Financial Section

Contents

Eleven-Year Summary

	2003	2002	2001	2000
Statement of Income Data:				
Net sales:	**¥272,202**	¥279,344	¥287,045	¥284,757
Machined components	**118,118**	122,025	124,461	127,734
Percentage of net sales	**43%**	44%	43%	45%
Electronic devices and components	**154,084**	156,303	151,910	146,133
Percentage of net sales	**57%**	56%	53%	51%
Consumer business and others	**—**	1,016	10,674	10,890
Percentage of net sales	**—%**	0%	4%	4%
Gross profit	**¥ 68,702**	¥ 73,283	¥ 84,117	¥ 81,534
Percentage of net sales	**25.2%**	26.2%	29.3%	28.6%
Operating income	**19,352**	21,972	32,977	31,069
Percentage of net sales	**7.1%**	7.9%	11.5%	10.9%
Net income (loss)	**(2,434)**	5,298	14,826	(2,677)
Percentage of net sales	**(0.9)%**	1.9%	5.2%	(0.9)%
Balance Sheet Data:				
Total assets	**¥320,069**	¥350,037	¥346,965	¥403,994
Total current assets	**127,447**	131,548	137,106	153,658
Total current liabilities	**134,459**	156,908	127,290	124,085
Short-term loans payable and current portion of long-term debt	**81,262**	103,461	66,531	68,022
Long-term debt	**85,862**	79,212	118,629	124,690
Working capital	**(7,012)**	(25,360)	9,816	29,573
Total shareholders' equity	**98,213**	112,732	100,574	154,357
Percentage of total assets	**30.7%**	32.2%	29.0%	38.2%
Per Share Data:				
Net income (loss):				
Primary	**¥ (6.10)**	¥ 13.27	¥ 37.14	¥ (6.72)
Fully diluted	**(4.85)**	12.60	34.10	(5.39)
Shareholders' equity	**246.08**	282.42	251.96	386.71
Cash dividends	**7.00**	7.00	7.00	7.00
Other Data:				
Return on shareholders' equity	**(2.3)%**	5.0%	11.6%	(1.8)%
Return on total assets	**(0.8)%**	1.5%	4.0%	(0.6)%
Interest expense	**¥ 4,765**	¥ 5,673	¥ 7,553	¥ 7,897
Net cash provided by operating activities	**32,279**	34,017	38,332	60,289
Expenditure for purchase of property, plant and equipment	**16,382**	26,245	39,877	19,504
Free cash flow	**15,897**	7,772	(1,545)	40,785
Depreciation and amortization	**24,015**	25,577	23,682	25,026
Number of shares outstanding	**399,167,695**	399,167,695	399,167,695	399,150,527
Number of employees	**43,002**	43,729	45,193	42,399

Notes: 1. Owing to significant declines in the prices of stocks listed on major markets, resulting in the impairment of shares in financial institutions, losses on revaluation of marketable and investment securities totaled ¥4,945 million. In line with projected losses resulting from its withdrawal from switching power supplies and related businesses, the Company posted losses on liquidation of switching power supplies and related businesses of ¥3,144 million. The Company also registered ¥1,206 million in environment-related expenses incurred by U.S. subsidiaries.

2. 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.

3. 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).

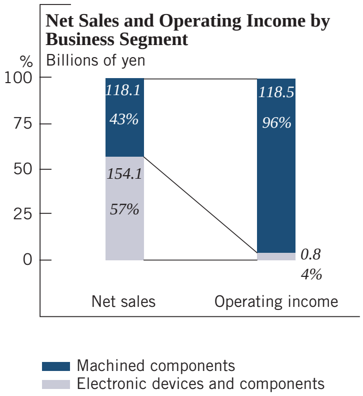
4. In fiscal 1995, the Company divested its consumer financing business and sold shares in its consumer financing subsidiary. This sale generated proceeds of ¥109,368 million, which were applied to the repayment of short-term loans payable and long-term debt. As a consequence, finance receivables and liabilities declined.

						Millions of yen	Thousands of U.S. dollars (Note 9)
1999	1998	1997	1996	1995	1994	1993	**2003**
¥305,324	¥326,094	¥302,886	¥260,537	¥239,133	¥121,586	¥265,165	**$2,264,576**
136,807	142,007	136,147	122,540	113,795	51,835	111,644	**982,679**
45%	43%	45%	47%	48%	42%	42%	
157,603	180,875	165,118	136,519	115,216	61,504	126,653	**1,281,897**
52%	56%	54%	52%	48%	51%	48%	
10,914	3,212	1,621	1,478	10,122	8,247	26,868	**—**
3%	1%	1%	1%	4%	7%	10%	
¥ 90,161	¥107,086	¥ 86,487	¥ 75,152	¥ 63,866	¥ 31,753	¥ 69,430	**$ 571,564**
29.5%	32.8%	28.6%	28.8%	26.7%	26.1%	26.2%	
38,546	58,811	41,901	34,788	27,283	12,706	23,894	**160,998**
12.6%	18.0%	13.8%	13.4%	11.4%	10.4%	9.0%	
11,507	15,144	8,862	7,354	2,570	591	(61,212)	**(20,250)**
3.7%	4.6%	2.9%	2.8%	1.1%	0.5%	(23.1)%	
¥473,360	¥492,210	¥563,220	¥556,787	¥529,959	¥699,475	¥706,790	**$2,662,803**
219,826	213,194	264,368	291,143	287,762	457,402	463,902	**1,060,290**
197,071	246,114	322,966	336,106	308,740	414,075	384,190	**1,118,626**
142,828	178,228	254,243	251,983	249,712	328,082	290,144	**676,056**
128,223	96,882	109,365	97,129	99,208	161,207	198,773	**714,326**
22,755	(32,920)	(58,598)	(44,963)	(20,978)	43,327	79,712	**(58,336)**
145,705	141,843	123,831	116,753	113,276	111,623	111,573	**817,081**
30.8%	28.8%	22.0%	21.0%	21.4%	16.0%	15.8%	
						Yen	*U.S. dollars (Note 9)*
¥ 28.94	¥ 38.42	¥ 22.76	¥ 18.91	¥ 6.61	¥ 1.52	¥(157.48)	**$(0.05)**
26.32	34.85	21.03	18.68	6.61	1.52	(157.40)	**(0.04)**
366.29	357.77	317.46	300.22	291.33	287.13	287.00	**2.05**
7.00	7.00	7.00	7.00	6.00	3.00	—	**0.06**
						Millions of yen	*Thousands of U.S. dollars (Note 9)*
8.0%	11.4%	7.4%	6.4%	2.3%	0.5%	(43.7)%	
2.4%	2.9%	1.6%	1.4%	0.4%	0.1%	(7.8)%	
¥12,231	¥16,593	¥19,109	¥17,525	¥17,903	¥ 7,707	¥18,159	**$ 39,642**
60,740	83,878	29,546	26,230	52,951	16,594	1,868	**268,544**
20,563	23,688	50,931	37,434	22,895	8,880	19,452	**136,290**
40,177	60,190	(21,385)	(11,204)	30,056	7,714	(17,584)	**132,255**
28,034	29,616	29,277	22,319	18,634	9,269	17,584	**199,792**
397,787,828	396,470,473	390,076,018	388,892,609	388,824,616	388,761,608	388,758,517	
40,482	38,733	37,096	35,978	29,790	27,821	28,311	

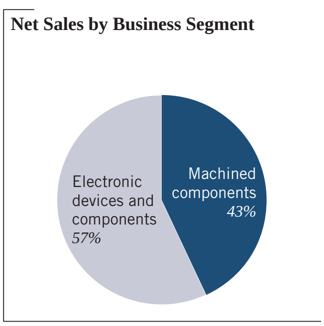
5. In fiscal 1994, the Company changed its fiscal year-end from September 30 to March 31. Accordingly, fiscal 1994 included only six months of operations, beginning in October 1993 and ending in March 1994, whereas other fiscal years consist of 12 months.
6. Net loss in fiscal 1993 includes extraordinary 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 to the straight-line method, from the market method, resulting in a marketable security revaluation loss of ¥12,326 million.
7. In fiscal 2000, the Company reclassified its operations into three business segments and revised figures in prior years.
8. Owing to a change in accounting standards, cash flows are shown in a new format in and after fiscal 2000.
9. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥120.20=US$1, the approximate rate of exchange on March 31, 2003.

Results of Operations

Net Sales



Note: Percentages represent contribution by business segment to total.



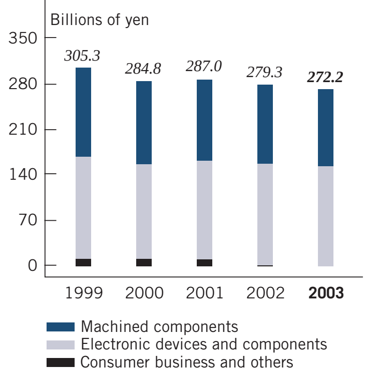
Consolidated net sales of Minebea amounted to ¥272,202 million in fiscal 2003, a decline of 2.6%, or ¥7,142 million, from fiscal 2002. Our strategic emphasis during the period was on accelerating efforts to reinforce our bearings business and expand our small motors business. Specifically, we set forth a new, aggressive growth strategy aimed at building a stronger foundation for our ball bearings operations. In precision small motors and PC keyboards, we focused on developing new products and raising competitiveness by lowering costs through enhanced marketing and production efficiency—efforts that enabled us to achieve significant sales gains for both products despite flagging conditions in core markets for PCs and other information and telecommunications equipment. Nonetheless, net sales were hampered by flagging demand for other electronic products, particularly from PC manufacturers, and heightened pricing competition. In November, we withdrew from the FDD subassembly business. The completion of our withdrawal from wheel and consumer businesses in the previous period resulted in net sales declines of approximately ¥1,300 million and ¥1,000 million, respectively, in the period under review.

Net sales of machined components totaled ¥118,118 million, down 3.2%, or ¥3,907 million. Bearings and bearing-related products, the largest component of this business segment, registered sales of ¥97,938 million, a decline of 2.2%, or ¥2,176 million. 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 in China and Southeast Asia. In contrast, stagnant demand for aircraft drove down sales of certain ball bearings and of rod-end and spherical bearings. Sales of other machined components declined 7.9%, or ¥1,731 million, to ¥20,180 million, primarily owing to our withdrawal from the wheel business in fiscal 2002.

Net sales of electronic devices and components edged down 1.4%, or ¥2,219 million, to ¥154,084 million. Sales of rotary components rose 3.6%, or ¥2,748 million, to ¥79,188 million, as brisk demand for fan motors for game machines and CPUs and a resultant increase in Minebea's market share spurred a sharp rise in sales, offsetting a decrease in sales of stepping motors that reflected a trend toward increasingly compact models and a change in our product mix. Higher market shares also boosted sales of HDD spindle motors and PC keyboards. Sales of other electronic devices and components fell 6.2%, or ¥4,967 million, to ¥74,896 million, a consequence of the Company's decision to withdraw from the FDD subassembly business—sales of which declined approximately ¥4.0 billion—and declining sales of speakers.

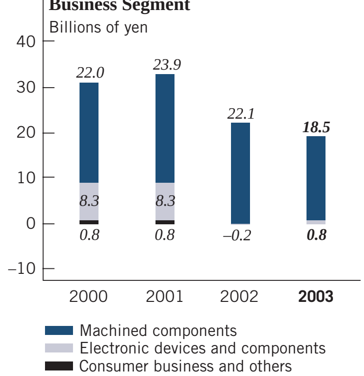
Minebea's overseas sales continued to reflect the impact of the shift by major customers in Japan, North and South America, and Europe, to mass production in Asia. Despite expanded marketing efforts, sales in Japan fell 11.1%, or ¥9,186 million, to ¥73,835 million, owing to declining private-sector capital investment, weak private consumption and sluggish exports. Sales to Asia (excluding Japan) advanced 10.5%, or ¥10,184 million, to ¥106,942 million, underscoring the region's rising importance as a manufacturing base for PC and household electrical appliance manufacturers. Sales to North and South America declined 6.0%, or ¥3,630 million, to ¥57,130 million, reflecting the impact of sagging conditions in the aerospace market. Slowing economic growth contributed to a decline in sales to Europe of 11.6%, or ¥4,510 million, to ¥34,322 million.

Net Sales by Business Segment



Note: Owing to the divestiture of a subsidiary, the Company withdrew from the consumer business and others business segment effective from fiscal 2003.

Operating Income (Loss) by Business Segment



Note: Owing to the divestiture of a subsidiary, the Company withdrew from the consumer business and others business segment effective from fiscal 2003.

Net Sales by Business Segment

Millions of yen

Years ended March 31	**2003**	2002	2001	2000	1999
Machined components					
Bearings and bearing-related products	**¥ 97,938**	¥100,114	¥101,096	¥101,847	¥109,535
Other machined components	**20,180**	21,911	23,365	25,887	27,272
	118,118	122,025	124,461	127,734	136,807
Electronic devices and components					
Rotary components	**79,188**	76,440	73,603	63,758	64,789
Other electronic devices and components	**74,896**	79,863	78,307	82,375	92,814
	154,084	156,303	151,910	146,133	157,603
Consumer business and others	**—**	1,016	10,674	10,890	10,914
Net sales	**¥272,202**	¥279,344	¥287,045	¥284,757	¥305,324

Performance by Business Segment

Millions of yen

Year ended March 31, 2003	*Machined Components*	*Electronic Devices and Components*	*Total before Eliminations*	*Eliminations*	*Total*
Sales to external customers	**¥118,118**	**¥154,084**	**¥272,202**	**¥ —**	**¥272,202**
Internal sales	**7,637**	**—**	**7,637**	**(7,637)**	**—**
Total sales	**125,755**	**154,084**	**279,839**	**(7,637)**	**272,202**
Operating expenses	**107,235**	**153,252**	**260,487**	**(7,637)**	**252,850**
Operating income	**18,520**	**832**	**19,352**	**—**	**19,352**
Assets	**191,793**	**204,489**	**396,282**	**(76,213)**	**320,069**
Depreciation and amortization	**10,378**	**12,448**	**22,826**	**—**	**22,826**
Capital expenditure	**4,750**	**11,853**	**16,603**	**—**	**16,603**

Overseas Sales

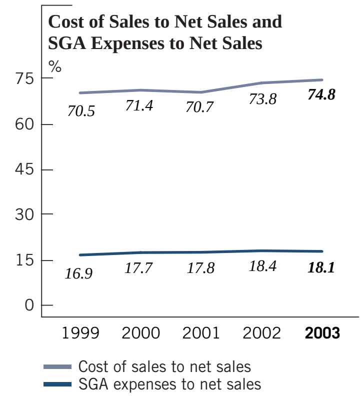
Millions of yen

Year ended March 31, 2003	*To Asia (excluding Japan)*	*To North and South America*	*To Europe*	*Total*
Overseas sales	**¥106,942**	**¥57,103**	**¥34,322**	**¥198,367**
Total sales				**¥272,202**
Percentage of total sales	**39.3%**	**21.0%**	**12.6%**	**72.9%**

Cost of Sales and SGA Expenses

Cost of sales declined 1.2%, or ¥2,561 million, to ¥203,500 million. Notwithstanding improvements in production and marketing efficiency, cost of sales as a percentage of net sales rose 1.0 percentage point, to 74.8%, as harsh pricing competition drove down product prices and increased sales of low-margin products.

Selling, general and administrative (SGA) expenses declined 3.8%, or ¥1,961 million, to ¥49,350 million, equivalent to 18.1% of net sales, down 0.3 percentage point from fiscal 2002, as efforts by the Company's Business Reform Committee, established in fiscal 2002, contributed to a decline in administrative costs, countering increases in certain costs related to shipping and transport.



Costs of Sales and SGA Expenses

Millions of yen

Years ended March 31	**2003**	2002	2001	2000	1999
Net sales	**¥272,202**	¥279,344	¥287,045	¥284,757	¥305,324
Cost of sales	**203,500**	206,061	202,928	203,223	215,163
Cost of sales to net sales	**74.8%**	73.8%	70.7%	71.4%	70.5%
Gross profit	**68,702**	73,283	84,117	81,534	90,161
SGA expenses	**49,350**	51,311	51,140	50,465	51,615
SGA expenses to net sales	**18.1%**	18.4%	17.8%	17.7%	16.9%

Income

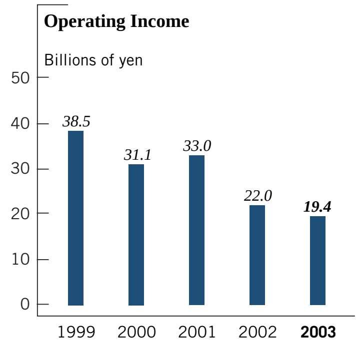
Operating income fell 11.9%, or ¥2,620 million, to ¥19,352 million. Accordingly, the operating margin slipped 0.8 percentage point, to 7.1%.

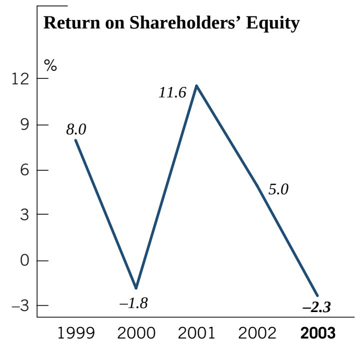
Operating income in the machined components business segment fell 16.3%, or ¥3,615 million, to ¥18,520 million, and accounted for 15.7% of net sales, down 2.4 percentage points. Lower operating income in this segment was primarily attributable to flagging sales of rod-end bearings, reflecting sluggish aerospace demand, and declining profitability for pivot assemblies, owing to falling prices, which countered stable profitability for ball bearings.

In the electronic devices and components business segment, operating income rose ¥995 million from an operating loss in fiscal 2002, to ¥832 million, supported by brisk sales of fan motors and PC keyboards, which offset declining profitability for HDD 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.

The net balance of other income (expenses) was a loss of ¥18,857 million, ¥9,834 million greater than in fiscal 2002. While efforts to lower interest-bearing debt reduced interest expense ¥908 million, losses on revaluation of marketable and investment securities, owing to the impairment of shares in financial institutions, amounted to ¥4,945 million. Losses on liquidation of subsidiaries and affiliates amounted to ¥1,843 million, owing to a provision for the planned divestiture or liquidation of U.S. solenoid valve manufacturing and sales firm IMC Magnetics Corp., and the creation of an allowance for related liquidation losses; the closure of speaker box manufacturing and sales subsidiary Kuen Dar (M) Sdn. Bhd., in Malaysia; and the planned liquidation of three firms in Europe, part of a reorganization of local operations. With the decision to withdraw from switching power supplies and related businesses at fiscal year-end, the Company also included losses on liquidation of switching power supplies and related businesses of ¥3,144 million. Minebea also registered ¥1,206 million in environment-related expenses incurred by U.S. subsidiaries.

Owing to income taxes, including corporate, residential and business taxes, of ¥4,276 million, and a deferred tax benefit of ¥1,370 million resulting from the introduction of tax effect accounting in fiscal 2000, corporate taxes totaled ¥2,960 million. As a consequence of these and other factors, Minebea recorded a net loss of ¥2,434 million. Net loss per share was ¥6.10, compared with net income per share of ¥13.27 in fiscal 2002.





Income

Years ended March 31	**2003**	2002	2001	2000	1999
	Millions of yen				
Operating income	**¥ 19,352**	¥21,972	¥32,977	¥31,069	¥38,546
Operating margin	**7.1%**	7.9%	11.5%	10.9%	12.6%
Net balance of other income (expenses)	**(18,857)**	(9,023)	(10,590)	(37,681)	(20,111)
Net income (loss)	**(2,434)**	5,298	14,826	(2,677)	11,507
Net income (loss) to net sales	**(0.9)%**	1.9%	5.2%	(0.9)%	3.7%
Net income (loss) per share (Yen):					
Primary	**(6.10)**	13.27	37.14	(6.72)	28.94
Fully diluted	**(4.85)**	12.60	34.10	(5.39)	26.32
Return on shareholders' equity	**(2.3)%**	5.0%	11.6%	(1.8)%	8.0%
Return on total assets	**(0.8)%**	1.5%	4.0%	(0.6)%	2.4%

Note: 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.

Financial Position

In line with its basic objective of strengthening its financial position, Minebea worked to lower interest-bearing debt by taking decisive steps to enhance productivity for all products, including parts produced for in-house use. These efforts allowed the Company to slash its expenditure for purchase of property, plant and equipment, enabling a reduction in net interest-bearing debt of 9.3%, or ¥15,773 million, to ¥152,947 million. During the period, Minebea paid out ¥13,823 million on convertible bonds that were due and repaid ¥29,794 in long-term debt. At the same time, the Company procured new funds, primarily in the form of new bank loans.

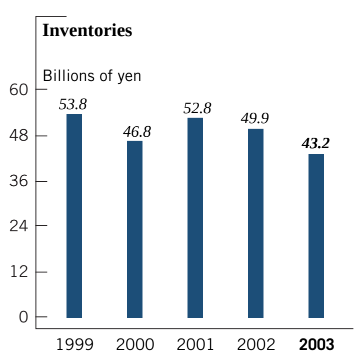
Total assets at fiscal 2003 year-end amounted to ¥320,069 million, down 8.6%, or ¥29,968. This was attributable to such factors as the impact of a stronger yen on the value of assets denominated in U.S. dollars, Thai baht, Singapore dollars and yuan.

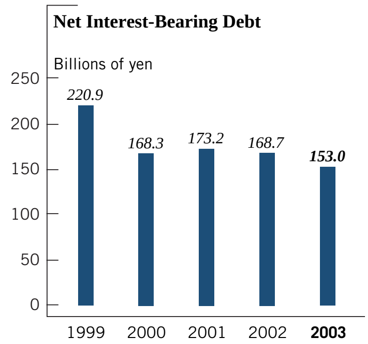
Despite a decline in sales and the impact of yen appreciation, notes and accounts receivable rose ¥2,447 million as the Company discontinued the securitization of accounts receivable in the United States. Owing to the strong yen and inventory reduction efforts, inventories declined ¥6,683 million from the fiscal 2002 year-end. As a consequence, total current assets fell 3.1%, or ¥4,101 million, to ¥127,447 million.

Net property, plant and equipment declined 11.2%, or ¥20,478 million, to ¥162,960 million. Investment focused on the installation of facilities at plants overseas to raise production capacity for HDD spindle motors with fluid dynamic bearings. Net property, plant and equipment was ¥16,382 million, down sharply from ¥26,245 million in fiscal 2002. Depreciation and amortization for the period amounted to ¥22,826 million. The decline in net property, plant and equipment was largely attributable to the strong yen. Decreases in excess of cost over net assets acquired, investments in securities and deferred tax assets pushed net investments and other assets down 15.4%, or ¥5,389 million, to ¥29,662 million.

Total liabilities as of March 31, 2003, were ¥221,587 million, down 6.6%, or ¥15,622 million, from a year earlier. This decline reflected several factors, including a ¥2,153 million decrease in total notes and accounts payable, a consequence of lower sales; the redemption of convertible bonds and repayment of long-term debt, which led to a ¥22,199 million reduction in short-term interest-bearing debt. Accordingly, total current liabilities declined 14.3%, or ¥22,449 million, to ¥134,459 million. New long-term bank loans prompted an increase in long-term debt, increasing total long-term liabilities 8.5%, or ¥6,827 million, to ¥87,128 million.

Total shareholders' equity at fiscal 2003 year-end came to ¥98,213 million, down 12.9%, or ¥14,519 million, as a net loss of ¥2,434 million, a ¥10,941 million increase in foreign currency translation adjustments and ¥2,794 million in cash dividends paid negated a ¥1,682 million decrease in the difference on revaluation of other marketable securities.



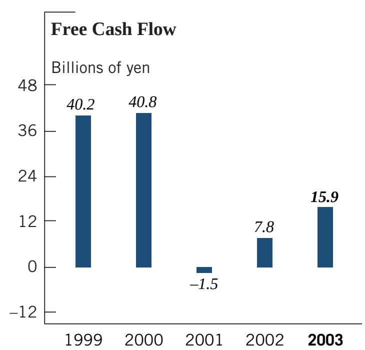


Financial Position

Millions of yen

As of March 31	**2003**	2002	2001	2000	1999
Total assets	**¥320,069**	¥350,037	¥346,965	¥403,994	¥473,360
Total current assets	**127,447**	131,548	137,106	153,658	219,826
Inventories	**43,204**	49,887	52,764	46,839	53,816
Total current liabilities	**134,459**	156,908	127,290	124,085	197,071
Working capital	**(7,012)**	(25,360)	9,816	29,573	22,755
Interest-bearing debt	**167,125**	182,673	185,160	192,712	271,051
Net interest-bearing debt	**152,947**	168,720	173,228	168,280	220,864
Total shareholders' equity	**98,213**	112,732	100,574	154,357	145,705
Total shareholders' equity/Total assets	**30.7%**	32.2%	29.0%	38.2%	30.8%
Shareholders' equity per share (Yen)	**246.08**	282.42	251.96	386.71	366.29

Cash Flows



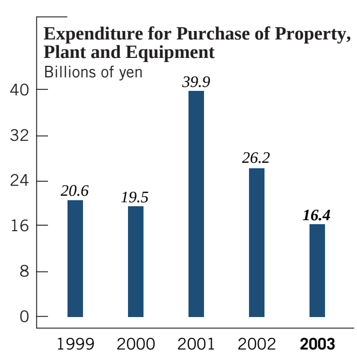
Free cash flow (calculated by subtracting expenditure for property, plant and equipment from net cash provided by operating activities) totaled ¥15,897 million, ¥8,125 million higher than in the previous period, as efforts to restrain expenditure for plant, property and equipment countered the impact of a fall in income before income taxes.

Despite a ¥12,454 million decline in income before income taxes, net cash provided by operating activities amounted to ¥32,279 million, down ¥1,738 million from the previous fiscal year. This decrease reflected a ¥4,070 million increase in notes and accounts receivable, owing to the fact that other expenses during the period primarily comprised losses on revaluation of marketable and investment securities and provisions.

Net cash used in investing activities totaled ¥16,233 million, down ¥8,113 million from the previous period, owing to a ¥9,863 million reduction of expenditure for property, plant and equipment, to ¥16,382 million.

Net cash used in financing activities came to ¥15,471 million, up ¥7,154 million, reflecting a ¥7,337 million increase in outlays for the repayment of long-term debt.

Minebea's operating, investing and financing activities during the period under review and a negative effect of exchange rate changes of ¥350 million—down ¥1,180 million from a positive effect in fiscal 2002—resulted in a net increase in cash and cash equivalents of ¥225 million, increasing cash and cash equivalents at end of year to ¥14,177 million.



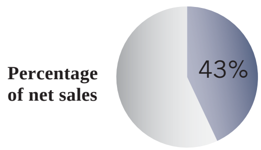
Free Cash Flow

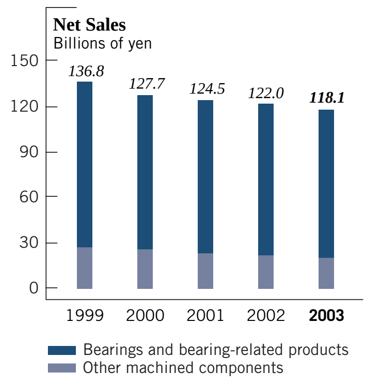
Millions of yen

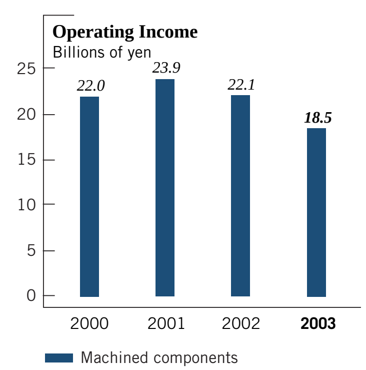
Years ended March 31	**2003**	2002	2001	2000	1999
Net cash provided by operating activities	**¥ 32,279**	¥ 34,017	¥ 38,332	¥ 60,289	¥ 60,740
Expenditure for purchase of property, plant and equipment	**(16,382)**	(26,245)	(39,877)	(19,504)	(20,563)
Free cash flow	**15,897**	7,772	(1,545)	40,785	40,177

Note: Owing to a change in accounting standards, cash flows are shown in a new format in and after fiscal 2000.

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

- **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.

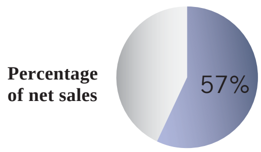
Pivot Assemblies

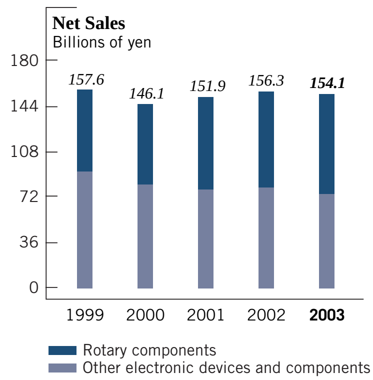
Our share of the global market for pivot assemblies reached approximately 70% in fiscal 2003, up close to 10 percentage points from the previous period. In the fourth quarter, this rose to 75%. With high growth expected in the HDD market over the medium to long term, we will work to secure a leading 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.

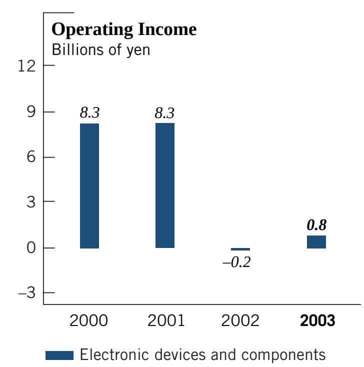
Other Machined Components

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%*

*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

- **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

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.

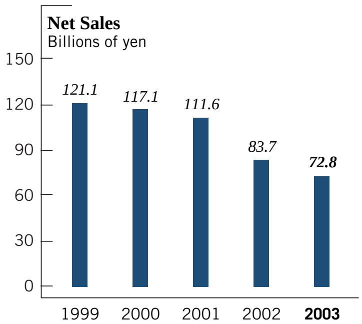
Speakers

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.

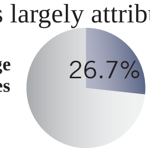
Japan



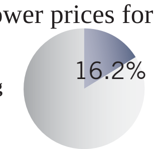
Net sales in Japan in fiscal 2003 fell 13.1%, or ¥10,950 million, from the previous period, to ¥72,755 million, and accounted for 26.7% of consolidated net sales. Domestic operating income increased 308.5%, or ¥2,366 million, to ¥3,133 million, or 16.2% of consolidated operating income. The value of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

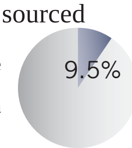
Percentage of net sales



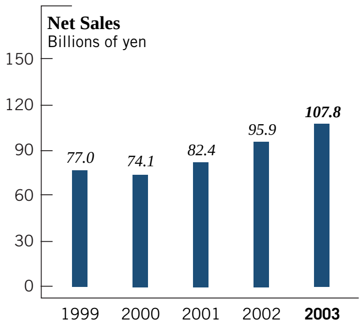
Percentage of operating income



Percentage of total production



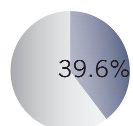
Asia (Excluding Japan)



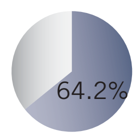
Net sales in Asia (excluding Japan) advanced 12.4%, or ¥11,905 million, to ¥107,789 million, equivalent to 39.6% of consolidated net sales. Operating income in the region totaled ¥12,418 million, down 28.6%, or ¥4,969 million, and represented 64.2% of consolidated operating income. The value of production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

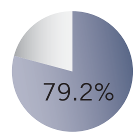
Percentage of net sales



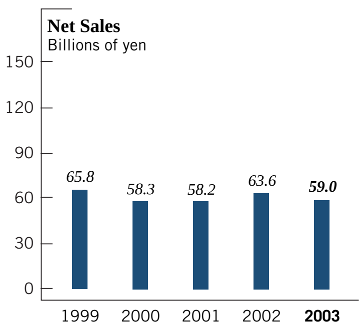
Percentage of operating income



Percentage of total production



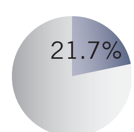
North and South America



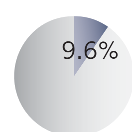
Net sales in North and South America decreased 7.2%, or ¥4,571 million, to ¥58,998 million, and represented 21.7% of consolidated net sales. Operating income declined 5.6%, or ¥109 million, to ¥1,859 million, or 9.6% of consolidated operating income. The production value was ¥24,622 million, or 9.0%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

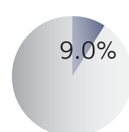
Percentage of net sales



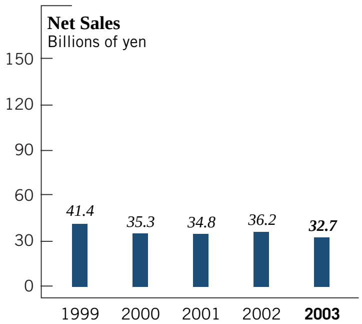
Percentage of operating income



Percentage of total production



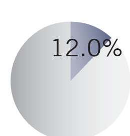
Europe



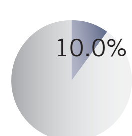
Net sales in Europe were down 9.7%, or ¥3,526 million, to ¥32,660 million, or 12.0% of consolidated net sales. In contrast, operating income rose 5.0%, or ¥920 million, to ¥1,942 million, equivalent to 10.0% of consolidated operating income. The production value was ¥6,162 million, equivalent to 2.3%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

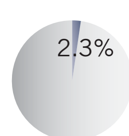
Percentage of net sales



Percentage of operating income



Percentage of total production



Consolidated Balance Sheets

As of March 31, 2003 and 2002

Assets	Millions of yen 2003	Millions of yen 2002	Thousands of U.S. dollars (Note 3) 2003
Current Assets:			
Cash and cash equivalents (Note 2-c)	¥ 14,177	¥ 13,952	$ 117,945
Notes and accounts receivable (Notes 2-d and 4):			
Trade	54,085	51,281	449,958
Other	2,279	2,636	18,960
	56,364	53,917	468,918
Allowance for doubtful receivables (Note 2-d)	(469)	(501)	(3,902)
Total notes and accounts receivable	55,895	53,416	465,016
Inventories (Note 2-e)	43,204	49,887	359,434
Deferred tax assets (Note 6)	8,593	6,521	71,489
Prepaid expenses and other current assets	5,578	7,772	46,406
Total current assets	127,447	131,548	1,060,290
Property, Plant and Equipment (Note 2-f):			
Land	16,711	17,411	139,027
Buildings and structures	97,395	102,511	810,275
Machinery and/or transportation equipment	238,892	257,486	1,987,454
Construction in progress	438	1,351	3,644
	353,436	378,759	2,940,400
Accumulated depreciation	(190,476)	(195,321)	(1,584,659)
Net property, plant and equipment	162,960	183,438	1,355,741
Investments and Other Assets:			
Excess of cost over net assets acquired (Note 2-i)	12,837	14,595	106,797
Investments in affiliates (Notes 2-g and 4)	216	206	1,797
Investments in securities (Note 2-g)	3,766	5,524	31,331
Long-term loans receivable	188	269	1,564
Deferred tax assets (Note 6)	9,494	11,143	78,985
Other (Note 2-d)	3,644	3,537	30,316
	30,145	35,274	250,790
Allowance for doubtful receivables (Note 2-d)	(483)	(223)	(4,018)
Net investments and other assets	29,662	35,051	246,772
Total Assets	¥ 320,069	¥ 350,037	$ 2,662,803

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

Liabilities and Shareholders' Equity	Millions of yen 2003	2002	Thousands of U.S. dollars (Note 3) 2003
Current Liabilities:			
Short-term loans payable (Note 5)	¥ 70,475	¥ 61,618	$ 586,314
Current portion of long-term debt (Note 5)	10,787	41,843	89,742
Notes and accounts payable (Note 4):			
Trade	24,025	26,115	199,875
Other	4,609	4,672	38,344
Total notes and accounts payable	28,634	30,787	238,219
Income taxes payable (Note 6)	2,662	4,162	22,146
Accrued expenses and other current liabilities	21,901	18,498	182,205
Total current liabilities	134,459	156,908	1,118,626
Long-Term Liabilities:			
Long-term debt (Note 5)	85,862	79,212	714,326
Other (Note 2-h)	1,266	1,089	10,532
Total long-term liabilities	87,128	80,301	724,858
Minority Interests in Consolidated Subsidiaries	269	96	2,238
Shareholders' Equity (Note 7):			
Common stock			
Authorized 1,000,000,000 shares			
Issued:			
March 31, 2003—399,167,695 shares			
March 31, 2002—399,167,695 shares	68,259	68,259	567,879
Capital reserve	94,757	94,757	788,328
Retained earnings	(454)	4,774	(3,777)
Difference on revaluation of other marketable securities	(37)	(1,719)	(308)
Foreign currency translation adjustments	(64,274)	(53,333)	(534,725)
	98,251	112,738	817,397
Treasury stock	(38)	(6)	(316)
Total shareholders' equity	98,213	112,732	817,081
Contingent Liabilities (Notes 9 and 10)			
Total Liabilities and Shareholders' Equity	¥320,069	¥350,037	$2,662,803

Consolidated Statements of Income

Years ended March 31, 2003, 2002 and 2001

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2003	2002	2001	**2003**
Net Sales (Note 4)	**¥272,202**	¥279,344	¥287,045	**$2,264,576**
Cost of Sales (Note 4)	**203,500**	206,061	202,928	**1,693,012**
Gross profit	**68,702**	73,283	84,117	**571,564**
Selling, General and Administrative Expenses (Note 2-i)	**49,350**	51,311	51,140	**410,566**
Operating income	**19,352**	21,972	32,977	**160,998**
Other Income (Expenses):				
Interest income	**243**	586	360	**2,022**
Equity in income (loss) of nonconsolidated subsidiaries and affiliates	**10**	(21)	4	**83**
Interest expense	**(4,765)**	(5,673)	(7,553)	**(39,642)**
Gains (losses) on sales of marketable securities, investment securities and investment securities in affiliates	**3**	(6)	5,215	**25**
Losses on revaluation of marketable and investment securities	**(4,945)**	(1,466)	—	**(41,140)**
Foreign currency exchange losses (Note 2-b)	**(506)**	(827)	(732)	**(4,210)**
Losses on disposals of inventories	**—**	(1,125)	(1,846)	**—**
Losses on sales and disposals of property, plant and equipment	**(712)**	(612)	(340)	**(5,924)**
Losses on liquidation of subsidiaries and affiliates	**(1,843)**	(937)	(1,943)	**(15,333)**
Losses on liquidation of switching power supplies and related businesses	**(3,144)**	—	—	**(26,156)**
Environment-related expenses incurred by U.S. subsidiaries	**(1,206)**	—	—	**(10,033)**
Other, net	**(1,992)**	1,058	(3,755)	**(16,572)**
	(18,857)	(9,023)	(10,590)	**(156,880)**
Income before Income Taxes	**495**	12,949	22,387	**4,118**
Income Taxes (Note 6):				
Current	**4,276**	4,919	4,160	**35,574**
Deferred (benefit)	**(1,370)**	2,711	3,296	**(11,398)**
	2,906	7,630	7,456	**24,176**
Minority Interests in Earnings of Consolidated Subsidiaries	**23**	21	105	**192**
Net Income (Loss)	**¥ (2,434)**	¥ 5,298	¥ 14,826	**$ (20,250)**

	Yen			U.S. dollars (Note 3)
Per Share Data (Note 8):				
Net income (loss):				
Primary	**¥(6.10)**	¥13.27	¥37.14	**$(0.05)**
Fully diluted	**(4.85)**	12.60	34.10	**(0.04)**
Cash dividends applicable to the year	**7.00**	7.00	7.00	**0.06**

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

Consolidated Statements of Shareholders' Equity

Years ended March 31, 2003, 2002 and 2001

Millions of yen

	Number of Shares of Common Stock	Common Stock	Capital Reserve	Legal Reserve (Note 7)	Retained Earnings (Note 7)	Difference on Revaluation of Other Marketable Securities	Foreign Currency Translation Adjustments	Treasury Stock
Balance at March 31, 2000	399,150,527	¥68,251	¥94,749	¥ —	¥ (8,641)	¥ —	¥ —	¥ (2)
Net income	—	—	—	—	14,826	—	—	—
Cash dividends	—	—	—	—	(2,794)	—	—	—
Bonuses to directors and corporate auditors	—	—	—	—	(122)	—	—	—
Transfer to legal reserve	—	—	—	292	(292)	—	—	—
Common stock issued on conversion of convertible bonds	17,168	8	8	—	—	—	—	—
Prior year tax effect adjustment	—	—	—	—	—	—	—	—
Other	—	—	—	(292)	326	(953)	(64,791)	1
Balance at March 31, 2001	399,167,695	68,259	94,757	—	3,303	(953)	(64,791)	(1)
Net income	—	—	—	—	5,298	—	—	—
Cash dividends	—	—	—	—	(2,794)	—	—	—
Bonuses to directors and corporate auditors	—	—	—	—	(66)	—	—	—
Transfer to legal reserve	—	—	—	—	—	—	—	—
Common stock issued on conversion of convertible bonds	—	—	—	—	—	—	—	—
Prior year tax effect adjustment	—	—	—	—	—	—	—	—
Other	—	—	—	—	(967)	(766)	11,458	(5)
Balance at March 31, 2002	**399,167,695**	**68,259**	**94,757**	**—**	**4,774**	**(1,719)**	**(53,333)**	**(6)**
Net income (loss)	**—**	**—**	**—**	**—**	**(2,434)**	**—**	**—**	**—**
Cash dividends	**—**	**—**	**—**	**—**	**(2,794)**	**—**	**—**	**—**
Bonuses to directors and corporate auditors	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Transfer to legal reserve	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Common stock issued on conversion of convertible bonds	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Prior year tax effect adjustment	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Other	**—**	**—**	**—**	**—**	**—**	**1,682**	**(10,941)**	**(32)**
Balance at March 31, 2003	**399,167,695**	**¥68,259**	**¥94,757**	**¥ —**	**¥ (454)**	**¥ (37)**	**¥(64,274)**	**¥(38)**

Thousands of U.S. dollars (Note 3)

	Number of Shares of Common Stock	Common Stock	Capital Reserve	Legal Reserve (Note 7)	Retained Earnings (Note 7)	Difference on Revaluation of Other Marketable Securities	Foreign Currency Translation Adjustments	Treasury Stock
Balance at March 31, 2002	**399,167,695**	**$567,879**	**$788,328**	**$ —**	**$ 39,717**	**$(14,301)**	**$(443,702)**	**$ (50)**
Net income (loss)	**—**	**—**	**—**	**—**	**(20,250)**	**—**	**—**	**—**
Cash dividends	**—**	**—**	**—**	**—**	**(23,244)**	**—**	**—**	**—**
Bonuses to directors and corporate auditors	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Transfer to legal reserve	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Common stock issued on conversion of convertible bonds	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Prior year tax effect adjustment	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Other	**—**	**—**	**—**	**—**	**—**	**13,993**	**(91,023)**	**(266)**
Balance at March 31, 2003	**399,167,695**	**$567,879**	**$788,328**	**$ —**	**$ (3,777)**	**$ (308)**	**$(534,725)**	**$(316)**

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

Consolidated Statements of Cash Flows

Years ended March 31, 2003, 2002 and 2001

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2003	2002	2001	2003
Cash Flows from Operating Activities:				
Income before income taxes	¥ 495	¥ 12,949	¥ 22,387	$ 4,118
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	22,826	24,385	22,149	189,900
Adjustment for consolidation	1,189	1,192	1,533	9,892
Interest and dividend income	(292)	(630)	(444)	(2,429)
Interest expense	4,765	5,673	7,553	39,642
Losses on sales and disposals of property, plant and equipment	678	365	234	5,641
Losses on liquidation of affiliates	1,843	937	1,943	15,333
(Increase) decrease in notes and accounts receivable	(4,070)	5,691	1,941	(33,860)
(Increase) decrease in inventories	3,972	5,711	(3,660)	33,045
Decrease in notes and accounts payable	(1,585)	(4,660)	(4,808)	(13,186)
Other adjustments	11,732	(8,609)	1,469	97,603
Total adjustments	41,553	43,004	50,297	345,699
Interest and dividends received	266	598	444	2,213
Accrued interest	(5,087)	(4,597)	(7,587)	(42,321)
Income tax payable	(4,453)	(4,988)	(3,621)	(37,047)
Other, net	—	—	(1,201)	—
Net cash provided by operating activities	32,279	34,017	38,332	268,544
Cash Flows from Investing Activities:				
Expenditure for purchase of property, plant and equipment	(16,382)	(26,245)	(39,877)	(136,290)
Proceeds from sales of property, plant and equipment	662	1,409	631	5,507
Expenditure for purchase of shares in subsidiaries	—	(53)	—	—
Proceeds from sales of shares in subsidiaries	—	0	5,215	—
Increase (decrease) in investments and advances	78	(19)	992	649
Other, net	(591)	562	(60)	(4,916)
Net cash used in investing activities	(16,233)	(24,346)	(33,099)	(135,050)
Cash Flows from Financing Activities:				
Repayment of long-term debt	(12,663)	(5,326)	(18,189)	(105,349)
Cash dividends paid	(2,794)	(2,794)	(2,794)	(23,245)
Cash dividends paid to minority shareholders	—	(31)	(27)	—
Other, net	(14)	(166)	3,872	(116)
Net cash used in financing activities	(15,471)	(8,317)	(17,138)	(128,710)
Effect of Exchange Rate Changes	(350)	668	(597)	(2,912)
Net increase (decrease) in cash and cash equivalents	225	2,022	(12,502)	1,872
Cash and Cash Equivalents at Beginning of Year	13,952	11,930	24,432	116,073
Cash and Cash Equivalents at End of Year	¥ 14,177	¥ 13,952	¥ 11,930	$ 117,945

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

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, intercompany transactions and unrealized profits have been eliminated in consolidation.

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 2003 and March 31, 2002, 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, 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, 2003 and 2002, comprised the following:

	Millions of yen		*Thousands of U.S. dollars*
	2003	2002	**2003**
Merchandise and finished goods	**¥21,740**	¥24,339	**$180,865**
Work in process	**9,688**	11,601	**80,599**
Raw materials	**8,843**	10,489	**73,569**
Supplies	**2,933**	3,458	**24,401**
	¥43,204	¥49,887	**$359,434**

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, 2003. 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 held by the Company and its consolidated domestic subsidiaries as of March 31, 2003, were as follows:

	Millions of yen
Aggregate cost:	
Current	**¥ —**
Noncurrent	**2,723**
	¥2,723
Aggregate market value:	
Current	**¥ —**
Noncurrent	**2,660**
	¥2,660

h) Accounting for retirement benefits

On April 1, 2000, the Company and its consolidated subsidiaries adopted new accounting standards for retirement benefits. 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, 2003. The adoption of new accounting standards generated a shortfall in provisions of ¥3,134 million, which will be written off over five years and included as an extraordinary expense in other income (expenses).

Actuarial gains/losses are amortized using the straight-line method over the average remaining service period of employees (5–15 years), from the period subsequent to the period which they are incurred.

Certain of the Company's overseas subsidiaries provide for retirement allowances for employees using defined-benefit pension plans.

i) Excess of cost over net assets acquired

Excess of cost over net assets acquired for business acquisitions was amortized, amounting to ¥1,189 million in fiscal 2003 and ¥1,192 million in fiscal 2002, respectively, on a straight-line basis over a period ranging from five to 40 years.

j) Reclassifications

Certain amounts in the shareholders' equity section of prior years' balance sheets have been reclassified to conform with the fiscal 2003 presentation.

3. Translation into U.S. 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. dollar amounts at the rate of ¥120.20=US$1, the approximate rate of exchange on March 31, 2003. 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, 2003 and 2002, and for the years then ended, is as follows:

	Millions of yen		*Thousands of U.S. dollars*
Financial Position	**2003**	2002	**2003**
Assets:			
Current assets	**¥ 664**	¥ 726	**$5,524**
Other assets, including property, plant and equipment	**483**	157	**4,018**
	¥1,147	¥ 883	**$9,542**
Liabilities and shareholders' equity:			
Current liabilities	**¥ 294**	¥ 254	**$2,446**
Long-term liabilities	**205**	11	**1,705**
Shareholders' equity	**648**	618	**5,391**
	¥1,147	¥ 883	**$9,542**

Operations	Millions of yen 2003	2002	Thousands of U.S. dollars 2003
Net sales	¥1,052	¥1,903	$8,752
Cost and expenses	1,019	1,922	8,478
Net income (loss)	¥ 33	¥ (19)	$ 274

Summarized below are the significant transactions of the Company and its consolidated subsidiaries with affiliates for the years ended March 31, 2003 and 2002, and the related account balances as of March 31, 2003 and 2002:

	Millions of yen 2003	2002	Thousands of U.S. dollars 2003
Transactions:			
Sales	¥276	¥239	$2,296
Purchases	0	2	3
Account balances:			
Notes and accounts receivable	53	25	441
Notes and accounts payable	—	1	—

5. Short-Term Loans and Long-Term Debt

Short-term loans outstanding consist of notes payable to banks and commercial paper, principally due in 30 to 180 days. The average annual interest rates for short-term loans were 1.6% and 2.8% for the years ended March 31, 2003 and 2002, respectively. The rate for commercial paper was 0.07%.

The aggregate annual maturities of long-term debt outstanding as of March 31, 2003, are as follows:

	Millions of yen	Thousands of U.S. dollars
2004	¥10,787	$ 89,742
2005	44,574	370,832
2006	5,288	43,993
2007	8,000	66,556
2008 and thereafter	28,000	232,945

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

	Exercise or conversion price per share of common stock as of March 31, 2003	*Exchange rate applicable upon conversion*	*Exercise of warrants or redemption at the option of the Company*
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 May 20, 2003 and September 30, 2005

Note: Exercise or 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 outstanding bonds, notes and warrants were converted or exercised as of March 31, 2003, 30,820,369 shares of common stock would have been issued.

Long-term debt as of March 31, 2003 and 2002, consisted of the following:

	Millions of yen		*Thousands of U.S. dollars*
	2003	2002	**2003**
0.8% unsecured convertible bonds payable in Japanese yen due 2003	**¥ —**	¥ 13,823	**$ —**
0.65% unsecured convertible bonds payable in Japanese yen due 2005	**27,080**	27,080	**225,291**
2.85% unsecured bonds payable in Japanese yen due 2005	**10,000**	10,000	**83,195**
3.0% unsecured bonds payable in Japanese yen due 2008	**15,000**	15,000	**124,792**
2.0% unsecured bonds payable in Japanese yen due 2003	**10,000**	10,000	**83,195**
0.655% unsecured bonds payable in Japanese yen due 2007	**3,000**	—	**24,958**
1.55% unsecured bonds with warrants payable in Japanese yen due 2005	**4,000**	4,000	**33,278**
0.4% to 7.6% loans from banks, other	**27,569**	41,152	**229,359**
	96,649	121,055	**804,068**
Less current portion	**10,787**	41,843	**89,742**
	¥85,862	¥ 79,212	**$714,326**

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 2003 and 2002. Owing to a revision to the Local Tax Law introducing a factor-based system of corporate enterprise taxes effective from the fiscal year beginning April 1, 2004, the standard tax rate used for deferred tax assets and deferred tax liabilities herein is 39% for the fiscal year ended March 31, 2003, and 40% for the fiscal year ended March 31, 2002.

The income taxes of 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 it is exempted from income tax for two years starting from the year in which it begins to make profits, 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 ¥18,087 million and ¥17,664 million as of March 31, 2003 and 2002, 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. The capital surplus and legal reserve may also be drawn down up to an amount that equals 25% of the common stock. Owing to a change in consolidated accounting procedures in Japan, this reserve has been included in retained earnings (deficit) since fiscal 2003.

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, 2003 and 2002, respectively.

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, 2003 and 2002, was as follows:

	Thousands of U.S. dollars	
	2003	2002
Primary	**$399,131**	$399,165
Fully diluted	**443,216**	443,249

9. Litigation

As of March 31, 2003, 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, 2003.

11. Segment Information

Minebea classifies its operations into two business segments: machined components, which includes bearings and bearing-related products, notably ball bearings, rod-end and spherical bearings and pivot assemblies, as well as other machined components, such as fasteners, and special machined components; and electronic devices and components, encompassing rotary components and other electronic devices and components, primarily PC keyboards, speakers, FDD subassemblies and switching power supplies.

The following table presents certain information regarding the Company's performance by business segment at March 31, 2003, and for the year then ended:

Performance by Business Segment in Fiscal 2003

Year ended March 31, 2003	*Machined Components*	*Electronic Devices and Components*	*Total before Eliminations*	*Eliminations*	*Total*
					Millions of yen
Sales to external customers	**¥118,118**	**¥154,084**	**¥272,202**	**¥ —**	**¥272,202**
Internal sales	**7,637**	**—**	**7,637**	**(7,637)**	**—**
Total sales	**125,755**	**154,084**	**279,839**	**(7,637)**	**272,202**
Operating expenses	**107,235**	**153,252**	**260,487**	**(7,637)**	**252,850**
Operating income	**18,520**	**832**	**19,352**	**—**	**19,352**
Assets	**191,793**	**204,489**	**396,282**	**(76,213)**	**320,069**
Depreciation and amortization	**10,378**	**12,448**	**22,826**	**—**	**22,826**
Capital expenditure	**4,750**	**11,853**	**16,603**	**—**	**16,603**

Performance by Business Segment in Fiscal 2002

Millions of yen

Year ended March 31, 2002	*Machined Components*	*Electronic Devices and Components*	*Consumer Business and Others*	*Total before Eliminations*	*Eliminations*	*Total*
Sales to external customers	¥122,025	¥156,303	¥1,016	¥279,344	¥ —	¥279,344
Internal sales	8,336	—	—	8,336	(8,336)	—
Total sales	130,361	156,303	1,016	287,680	(8,336)	279,344
Operating expenses	108,226	156,466	1,016	265,708	(8,336)	257,372
Operating income (loss)	22,135	(163)	(0)	21,972	—	21,972
Assets	205,920	231,806	745	438,471	(88,434)	350,037
Depreciation and amortization	9,489	14,891	5	24,385	—	24,385
Capital expenditure	7,963	18,485	5	26,453	—	26,453

The following tables present certain information regarding the Company's performance by region at March 31, 2003 and 2002, and for the years then ended:

Performance by Region in Fiscal 2003

Millions of yen

Year ended March 31, 2003	*Japan*	*Asia (excluding Japan)*	*North and South America*	*Europe*	*Total before Eliminations*	*Eliminations*	*Total*
Sales to external customers	**¥ 72,755**	**¥107,789**	**¥58,998**	**¥32,660**	**¥272,202**	**¥ —**	**¥272,202**
Internal sales	**110,133**	**101,269**	**2,613**	**3,306**	**217,321**	**(217,321)**	**—**
Total sales	**182,888**	**209,058**	**61,611**	**35,966**	**489,523**	**(217,321)**	**272,202**
Operating expenses	**179,755**	**196,640**	**59,752**	**34,024**	**470,171**	**(217,321)**	**252,850**
Operating income	**3,133**	**12,418**	**1,859**	**1,942**	**19,352**	**—**	**19,352**
Assets	**175,917**	**185,397**	**37,064**	**20,528**	**418,906**	**(98,837)**	**320,069**

Performance by Region in Fiscal 2002

Millions of yen

Year ended March 31, 2002	*Japan*	*Asia (excluding Japan)*	*North and South America*	*Europe*	*Total before Eliminations*	*Eliminations*	*Total*
Sales to external customers	¥ 83,705	¥ 95,884	¥63,569	¥36,186	¥279,344	¥ —	¥279,344
Internal sales	92,865	107,444	3,508	4,549	208,366	(208,366)	—
Total sales	176,570	203,328	67,077	40,735	487,710	(208,366)	279,344
Operating expenses	175,803	185,941	65,109	38,885	465,738	(208,366)	257,372
Operating income	767	17,387	1,968	1,850	21,972	—	21,972
Assets	195,305	201,541	38,088	25,194	460,128	(110,091)	350,037

The following tables present certain information regarding the Company's overseas sales for the years ended March 31, 2003 and 2002:

Overseas Sales in Fiscal 2003

Millions of yen

Year ended March 31, 2003	*To Asia (excluding Japan)*	*To North and South America*	*To Europe*	*Total*
Overseas sales	**¥106,942**	**¥57,103**	**¥34,322**	**¥198,367**
Total sales				**¥272,202**
Percentage of total sales	**39.3%**	**21.0%**	**12.6%**	**72.9%**

Overseas Sales in Fiscal 2002

Millions of yen

Year ended March 31, 2002	*To Asia (excluding Japan)*	*To North and South America*	*To Europe*	*Total*
Overseas sales	¥96,758	¥60,733	¥38,832	¥196,323
Total sales				¥279,344
Percentage of total sales	34.6%	21.8%	13.9%	70.3%

12. Subsequent Event

Offer of Voluntary Retirement Package

At a meeting of its Board of Directors on June 19, 2003, Minebea resolved to offer a voluntary retirement package, as follows:

Reasons for offer of voluntary retirement package

On April 10, 2003, Minebea announced its decision to discontinue and withdraw from switching power supplies and related businesses. As a consequence, the Company is seeking to optimize the number of employees at the Hamamatsu Manufacturing Unit, thereby streamlining its operations and enhancing efficiency. The Company is also seeking to reduce fixed costs in its domestic sales operations by reducing surplus manpower.

Eligibility for package

Eligible employees:	Full-time employees of the Hamamatsu Manufacturing Unit (including the consolidated subsidiary Minebea Electronics Co., Ltd.) and employees in domestic sales
Number to whom packages will be offered:	Approximately 170
Application period:	July 15–July 31, 2003
Retirement date:	August 20, 2003
Other:	In addition to its prescribed retirement pay, the Company will provide extra allowances. The Company will also provide placement services to interested employees.

Impact of offer

If the number of applications for this voluntary retirement package are in line with its projections, the Company expects to incur an extraordinary loss of approximately ¥400 million in fiscal 2004.

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, 2003 and 2002, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended March 31, 2003, 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, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2003, in conformity with accounting principles generally accepted in Japan.

The accompanying consolidated financial statements as of and for the year ended March 31, 2003, have been translated into U.S. dollars for convenience only. In our opinion, this translation has been made on the basis set forth in Note 3 of the notes to consolidated financial statements.

Tokyo, Japan
June 27, 2003

Shin Nihon & Co.

Shin Nihon & 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.