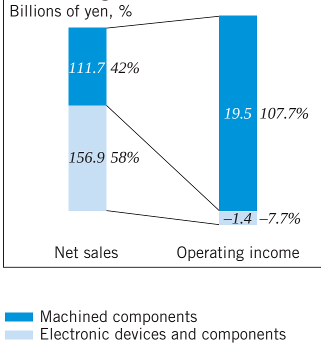
Results of Operations

Net Sales

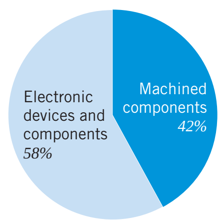
Consolidated net sales in fiscal 2004 declined 1.3%, or ¥3,628 million, to ¥268,574 million. A recovery in demand from customers in principal customer industries, including manufacturers of PCs and other information and telecommunications equipment, household electrical appliances and industrial machinery spurred record production and shipments of certain mainstay products. This was countered by the negative impact of the translation of sales denominated in other currencies into yen, a consequence of the appreciation of the yen against the dollar, as well as the termination of three businesses and declines in product prices. With the greater portion of our sales denominated in U.S. dollars, the impact of exchange rate fluctuations is considerable: in the period under review, this factor was responsible for a decline of approximately ¥8,900 million. The termination of our FDD subassembly business in November 2002, certain operations in the United States in July 2003 and our switching power supplies and related businesses in March 2004 were responsible for declines of approximately ¥2,300 million, ¥1,000 million and ¥3,500 million, respectively.

Net Sales and Operating Income by Business Segment
Billions of yen, %



Note: Percentages represent contribution by business segment to total.

Net Sales by Business Segment



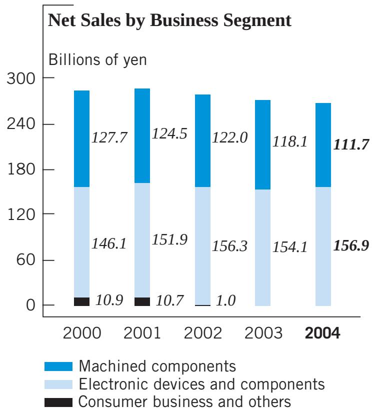
Net Sales by Business Segment

Machined Components

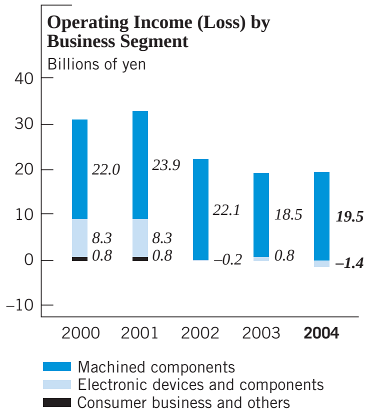
Net sales of machined components amounted to ¥111,693 million, a decrease of 5.4%, or ¥6,425 million. In the bearings and bearing-related products category, sales declined 3.4%, or ¥3,334 million, to ¥94,604 million. Efforts to expand the scale of our ball bearings business and stringent cost reduction measures—implemented as part of a program to boost monthly global production and sales to 180 million pieces—supported an increase in shipments of ball bearings. Nonetheless, volume gains were negated by the appreciation of the yen and declining product prices. Sales of pivot assemblies for HDDs also decreased for the same reason, although an increase in shipments—attributable to the timely launch of new products—enabled us to maintain our approximately 70% share of the global market for these components. Sales in the other machined components category declined 15.3%, or ¥3,091 million, to ¥17,089 million. A divestiture in the United States accounted for approximately ¥1,000 million of the decline, while the remainder was primarily attributable to a decline in sales of special machined components, a consequence of flagging demand.

Electronic Devices and Components

Net sales of electronic devices and components rose 1.8%, or ¥2,797 million, to ¥156,881 million. In the rotary components category, sales advanced 9.5%, or ¥7,553 million, to ¥86,741 million. The impact of a strong yen and falling product prices countered increased shipments of key products. Sales of HDD spindle motors rose despite currency and price considerations, owing to rising demand for HDDs, boosting our global market share. Sales in the other electronic devices and components category declined 6.4%, or ¥4,756 million, to ¥70,141 million. Sales of lighting devices increased, reflecting efforts to cultivate new customers by launching new, high-performance products, notably LC backlight assemblies for small and medium-sized LCDs. In contrast, a delay in the start of production at a new plant in China and the impact of inventory adjustments by certain customers pushed down sales of PC keyboards. Our withdrawal from the FDD subassembly business in November 2002 and the switching power supplies and related businesses in March 2004 resulted in decreases of approximately ¥2,300 million and ¥3,500 million, respectively.



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



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

Average Rate of Exchange During the Fiscal Year

Yen

	2004	2003
U.S. Dollar	¥113.97	¥122.29
Euro	132.73	120.34
Singapore Dollar	65.58	69.08
Thai Baht	2.79	2.86
Chinese Yuan (Renminbi)	13.77	14.77

Note: Exchange rates are calculated based on the average of the average quarterly rates for fiscal 2004.

Performance by Business Segment

Millions of yen

Year ended March 31, 2004	*Machined Components*	*Electronic Devices and Components*	*Total before Eliminations*	*Eliminations or corporate*	*Total*
Sales to external customers	¥111,693	¥156,881	¥268,574	¥ —	¥268,574
Internal sales	2,191	15	2,206	(2,206)	—
Total sales	113,884	156,896	270,780	(2,206)	268,574
Operating expenses	94,379	158,297	252,676	(2,206)	250,470
Operating income (loss)	19,505	(1,401)	18,104	—	18,104
Assets	189,741	196,918	386,659	(71,744)	314,915
Depreciation and amortization	10,811	10,894	21,705	—	21,705
Capital expenditure	4,168	14,929	19,097	—	19,097

Net Sales by Region

Results by region continued to reflect the shift by customers in Japan, Europe and North and South America to mass production in Asia. The appreciation of the yen also affected sales denominated in other currencies to regions other than Japan.

Although business conditions in Japan exhibited steady improvement, efforts to boost sales were ineffective as key customers moved to transfer production of certain items to offshore subsidiaries. As a consequence, sales in Japan declined 6.0%, or ¥4,433 million, to ¥69,402 million.

Despite the impact of the strong yen, which held back gains, sales to Asia (excluding Japan) rose 13.7%, or ¥14,656 million, to ¥121,598 million, underscoring the region's rising importance as a manufacturing base for PCs, OA equipment and household electrical appliances.

Sales to North and South America fell 20.6%, or ¥11,767 million, to ¥45,336 million, reflecting flagging sales of electronic devices and components, a consequence of the steady shift toward production to Asia by key customers and the impact of the strong yen.

Despite signs of a gradual economic improvement in Europe, sluggish sales of electronic devices and components, while partially offset by the strength of the euro, prompted a 6.1%, or ¥2,084 million, decline in sales to Europe, to ¥32,238 million.

Overseas Sales

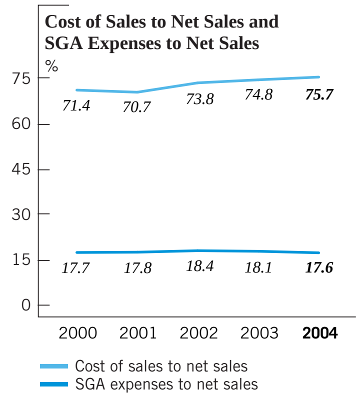
Millions of yen

Year ended March 31, 2004	*To Asia (excluding Japan)*	*To North and South America*	*To Europe*	*Total*
Overseas sales	¥121,598	¥45,336	¥32,238	¥199,172
Consolidated net sales				¥268,574
Overseas sales as a percentage of consolidated net sales	45.3%	16.9%	12.0%	74.2%

Cost of Sales and Selling, General and Administrative (SGA) Expenses

Cost of sales edged down 0.1%, or ¥239 million, to ¥203,261 million. Cost of sales as a percentage of net sales rose 0.9 percentage point, to 75.7%. While the appreciation of the yen against the dollar was the principal factor behind the decline in net sales, its impact on costs was partially negated by the fact that high portions of Minebea's costs are denominated in Thai baht and yen. Efforts to enhance the efficiency of manufacturing and sales activities succeeded in reducing production and plant administration costs, but intensifying price competition and a decline in product prices, together with an increase in the weight of products with high ratios of cost of sales to net sales—notably HDD spindle motors—in our portfolio boosted cost of sales as a percentage of net sales.

SGA expenses declined 4.3%, or ¥2,141 million, to ¥47,209 million, equivalent to 17.6% of net sales, down 0.5 percentage point. This result was primarily attributable to Companywide efforts to reduce expenses, which led to declines in logistics, personnel and general administrative expenses. A decrease in expenses at overseas subsidiaries, owing to the appreciation of the yen, also contributed to the overall decrease.

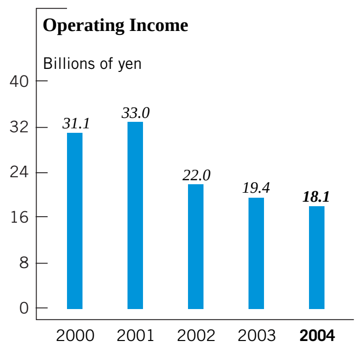


Costs of Sales and SGA Expenses

Millions of yen

Years ended March 31	**2004**	2003	2002	2001	2000
Net sales	**¥268,574**	¥272,202	¥279,344	¥287,045	¥284,757
Cost of sales	**203,261**	203,500	206,061	202,928	203,223
Cost of sales to net sales	**75.7%**	74.8%	73.8%	70.7%	71.4%
Gross profit	**65,313**	68,702	73,283	84,117	81,534
SGA expenses	**47,209**	49,350	51,311	51,140	50,465
SGA expenses to net sales	**17.6%**	18.1%	18.4%	17.8%	17.7%

Income



Operating Income

Operating income fell 6.4%, or ¥1,248 million, to ¥18,104 million. Accordingly, the operating margin slipped 0.4 percentage point, to 6.7%.

Machined Components

In the Machined Components segment, operating income advanced 5.3%, or ¥985 million, to ¥19,505 million, while the operating margin (calculated using sales to external customers) improved 1.8 percentage points, to 17.5%. In the area of ball bearings, the expansion of our monthly global production and sales, to 180 million pieces, boosted operating income and the operating margin and largely countered the impact of the strong yen and declining sales of other segment products.

Electronic Devices and Components

The Electronic Devices and Components segment posted an operating loss of ¥1,401 million, down from operating income of ¥832 million in the previous period. Despite a recovery in demand from manufacturers of PCs, HDDs, other information and telecommunications equipment and household electrical appliances, this segment continued to face persistent price-cutting pressure from customers and increasingly harsh competition from manufacturers in other parts of Asia, particularly China. As a consequence, an increase in shipments of core products—reflecting the launch of new products and efforts to bolster sales—and a decrease in costs were countered by falling product prices and the appreciation of the yen. The segment operating loss reflected worsening operating losses in the HDD spindle motor category, for which the key strategic focuses are entry into the market for FDB motors for 2.5-inch or smaller HDDs and a return to profitability, and in the PC keyboard category, owing to a heavy initial cost burden attending the establishment of a manufacturing facility in China.

Income before Income Taxes and Minority Interests

The net balance of other income (expenses) was a loss of ¥5,146 million, an improvement of ¥13,711 million from fiscal 2003. This primarily reflected the absence of losses on devaluation of investment securities and liquidation of switching power supplies and related businesses, which inflated other expenses in the previous period. The repayment of debt incurred in fiscal 2003 and reborrowing at a lower interest rate in the period under review prompted a ¥1,552 million decline in interest expense.

Income before income taxes and minority interests amounted to ¥12,958 million, an increase of ¥12,463 million.

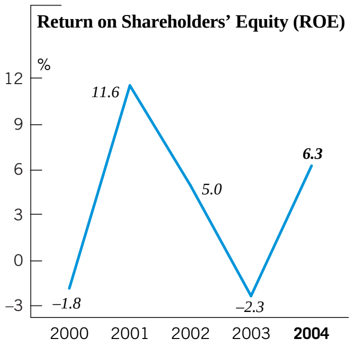
Net Income

Income taxes amounted to ¥7,210 million, up ¥4,304 million from fiscal 2003. Income taxes in fiscal 2004 comprised current taxes, that is, corporate, residential and business taxes, of ¥4,412 million, and a deferred (benefit) of ¥2,798 million. This increase was due to certain loss-making subsidiaries, as well as to operating losses carried forward and the exclusion of foreign taxes on dividend payments from the deduction for foreign taxes.

Minority interests amounted to a loss of ¥271 million, down ¥294 million from income of ¥23 million in the previous period.

As a consequence of the aforementioned factors, Minebea registered net income of ¥6,019 million, up from a loss of ¥2,434 million in fiscal 2003. Basic net income per share was ¥15.08, compared to basic net loss per share of ¥6.10 in the previous period.

Income



Millions of yen

Years ended March 31	**2004**	2003	2002	2001	2000
Operating income	**¥18,104**	¥19,352	¥21,972	¥32,977	¥31,069
Operating margin	**6.7%**	7.1%	7.9%	11.5%	10.9%
Net balance of other income (expenses)	**(5,146)**	(18,857)	(9,023)	(10,590)	(37,681)
Net income (loss)	**6,019**	(2,434)	5,298	14,826	(2,677)
Net income (loss) to net sales	**2.2%**	(0.9)%	1.9%	5.2%	(0.9)%
Net income (loss) per share (Yen):					
Basic	**15.08**	(6.10)	13.27	37.14	(6.72)
Diluted	**14.51**	(4.85)	12.60	34.10	(5.39)
Return on shareholders' equity	**6.3%**	(2.3)%	5.0%	11.6%	(1.8)%
Return on total assets	**1.9%**	(0.8)%	1.5%	4.0%	(0.6)%

Financial Condition

Financial Policy

In an operating environment characterized by intensifying global competition, we recognize the importance of ensuring the flexibility necessary to allow advance investment, enabling us to develop products that satisfy diverse customer expectations, and capital investment, ensuring we can respond promptly to fluctuations in demand. Accordingly, we strive to maintain a high level of agility in financing activities. Our debt ratings in fiscal 2004, shown in the table below, are indicative of our sound financial condition. We have set a medium-term goal to lower our net debt-to-equity ratio* (1.6 times at fiscal 2004 year-end) to 1.0 times, that is, to reduce net interest-bearing debt below ¥100,000 million. Accordingly, with the exception of amounts applied to working capital and R&D, net cash provided by operating activities is used entirely to repay interest-bearing debt.

* Calculated using net interest-bearing debt, or total debt minus cash and cash equivalents, divided by shareholders' equity.

Debt Ratings

As of June 2004	*Long-term debt*	*Short-term debt*
Moody's Investors Service	Baa2	—
Japan Credit Rating Agency, Ltd.	A	J–1
Japan Rating and Investment Information, Inc.	A–	a–1

Liquidity

To the best of our ability, we have to date obtained funds used for the reduction of interest-bearing debt, purchase of tangible fixed assets and investment in R&D from cash flows from operating activities. This reflects the solid cash-generating capability of our ball bearings and other core businesses. We believe that our operating activities will continue to provide sufficient cash to cover the abovementioned outlays. We also have the ability to procure more than ¥100,000 million in short- and long-term loans if needed to enhance liquidity. We are confident that cash flows from operating activities and access to loans will continue to ensure ample liquidity going forward. To facilitate the efficient procurement of working capital, we have concluded commitment agreements with our main bank and other financial institutions. The balance of funds available under these contracts as of fiscal 2004 year-end was ¥15,000 million.

Purchase of Tangible Fixed Assets

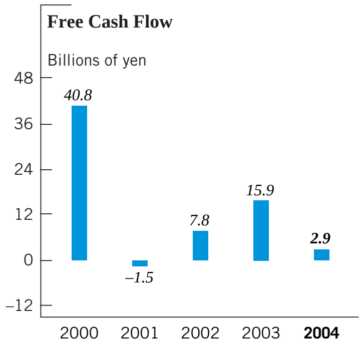
Purchase of tangible fixed assets, or capital investment, in fiscal 2004 amounted to ¥18,825 million, an increase of ¥2,443 million from the previous period. Funds were applied primarily to the expansion of production capacity for ball bearings and construction of a PC keyboard production facility in China, as well as to expansion of production facilities for pivot assemblies, HDD spindle motors and parts for internal use.

Owing to decisive measures since fiscal 2003 aimed at improving the efficiency of production, including that of parts for internal use, in fiscal 2004 we succeeded in maintaining expenditures below the ¥20,000 million mark for two consecutive fiscal years. In fiscal 2005, however, we expect this amount to increase, owing to investments related to the expansion of production capacity in core product categories. We currently estimate purchase of tangible fixed assets in fiscal 2005 at ¥23,000 million, comprising outlays aimed at increasing production capacity for ball bearings, HDD spindle motors, pivot assemblies and lighting devices, additional investment in the construction of our new PC keyboard facility in China and investment related to the operations of Minebea–Matsushita Motor.

Dividend Policy

We are committed to building a corporate structure that is able to withstand fluctuations in our operating environment. Accordingly, we recognize the importance of reinforcing our financial potency and increasing internal reserves while at the same time maintaining stable dividend payments to shareholders.

Cash Flows



Free cash flow (calculated by subtracting purchase of tangible fixed assets from net cash provided by operating activities) totaled ¥2,889 million in fiscal 2004, down ¥13,008 million from the previous period.

Cash Flows from Operating Activities

Despite a ¥12,463 million increase in income before income taxes and minority interests, net cash provided by operating activities amounted to ¥21,714 million, ¥10,565 million lower than in fiscal 2003. This was primarily attributable to the inclusion in our fiscal 2003 accounts of reserves for losses on devaluation of investment securities and for losses on the liquidation of businesses, reflected in “other,” as well as increases in notes and accounts receivable and inventories.

Cash Flows from Investing Activities

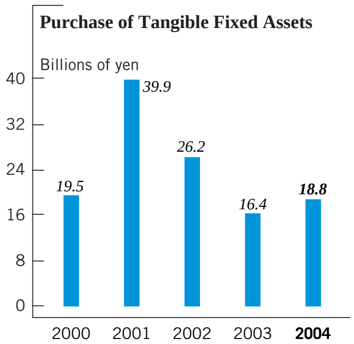
Net cash used in investing activities totaled ¥14,932 million, down ¥1,301 million from the previous period, as proceeds from sales of marketable and investment securities, included in “other, net,” and proceeds from sales of tangible fixed assets offset the use of ¥2,443 million for the purchase of tangible fixed assets.

Cash Flows from Financing Activities

Net cash provided by financing activities came to ¥4,391 million, compared with ¥15,471 million used in financing activities in fiscal 2003. This change was largely attributable to proceeds from long-term debt of ¥6,368 million, in contrast to the application of ¥12,663 million to the repayment of long-term debt in the previous period.

Cash and Cash Equivalents

Minebea’s operating and investing activities in fiscal 2004, together with proceeds from long-term debt undertaken to finance the establishment of Minebea–Matsushita Motor, resulted in a net increase in cash and cash equivalents of ¥10,603 million, raising cash and cash equivalents at end of year to ¥24,780 million.



Free Cash Flow

Millions of yen

Years ended March 31	**2004**	2003	2002	2001	2000
Net cash provided by operating activities	**¥ 21,714**	¥ 32,279	¥ 34,017	¥ 38,332	¥ 60,289
Purchase of tangible fixed assets	**(18,825)**	(16,382)	(26,245)	(39,877)	(19,504)
Free cash flow	**2,889**	15,897	7,772	(1,545)	40,785

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

Financial Position

Summary

Total assets at the end of fiscal 2004 amounted to ¥314,915 million, down 1.6%, or ¥5,154 million, from the fiscal 2003 year-end. Net interest-bearing debt, or total debt minus cash and cash equivalents, declined 4.1%, or ¥6,241 million, to ¥146,706 million. The net debt-to-equity ratio was level with the previous period at 1.6 times.

Assets

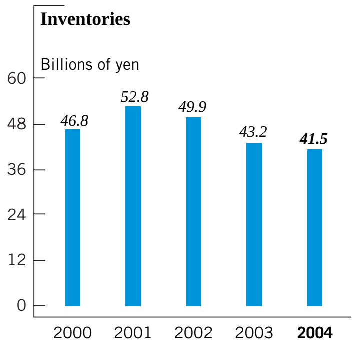
Total assets were affected by the appreciation of the yen against other currencies, compared with the end of the previous period.

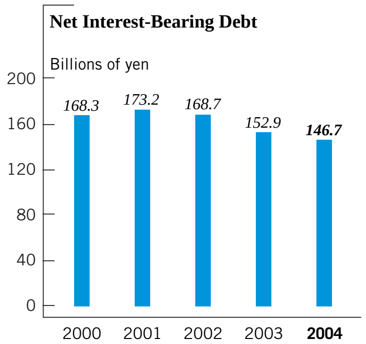
Cash and cash equivalents at end of year rose ¥10,603 million, to ¥24,780 million, reflecting an increase in cash generated by operating and investing activities and a temporary increase in long-term debt related to the establishment of Minebea–Matsushita Motor. Total notes and accounts receivable grew ¥3,540 million, reflecting an increase in notes and accounts receivable in Asia and termination of the securitization of certain receivables, the impact of which was partially offset by the appreciation of the yen. The strength of the Japanese currency also hindered efforts to reduce inventories, which slipped only ¥1,670 million. As a consequence, total current assets rose 9.0%, or ¥11,506 million, to ¥138,953 million.

Net tangible fixed assets declined 8.9%, or ¥14,502 million, to ¥148,458 million. Purchase of tangible fixed assets totaled ¥18,825 million, an increase of ¥2,443 million, from ¥16,382 million in fiscal 2003.

Intangible fixed assets totaled ¥12,403 million, down 9.8%, or ¥1,346 million, owing to a decrease in consolidation adjustments.

Net investments and other assets declined 5.3%, or ¥844 million, to ¥15,055 million, as a decline in deferred tax assets partially offset a sharp increase in investments in securities.





Liabilities

Total current liabilities amounted to ¥167,626 million, up 24.7%, or ¥33,167 million. This increase was largely attributable to an increase in the current portion of long-term debt, which boosted short-term interest-bearing debt, that is, the sum of short-term loans payable and the current portion of long-term debt, by ¥38,381 million, from the previous year's total.

Total long-term liabilities totaled ¥52,744 million, down 39.5%, or ¥34,384 million, from the fiscal 2003 year-end. This decline reflected the shift of certain items from long-term liabilities to short-term interest-bearing debt.

Minority Interests in Consolidated Subsidiaries

Minority interests in consolidated subsidiaries increased ¥410 million, to ¥679 million.

Shareholders' Equity

Total shareholders' equity at fiscal 2004 year-end was ¥93,866 million, down 4.4%, or ¥4,347 million. This reflected a ¥9,231 million increase in foreign currency translation adjustments—owing to the appreciation of the yen—which offset net income of ¥6,019 million.

Rates of Exchange at Balance Sheet Date

Yen

	2004	2003
U.S. Dollar	¥105.69	¥120.20
Euro	128.88	129.83
Singapore Dollar	62.91	68.01
Thai Baht	2.67	2.80
Chinese Yuan (Renminbi)	12.79	14.48

Financial Position

Millions of yen

As of March 31	2004	2003	2002	2001	2000
Total assets	¥314,915	¥320,069	¥350,037	¥346,965	¥403,994
Total current assets	138,953	127,447	131,548	137,106	153,658
Inventories	41,534	43,204	49,887	52,764	46,839
Total current liabilities	167,626	134,459	156,908	127,290	124,085
Working capital	(28,673)	(7,012)	(25,360)	9,816	29,573
Interest-bearing debt	171,485	167,125	182,673	185,160	192,712
Net interest-bearing debt	146,706	152,947	168,720	173,228	168,280
Total shareholders' equity	93,866	98,213	112,732	100,574	154,357
Total shareholders' equity/ Total assets	29.8%	30.7%	32.2%	29.0%	38.2%
Shareholders' equity per share (Yen)	235.21	246.08	282.42	251.96	386.71