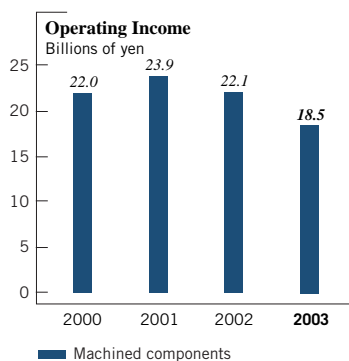
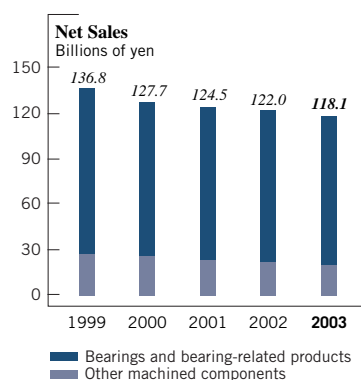


## Performance by Business Segment

### Machined Components



### Global Market Share

Miniature and small-sized ball bearings	60%*
Rod-end and spherical bearings	60%*
Pivot assemblies	70%*

\*The world's largest market-share

### Highlights of Fiscal 2003

- We set forth an aggressive growth strategy for miniature and small-sized ball bearings, aimed at expanding monthly production and sales to 180 million pieces, up 30 million pieces from the current level. At the same time, we sought to improve productivity by introducing new production methods, thereby reinforcing our cost competitiveness.
- Annual sales of miniature and small-sized ball bearings for sale and in-house use rose 16% from the previous period.
- Our share of the global market for pivot assemblies reached approximately 70%, up close to 10 percentage points from fiscal 2002.

### Business Environment

- Private-sector capital expenditures and consumer spending in Japan, North and South America, and Europe flagged.
- Growth in the markets for information and telecommunications equipment, particularly PCs, slowed.
- Sluggish market conditions hampered demand from the aerospace industry.
- The shift of mass production facilities to Asia, particularly China, by customers based in Japan, North America and Europe accelerated.

### Issues and Strategies

- We will take steps to reinforce competitiveness in our core bearings and bearing-related products and other machined components businesses.
- The increasing digitization of household electrical appliances, greater use of electric control systems in automobiles and the trend toward more compact information and telecommunications equipment and household electrical appliances, together with the expansion of the Chinese market, are expected to boost demand for miniature and small-sized ball bearings. In response, we will take steps to reinforce the operating foundation of our miniature and small-sized ball bearings business. By the end of December 2003, we plan to raise monthly production capacity to 180 million pieces.
- We will step up marketing of rod-end and spherical bearings, fasteners and special machined components for use in the Airbus 380 and other next-generation aircraft.
- With high growth expected in the HDD market over the medium to long term, we will work to secure a leading global market share for pivot assemblies, which enjoy significant synergies with miniature and small-sized ball bearings and enhance our ability to price competitively.
- We will reinforce in-house parts production capabilities.

### Results in Fiscal 2003

Net sales of machined components in fiscal 2003 declined 3.2%, or ¥3,907 million, to ¥118,118 million, while operating income fell 16.3%, or ¥3,615 million, to ¥18,520 billion, and accounted for 15.7% of net sales, down 2.4 percentage points from the previous period. Sales of mainstay miniature and small-sized ball bearings rose, supported by expanded marketing efforts and brisk sales to customers in the household electrical appliances and information and telecommunications industries. Nonetheless, segment sales were hampered by stagnant demand for aircraft, which drove down sales of certain ball bearings and of rod-end and spherical bearings, and our withdrawal from the wheel business in fiscal 2002, which reduced segment net sales approximately ¥1.3 billion. Lower operating income was primarily attributable to flagging sales of rod-end and spherical bearings, reflecting sluggish aerospace demand, and worsening profitability for pivot assemblies, owing to plunging prices, which countered higher profitability for miniature and small-sized ball bearings.

## Principal Products

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### ● Bearings and

#### **Bearing-Related Products**

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

### ● Other Machined Components

- Aerospace/automotive fasteners
  - Special machined components
  - Magnetic clutches and brakes
- 

Strategic efforts in this segment focused on reinforcing competitiveness and building a stronger operating foundation.

#### Bearings and Bearing-Related Products

Sales of bearings and bearing-related products slipped 2.2%, or ¥2,176 million, to ¥97,938 million.

##### Ball Bearings

During the period under review, we significantly expanded production and sales of miniature and small-sized ball bearings, boosting monthly sales to customers and for in-house use to between 130 million and 150 million pieces—an increase of approximately 20 million pieces, or 16%, from fiscal 2002 and a record for the Company. We stepped up sales to external customers, particularly in the second half of the period, focusing our efforts on customers in the household electrical appliances and information and telecommunications industries with production bases in China and Southeast Asia. In particular, we boosted sales for use in fan motors, an essential component in PCs and other information and telecommunications equipment.

We also increased sales for use in air conditioners and other household electrical appliances in the Chinese market. Sales for use in automobiles registered firm growth, supported by brisk demand from U.S. automakers. Reflecting economic conditions and a shift to production in Asia by many of our customers, sales in Japan, the United States and Europe flagged. Sales in Asia, particularly China, increased. Internal consumption also rose in response to production hikes for pivot assemblies and fan motors. Sales of large special bearings for aerospace use were hampered by flagging demand from U.S. aerospace firms.

We set forth an aggressive growth strategy for the miniature and small-sized ball bearings business, aimed at further enhancing competitiveness and building a stronger foundation. Over the medium to long term, we expect demand for miniature and small-sized ball bearings to continue expanding, supported by the increasing digitization of household electrical appliances, greater use of electrical control systems in automobiles and expansion of the Chinese market, all of which are expected to boost demand. In response, we will take steps to reinforce the operating foundation of our ball bearings business. By the end of December 2003, we plan to raise monthly production capacity by 30 million pieces, to 180 million pieces. The success of efforts to boost productivity in fiscal 2003 contributed to a significant improvement in the profitability of miniature and small-sized ball bearings. Moving forward, we will introduce new manufacturing methods in a bid to further improve productivity and cost competitiveness.

##### Rod-End and Spherical Bearings

Flagging conditions in the aircraft industry, the principal market for these products, since the September 11, 2001, terrorist attacks in the United States were exacerbated by a tense situation in the Middle East and the outbreak of severe acute respiratory syndrome (SARS). As a consequence, our sales of rod-end and spherical bearings plunged in fiscal 2003. The market is not expected to recover over the next two years. In this challenging environment, we will step up marketing these products for use in the Airbus 380 and other next-generation aircraft.

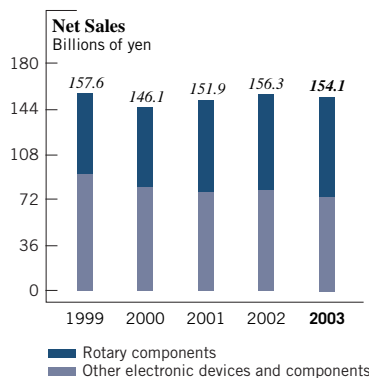
##### Pivot Assemblies

Our share of the global market for pivot assemblies reached approximately 70% in fiscal 2003, up close to 10 percentage points from the previous period. In the fourth quarter, this rose to 75%. With high growth expected in the HDD market over the medium to long term, we will work to secure a leading global market share for pivot assemblies, which enjoy significant synergies with ball bearings and enhance our ability to price competitively. As well, we will revamp production methods in a bid to drastically improve productivity and raise profitability.

##### Other Machined Components

Sales of other machined components slipped 7.9%, or ¥1,731 million, to ¥20,180 million, primarily owing to our withdrawal from the wheel business in fiscal 2002. During the period, we reached a decision to divest or liquidate U.S. solenoid valve manufacturing and sales firm IMC Magnetics.

## Electronic Devices and Components



## Global Market Share

HDD spindle motors	20–25%*
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\*The world's second largest market-share

## Highlights of Fiscal 2003

- The expansion of our global market share was reflected in record-level sales of HDD spindle motors, fan motors and PC keyboards.
- We worked to secure new orders and boost sales of HDD spindle motors with fluid dynamic bearings, in line with a shift in focus in our spindle motor business.
- We concluded an agreement with Matsushita Electric Industrial Co., Ltd., to develop and produce HDD spindle motors with fluid dynamic bearings on consignment and to conduct joint product development in the fan motor field.
- We established a PC keyboard manufacturing joint venture in China with the Singapore-based Huan Hsin Group.
- We decided to withdraw from switching power supplies and related businesses.
- We ceased production of FDD subassemblies.
- We decided to close Malaysian speaker box manufacturing and sales subsidiary Kuen Dar.
- We shifted production of measuring equipment in Thailand from the Ayutthaya Plant to the Lop Buri Plant.
- We expanded our lighting devices business, which centers on backlight assemblies.

## Business Environment

- Growth in the markets for PCs and other information and telecommunications equipment slowed.
- Pricing competition intensified in all product areas.
- The shift of mass production facilities to Asia, particularly China, by customers based in Japan, North America and Europe accelerated.

## Issues and Strategies

- We will step up efforts to reinforce and expand our mainstay precision small motor and PC keyboard operations.
- In addition to expanding sales of HDD spindle motors with fluid dynamic bearings for 3.5-inch HDDs for high-end servers, we aim to enter the market for HDD spindle motors with fluid dynamic bearings for 2.5-inch HDDs and strive to turn a profit as early as possible.
- We will promote joint development of fan motors with the Motor Company Division of Matsushita Electric Industrial Co., Ltd.
- We will strive to commence operations at our new PC keyboard joint venture in China.
- By capitalizing on our superior technologies, we will expand our lighting devices business.
- We will reinforce in-house parts production capabilities.

## Results in Fiscal 2003

Net sales of electronic devices and components edged down 1.4%, or ¥2,219 million, to ¥154,084 million. Operating income rose ¥995 million, from an operating loss in fiscal 2002, to ¥832 million.

Sales of fan motors were bolstered considerably by brisk demand for use in game machines and CPUs. Higher market shares also boosted sales of HDD spindle motors and PC keyboards. In contrast, sales of stepping motors declined as the trend toward increasingly compact models and a change in our product mix pushed down unit prices. Speaker sales were also down, reflecting falling orders from principal customers. Our decision to withdraw from the FDD subassembly business led to a decline in sales of other electronic devices.

Operating income was supported by brisk sales of fan motors and PC keyboards, which offset declining profitability for spindle motors, electronic devices and switching power supplies. At fiscal year-end, we made the decision to withdraw from switching power supplies and related businesses.

## Principal Products

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### ● Rotary Components

- HDD spindle motors
- Fan motors
- Hybrid-type stepping motors
- PM-type stepping motors
- DC brushless motors
- DC brushless motors for electric power steering systems
- VR resolvers

### ● Other Electronic Devices and Components

- PC keyboards
- Speakers
- Electronic devices
  - Magnetic heads for FDDs
  - MOD drive subassemblies
  - Lighting devices for LCDs
- Power electronic components
  - Backlight inverters
  - Hybrid ICs
- Measuring components
  - Strain gauges
  - Load cells

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## Rotary Components

Sales of rotary components rose 3.6%, or ¥2,748 million, to ¥79,188 million.

### HDD Spindle Motors

Reflecting a rapid shift toward HDD spindle motors with fluid dynamic bearings for 3.5-inch HDDs, our HDD spindle motor business registered a sharp increase in sales. As of the end of the period, HDD spindle motors with fluid dynamic bearings accounted for approximately 80% of our entire HDD spindle motor business and our share of the global market for HDD spindle motors with fluid dynamic bearings, including those for 3.5-inch HDDs, to reach approximately 50%. Moving forward, we will continue to expand sales of HDD spindle motors with fluid dynamic bearings for 3.5-inch HDDs for high-end servers. In the period under review, we concluded an agreement with Matsushita Electric Industrial Co., Ltd., to produce HDD spindle motors with fluid dynamic bearings for 2.5-inch HDDs on consignment, in line with our intention to enter this key market in fiscal 2004. In fiscal 2003, start-up costs related to new product launches and falling unit prices for mainstay models hampered profitability of HDD motors with fluid dynamic bearings.

### Fan Motors

Fan motor sales soared to a record high as a sharp increase in our global market share countered flagging markets for information and telecommunications equipment. This achievement was primarily attributable to sharp increases in our shares of the markets for fan motors for game machines and CPUs. We also concluded an alliance with Matsushita Electric Industrial Co., Ltd., in this field. In November 2002, a team of development engineers from the Motor Company Division of Matsushita Electric Industrial Co., Ltd., shifted to our Karuizawa Manufacturing Unit. Mass production of jointly developed products is expected to commence in fiscal 2004. Products developed through this effort are expected to become a core of our fan motor lineup. In fiscal 2003, the profitability of our fan motor business improved substantially thanks to increased production and enhanced productivity.

### Stepping Motors

Sales of stepping motors declined as the trend toward increasingly compact models and a change in our product mix pushed down average unit prices. At the end of the period, we decided to consolidate stepping motor production. This decision, which will be implemented in fiscal 2004, will unify production of hybrid- and PM-type stepping motors, enabling us to enhance efficiency and rebuild our stepping motors business. We expect sales of stepping motors for automotive applications to expand.

### Other Electronic Devices and Components

Sales of other electronic devices and components fell 6.2%, or ¥4,967 million, to ¥74,896 million.

### PC Keyboards

Despite flagging demand for PCs, our superior technological and development capabilities supported an increase in our share of the global PC keyboard market, prompting record-level sales. We also achieved a substantial improvement in productivity. During the period, we established a PC keyboard production facility in China in a joint venture with the Singapore-based Huan Hsin Group. This facility will commence mass production in fiscal 2004, and is expected to contribute to expanded sales of mass-produced models. The facility will also produce general-purpose models, establishing Minebea as a key force in the PC keyboard market.

### Electronic Devices

Products in this area to date have included FDD subassemblies, magnetic heads for FDDs, MOD drive subassemblies and lighting devices for LCDs. In fiscal 2003, sales were hampered by flagging PC-related demand. During the period, we terminated production of FDD subassemblies. Lighting devices hold great promise as a future pillar of our electronic devices business.

Our debut in the market for lighting devices for LCDs came with the development of frontlight assemblies. In the period under review, we began promoting advanced backlight assemblies developed to meet market needs. These new products, which reflect our superior product development capabilities and ultraprecision machining and other technologies, offer outstanding brightness and thinness, as well as low production costs. Market response was highly favorable, prompting us to commence mass production at the end of the period. Accordingly, we are targeting sales of lighting devices for LCDs of approximately ¥9.0 billion in fiscal 2004, more than triple the fiscal 2003 level.

### Power Electronics

At fiscal 2003 year-end, we made the decision to withdraw from switching power supplies and related businesses. This move will involve terminating production and sales of switching power supplies, inductors, transformers and soft ferrites. Despite a two-year effort to restructure these businesses, we were unable to sufficiently maximize our technological advantages in this field, preventing us from expanding sales of high value-added products. Accordingly, our decision to withdraw reflected our realization that a significant improvement in profitability was unlikely. In fiscal 2003, switching power supplies and related businesses generated sales of ¥11.6 billion and an operating loss of ¥2.3 billion. In fiscal 2004, we will continue to produce these items to complete delivery of outstanding orders and thus anticipate an operating loss of approximately ¥1.5 billion. Production is scheduled to cease in December 2003.

### Speakers

Lower sales to principal customers resulted in a decline in speaker sales in the period under review. In a bid to improve profitability, we closed Malaysian speaker box manufacturing and sales subsidiary Kuen Dar. In addition to promoting sales of middle- and high-grade speakers and PC speakers, we will step up expansion into new markets, including those for speakers for PDP and LCD televisions and cellular phones.

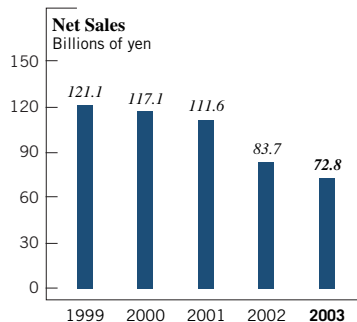
### Measuring Components

Sales and operating income in this area remained level with fiscal 2002. In light of solid prospects for medium- and long-term growth in this area, we shifted production in Thailand from the Ayutthaya Plant to the Lop Buri Plant.



## Performance by Region

### Japan

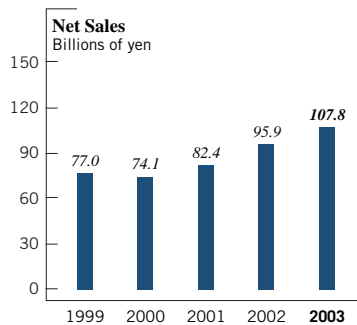


Net sales in Japan in fiscal 2003 fell 13.1%, or ¥10,950 million, from the previous period, to ¥72,755 million, and accounted for 26.7% of consolidated net sales. Domestic operating income increased 308.5%, or ¥2,366 million, to ¥3,133 million, or 16.2% of consolidated operating income. The value of domestic production was ¥25,738 million, equivalent to 9.5% of total production.

Our performance in Japan continued to reflect the shift by major customers to mass production bases in other parts of Asia. Sales declined despite an aggressive sales push to counter declining capital investment, flagging consumer spending and weak exports. The increase in operating income was largely attributable to lower prices for products sourced from overseas subsidiaries.

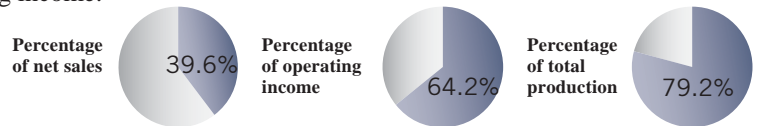


### Asia (Excluding Japan)

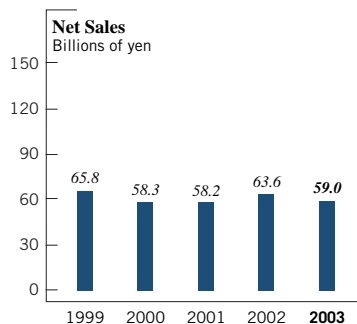


Net sales in Asia (excluding Japan) advanced 12.4%, or ¥11,905 million, to ¥107,789 million, equivalent to 39.6% of consolidated net sales. Operating income in the region totaled ¥12,418 million, down 28.6%, or ¥4,969 million, and represented 64.2% of consolidated operating income. The value of production was ¥215,680 million, and accounted for 79.2% of total production.

Sales gains in Asia (excluding Japan) continued to underscore this region's rising importance as a manufacturing base for PC and household electrical appliance manufacturers. The expansion of local production by these manufacturers has also heightened pricing competition, pushing down operating income.

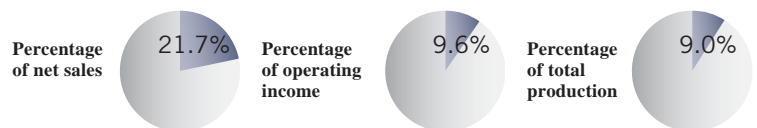


### North and South America

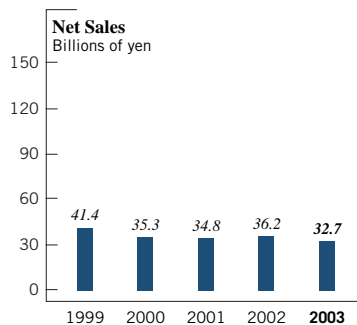


Net sales in North and South America decreased 7.2%, or ¥4,571 million, to ¥58,998 million, and represented 21.7% of consolidated net sales. Operating income declined 5.6%, or ¥109 million, to ¥1,859 million, or 9.6% of consolidated operating income. The production value was ¥24,622 million, or 9.0% of total production.

Falling sales in North and South America were largely the result of sagging conditions in the aerospace market on sales of related components, notably rod-end and spherical bearings, which offset firm sales of PC keyboards, speakers, fan motors and other electronic devices. Lower operating income reflected the decline in sales.



### Europe



Net sales in Europe were down 9.7%, or ¥3,526 million, to ¥32,660 million, or 12.0% of consolidated net sales. In contrast, operating income rose 5.0%, or ¥920 million, to ¥1,942 million, equivalent to 10.0% of consolidated operating income. The production value was ¥6,162 million, equivalent to 2.3% of total production.

Sales results in Europe primarily reflected slowing economic growth in the region and the shift by major local customers to mass production bases in Asia. Expanded sales efforts supported stable gains for ball bearings and rod-end and spherical bearings, but sales of PC keyboards and other electronic devices were sluggish. Despite decreased sales, operating income rose.

