronic devices and components	100.0
Power Electronics of Minebea Co., Ltd.	Manufacture and sale of electronic devices and components	100.0
<b>Singapore</b>		
NMB Singapore Ltd.	Manufacture and sale of bearings and measuring instruments	97.4
Pelmec Industries (Pte.) Ltd.	Manufacture and sale of bearings	100.0
NMB Precision Tool & Die (Pte.) Ltd.	Manufacture and sale of tools and dies	100.0
Minebea Technologies Pte. Ltd.	Sale of bearings, electronic devices and components	100.0
<b>People's Republic of China</b>		
Minebea Electronics & Hi-Tech Components (Shanghai) Ltd.	Manufacture and sale of bearings and fan motors	100.0
<b>Taiwan</b>		
Hwan Chong Enterprise Co., Ltd.	Manufacture and sale of speaker units	100.0
<b>Korea</b>		
NMB Korea Co., Ltd.	Sale of bearings, electronic devices and components	100.0
<b>Malaysia</b>		
Kuen Dar (M) Sdn. Bhd.	Manufacture and sale of speaker units	100.0



<b>Subsidiaries in North America</b>	<b>Operations</b>	<b>Percentage of shares controlled by Minebea</b>
<b>United States</b>		
NMB (USA) Inc.	Holding company	100.0%
New Hampshire Ball Bearings, Inc.	Manufacture and sale of bearings	100.0
IMC Magnetics Corp.	Manufacture and sale of solenoid valves and motors	100.0
Hansen Corporation	Manufacture and sale of motors	100.0
NMB Technologies Corporation	Sale of bearings, electronic devices and components	100.0

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

## CORPORATE DATA

As of June 2001

### 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 2 6732 2200  
Fax: +81 2 6731 1330

#### Established

July 16, 1951

### Investor Information

#### Common Stock (As of March 31, 2001)

Authorized: 1,000,000,000 shares  
Issued: 399,167,695 shares  
Capital: ¥68,259 million

#### Common Stock Listings

Tokyo, Osaka and Nagoya

#### American Depositary Receipts

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

#### Independent Certified Public Accountants

Century Ota Showa & Co.

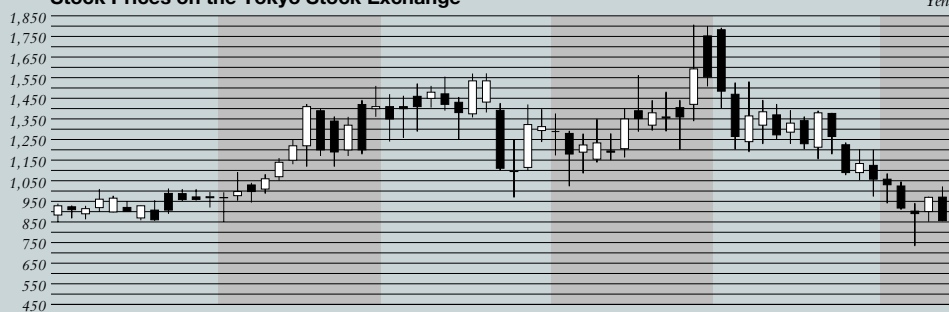
#### Transfer Agent

The Sumitomo Trust and Banking Co., Ltd.

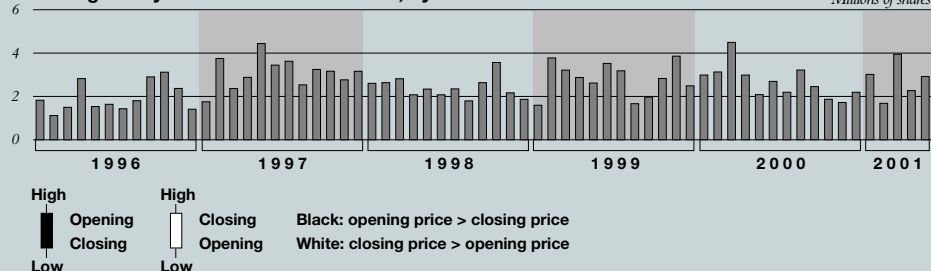
For further information  
please contact:

Minebea Co., Ltd.  
Strategy Planning Department  
Investor Relations Office  
Tel: +81 3 5434 8643  
Fax: +81 3 5434 8603  
e-mail: [nmbfin@mx7.mesh.ne.jp](mailto:nmbfin@mx7.mesh.ne.jp)

Stock Prices on the Tokyo Stock Exchange



Average Daily Volume of Stock Traded, by Month





**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/>