

54th Business Term

Business Report

For the term beginning April 1, 1999
and ending March 31, 2000

Business Report

Balance Sheet

Profit and Loss Statement

Appropriation of Unappropriated
Retained Earnings

Certified Copy of the Report of
the Independent Auditors

Certified Copy of the Report of
the Board of Corporate Auditors

MINEBEA CO., LTD

Business Report

(April 1, 1999 through March 31, 2000)

I. Overview of Operations

1. Business Developments and Results

Japan's economy during the period under review turned upwards from the latest trough owing to a series of the government's economic initiatives and revealed some indications of gradual recovery. Nevertheless, personal consumption and private sector capital investment remained slack and economic conditions continued to be tough. On the other hand, the U.S. economy progressed firmly, the European economy began recovering, and the economies of Asian countries generally recovered steadily.

Under these circumstances, the Company's main markets — industries relating to personal computers and other information and telecommunications equipment — showed steady expansion of production and sales, although price competition became more and more intensified.

In this business environment, the Company made efforts to improve its production efficiency and product quality and vigorously pushed forward in its sales activities.

As a result, the Company recorded total sales of 183,576 million yen, a 7.4% decrease from the previous period. Operating income decreased by 21.8% to 10,850 million yen, and ordinary income decreased by 38.8% to 11,062 million yen. In addition, in order to concentrate management resources and improve its financial situation, the Company decided to sell the shares and other assets of Minebea Credit Co., Ltd., a wholly-owned subsidiary of the Company, and liquidate of some other subsidiaries. In conjunction with these measures, an extraordinary loss of 41,398 million yen was recorded. This loss, consisting of an allowance for doubtful receivables and a stock valuation loss, was classified as a loss on liquidation of affiliates. On the other hand, tax effect accounting was employed and adjustment of income taxes of 13,116 million yen were recorded. As a result, unfortunately, a loss of 19,597 million yen was recorded for the period.

The business results of our respective product categories were as follows.

Bearings

Bearings comprise our core business. Ball bearings are sold mainly to manufacturers of information and telecommunications equipment such as personal computers, as well as makers of household electronic appliances such as VTR and air conditioners. While domestic sales were favorable due to recovery of the domestic demand, exports decreased due to the strengthening of the yen. On the other hand, sales

of rod-end and spherical bearings declined due to stagnancy in the aerospace industry in the U.S. As a result, overall sales of bearings were 41,289 million yen, a drop of 3.9% over the previous period.

Electronic Devices and Components

Electronic devices and components account for 59.2% of the Company's total sales. Strong sales were achieved for various small precision motors, fan motors and keyboards for use by manufactures of information and telecommunications equipment under intensified price competition. However, sales of other electronic devices plummeted. As a result, overall sales of electronic devices and components decreased by 9.0% from the previous period to 108,720 million yen.

Machinery Components and Transportation Equipment and Components

In respect of machinery components, sales of fasteners continued favorably for those used in the automotive industry, but slightly declined for those used in the defense aerospace industry. Sales of mechanical assembly components for the information and telecommunications equipment industries remained strong. Overall sales of fasteners remained unchanged from the previous period. Sales of transportation equipment decreased due to the continuation of slackened demand among manufacturers of industrial vehicles and construction machinery. As a result, combined sales of machinery components and transportation equipment decreased by 1.8% from the previous period to 14,886 million yen.

Special Machinery Components and Others

Sales of special machinery components, primarily products supplied to Japan's Defense Agency, continued favorably in spite of the decreased budget of the Agency. Among our other products, consisting mainly of production machinery and tools manufactured for use by our subsidiaries, exports to our overseas manufacturing subsidiaries dropped. As a result, overall sales decreased by 9.7% from the previous period to 18,681 million yen.

2. Current Status of Capital Expenditure and Fund Procurement

Capital Expenditure during the period under review amounted to 3,064 million yen, which was mainly spent for the enhancement and streamlining of production facilities at the Karuizawa, Fujisawa and Omori manufacturing units. These investments were funded entirely out of cash on hand.

3. Future Outlook and Related Issues

As for the business environments that will affect the Company in the future, Japan's economy is expected to recover gradually. Recovery of the Asian economy also appears as if it will continue firmly. The European economy is increasing its brightness. The U.S. economy is expected to expand steadily although there remains some uncertainty

with the fear of inflation.

Our core operations, bearings and electronic devices and components, are enjoying strong customer support among thriving industries such as information and telecommunications equipment, household electronic appliances and aerospace. We are determined to make vigorous efforts to achieve greater results by further strengthening and enhancing production and sales.

We look forward to the continued support and encouragement of our shareholders.

4. Records of business performance and changes in financial position

(Unit: million of yen unless otherwise noted)

Classification	51st term from Apr. 96 to Mar. 97	52nd term from Apr. 97 to Mar. 98	53rd term from Apr. 98 to Mar. 99	54th term from Apr. 99 to Mar. 2000
Sales	221,969	221,959	198,304	183,576
Ordinary income	14,651	16,631	18,065	11,062
Net income (or Net loss)	9,035	6,614	11,123	(19,597)
Net income (or Net loss) per share (in yen)	23.21	16.78	27.97	(49.18)
Total assets	398,256	384,836	408,844	381,930
Net assets	176,665	186,232	195,600	180,344

- Notes: 1. Amounts less than one million yen are omitted.
2. Net income (or Net loss) per share is calculated based on the weighted average number of shares outstanding during the fiscal year.
3. The reason for the occurrence of the loss for the 54th Term is stated in "I.I. Business Developments and Results" above.

II. Overview of the company

(as of March 31, 2000)

1. Main business lines

Classification	Products
Bearings	Miniature ball bearings, small-sized ball bearings, rod-end and spherical bearings, etc.
Electronic Devices and Components	Small precision motors, fan motors, strain gauges, transducers, keyboards, speakers, transformers, switching power supplies, hybrid integrated circuits, soft and hard ferrites, FDD subassemblies, inductors, etc.
Machinery Components and Transportation Equipment and Components	Automotive and aerospace fasteners, tape guides, pivot assemblies, gears, wheels for passenger cars, wheels for industrial vehicles, etc.
Special Machinery Components and Others	Aerospace and defense related parts and equipment, molds, machineries, jigs and tools, etc.

2. Share Overview

(1) Total number of shares authorized: 1,000,000,000 shares

(2) Number of shares issued: 399,150,527 shares

Notes: The number of shares outstanding has increased 1,362,699 during the 54th Business Term due to the conversion of convertible bonds into equity.

(3) Number of shareholders: 16,734

(4) Major shareholders:

Name of shareholders	Investment in the company		Our investment in them	
	No. of shares (thousands)	Shareholding ratio (%)	No. of shares (thousands)	Shareholding ratio (%)
Keiaisha NMB Co., Ltd.	20,000	5.01	1,183	10.03
The Chase Manhattan Bank N.A., London	16,586	4.16	—	—
Mitsubishi Trust & Banking (Trust account)	14,923	3.74	—	—
Sumitomo Trust & Banking	12,730	3.19	2,100	0.13
State Street Bank and Trust Co.	12,511	3.13	—	—
Long-Term Credit Bank of Japan	12,501	3.13	—	—
Takahashi Sangyo Keizai Kenkyu Zaidan	12,347	3.09	—	—
Sumitomo Trust & Banking (Trust account)	10,953	2.74	—	—
Sakura Bank	10,562	2.65	2,142	0.04
Tokyo-Mitsubishi Bank	9,020	2.26	2,705	0.06

Note: The name of Long-Term Credit Bank of Japan is to be changed to Shinsei Bank on June 5, 2000.

3. Employees

Classification	No. of employees	Increase (decrease) over the previous year	Average age	Average of working years
Male	2,205	(28)	38.3	15.0
Female	536	(14)	29.1	8.2
Total or average	2,741	(42)	36.6	13.7

4. Major sources of outstanding borrowing

Lenders	Outstanding borrowing (millions of yen)	Shares held by lenders	
		No. of shares (thousands)	Shareholding ratio (%)
Sumitomo Trust & Banking	8,000	12,730	3.19
Tokyo-Mitsubishi Bank	8,000	9,020	2.26
Sakura Bank	8,000	10,562	2.65
Dai-ichi Mutual Life Insurance	5,044	4,550	1.14
Tokai Bank	5,000	4,101	1.03
Sumitomo Life Insurance	5,000	2,680	0.67

5. Principal consolidation

(1) Principal subsidiaries

Name	Capital	Shareholding ratio	Main business lines
Minebea Technologies Pte. Ltd.	7,000 thousand Singapore dollars	100.0% (100.0%)	Sales of bearings, electronic devices and others
NMB Thai Ltd.	1,200,000 thousand Thai Bahts	100.0%	Sales and manufacturing of bearings
Minebea Thai Ltd.	8,381,818 thousand Thai Bahts	100.0%	Sales and manufacturing of keyboards, motors and others
Pelmec Thai Ltd.	1,100,000 thousand Thai Bahts	100.0%	Sales and manufacturing of bearings
Minebea Electronics (Thailand) Co., Ltd.	1,563,545 thousand Thai Bahts	97.2% (27.7%)	Sales and manufacturing of electronic devices and components
Power Electronics of Minebea Co., Ltd.	1,610,000 thousand Thai Bahts	100.0% (13.9%)	Sales and manufacturing of electronic devices and components
NMB (USA) Inc.	248,248 thousand US dollars	100.0%	Holding company
NMB Technologies Corporation	6,800 thousand US dollars	100.0% (100.0%)	Sales of bearings, electronic devices and others
New Hampshire Ball Bearings, Inc.	94,000 thousand US dollars	100.0% (100.0%)	Sales and manufacturing of bearings
Minebea Electronics & Hi-Tech Components (Shanghai) Ltd.	140,060 thousand US dollars	100.0%	Sales and manufacturing of bearings and others

Note: Figures in parenthesis indicate the ratios of indirect ownership

(2) Developments in consolidation

The Company sold its 63,560,000 (100%) shares of Minebea Credit Co., Ltd., which was an important subsidiary of the Company in the previous period, to LSF Nippon Investment Company, LLC on September 30, 1999. Minebea Credit thus ceases to be a subsidiary of the Company.

NMB Technologies, Inc., which was a principal subsidiary of the Company in the previous period, and NMB Corporation merged on July 1, 1999 to form NMB Technologies Corporation.

Pelmec Thai Ltd. came to be stated, in the 54th Business Term, as a principal subsidiary of the Company due to increase of importance thereof.

(3) Results of consolidation

The number of consolidated subsidiaries is 55, and the number of the affiliates, to which the equity method for consolidation is applied, is 2. Consolidated sales and consolidated net loss for the 54th Business Term are 284,757 million yen and 2,677 million yen respectively.

6. Major plants and facilities

Name	Location
Head Office / Karuizawa Manufacturing Unit	Nagano pref.
Tokyo Head Office	Tokyo
Hamamatsu Manufacturing Unit	Shizuoka pref.
Fujisawa Manufacturing Unit	Kanagawa pref.
Omori Manufacturing Unit	Tokyo
Kyoto Manufacturing Unit	Kyoto pref.
Matsuida Factory	Gunma pref.
Saku Factory	Nagano pref.

7. Directors and Corporate Auditors

Position	Name	Responsibilities
President and Representative Director	Tsugio Yamamoto	
Senior Managing Director	Masahito Saigusa	In charge of Furniture Business
Senior Managing Director	Yoshihisa Kainuma	Member of Tokyo Office Administration Executive Council, in charge of Personnel & General Affairs Dept. and Logistic & Procurement Dept.
Senior Managing Director	Takayuki Yamagishi	General Manager of the 2nd Manufacturing Headquarters and Hamamatsu Manufacturing Unit
Senior Managing Director	Rikuro Obara	General Manager of the 1st Manufacturing Headquarters and Karuizawa Manufacturing Unit; General Manager of Bearings Manufacturing Div., Karuizawa Manufacturing Unit
Managing Director	Ryusuke Mizukami	Member of Tokyo Office Administration Executive Council, in charge of Corporate Planning Headquarters, Business Administration Dept., and Information Systems Dept.; General Manager of Corporate Planning Dept. and Corporate Communications Office, and Environmental Preservation Supervisor

Position	Name	Responsibilities
Managing Director	Takashi Yamaguchi	Member of Tokyo Office Administration Executive Council, in charge of Finance Dept. and General Manager of Finance Dept.
Managing Director	Kenji Senoue	Member of Tokyo Office Administration Executive Council, in charge of Strategy Planning and General Manager of Strategy Planning
Managing Director	Tomihiko Maruta	General Manager of Fujisawa Manufacturing Unit
Managing Director	Koichi Dosho	General Manager of Sales Headquarters, General Manager of European & American Regional Sales Headquarters, General Manager of European Region Operations
Director	Sadao Sawamura	General Manager of Information Systems Dept.
Director	Akihiro Hirao	General Manager of Omori Manufacturing Unit, in charge of Engineering Management Office and General Manager of Engineering Management Office
Director	Sadahiko Oki	In charge of Accounting Dept. and General Manager of Accounting Dept.
Director	Takuya Naka	In charge of Legal Dept. and General Manager of Legal Dept. and Patent Administration Office.
Director	Yukio Shimizu	Deputy General Manager of Sales Headquarters (in charge of Japan & Asian region), General Manager of Japan & Asian Regional Sales Headquarters
Director	Masayoshi Yamanaka	In charge of North & South American Region Operations
Director	Shunji Mase	General Manager of Personnel & General Affairs Dept., Secretary of Tokyo Office Administration Executive Council

Position	Name	Responsibilities
Director	Hiroharu Katogi	General Manager of Business Administration Dept.
Director	Masamitsu Osada	General Manager of the Mechatronics Division
Director	Susumu Fujisawa	In charge of Asian Region Operations
Director	Atsushi Matsuoka	President and Representative Director of Keiaisha NMB Co., Ltd.
Director	Chanchai Leetavorn	Chairman of SG Asia Credit Pcl.
Director	Tomeshiro Takeuchi	Senior Managing Director of Keiaisha NMB Co., Ltd.
Corporate Auditor (Standing)	Shinichi Mori	
Corporate Auditor	Mitsuo Ichikawa	Senior Managing Director of Keiaisha NMB Co., Ltd.
Corporate Auditor	Takeo Achiwa	Director of Keiaisha NMB Co., Ltd.
Corporate Auditor	Toshiro Uchida	Certified Public Tax Accountant

Notes: 1. Mr. Goro Ogino, President and Representative Director, and Messrs. Takeshichi Ogi, Shigeru Nomura and Mitsuya Okubo, each a Vice President and Director, resigned upon the closing of the 53rd Ordinary General Meeting of Shareholders held on June 29, 1999.

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

Balance Sheet
(as of March 31, 2000)

(Unit: millions of yen)

Assets	
Items	Amount
Current Assets	153,242
Cash and cash equivalents	16,337
Notes receivable	5,325
Accounts receivable - trade	53,870
Marketable securities	8,944
Purchased goods	4,474
Finished goods	2,042
Raw materials	2,759
Work in process	4,561
Supplies	137
Prepaid expenses	482
Short-term loans receivable from subsidiaries	45,000
Accounts receivable - other	2,137
Deferred tax assets	4,000
Other	3,650
Allowance for doubtful receivables	(480)
Fixed Assets	228,633
Tangible fixed assets	31,910
Buildings	12,729
Structures	678
Machinery and equipment	8,150
Vehicles	10
Tools, furniture and fixtures	1,408
Land	8,340
Construction in progress	592
Intangible fixed assets	176
Leasehold rights and other intangibles	176
Investments and others	196,547
Investments in securities	1,328
Investment securities in subsidiaries	153,502
Investments in partnerships	48
Investments in partnerships with subsidiaries	21,669
Long-term loans receivable	15,278
Long-term loans receivable from subsidiaries	5,927
Long-term deferred tax assets	15,160
Other	2,014
Allowance for doubtful receivables	(18,382)
Deferred assets	54
Bond issuance expenses	54
Total Assets	381,930

Note: Amounts less than one million yen are omitted

(Unit: millions of yen)

Liabilities	
Items	Amount
Current Liabilities	85,847
Notes payable	3,682
Accounts payable - trade	31,615
Short-term loans payable	41,676
Current portion of long-term loans payable	2,447
Accounts payable - other	3,310
Accrued income taxes	16
Accrued expenses	519
Accrued bonuses	1,747
Notes payable for equipment	193
Other	637
Long-term Liabilities	115,738
Bonds	35,000
Convertible bonds	40,918
Long-term loans payable	39,706
Retirement allowance reserve	114
Total Liabilities	201,586
Shareholders' Equity	
Common Stock	68,251
Legal Reserves	96,262
Capital reserve	94,749
Earned surplus reserve	1,513
Retained earnings	15,831
Voluntary reserve	26,000
General reserve	26,000
Undisposed loss	10,168
(current net loss)	(19,597)
Total Shareholders' Equity	180,344
Total Liabilities and Shareholders' Equity	381,930

Profit and Loss Statement

(From April 1, 1999 through March 31, 2000)

(Unit: millions of yen)

Items		Amount	
Ordinary income and expenses	Operating income		183,576
	Sales	183,576	
	Operating expenses		172,726
	Costs of sales	160,244	
	Selling, general and administrative expenses	12,481	
	Operating income		10,850
	Other income		4,883
	Interest income	620	
	Interest income on marketable securities	9	
	Dividends received	2,364	
Extraordinary income and loss	Reversal of valuation loss on marketable securities	573	
	Rent income on fixed assets	766	
	Other	549	
	Other expenses		4,672
	Interest and discount charges	1,909	
	Interest on bonds	1,224	
	Loss from sales of marketable securities	250	
	Others	1,286	
	Ordinary income		11,062
	Extraordinary income		339
Loss before income taxes	Gain on sales of fixed assets	243	
	Reversal of allowance for doubtful receivables	96	
	Extraordinary loss		44,312
	Loss on disposal of inventories	1,863	
	Loss on sales of fixed assets	337	
	Loss on sales of stocks of affiliates	203	
	Loss on liquidation of affiliates	41,398	
	Retirement benefit to directors and corporate auditors	509	
	Income taxes		224
	Reversal of prior year income taxes		421
Net loss	Adjustment of income taxes (benefit)		(13,116)
	Total income taxes		(13,313)
	Retained earnings brought forward from the previous period		3,384
	Prior year tax effect adjustment		6,044
	Undisposed loss at the end of the period		10,168

Note: Amounts less than one million yen are omitted.

Notes to the Balance Sheet and Profit and Loss Statement

1. Significant Accounting Policies

(1) Securities

Listed marketable securities are stated at the lower of cost or market, cost being determined by the moving average method (Wash-again method : a method of bringing forward the acquisition cost determined by the cost method to the next term instead of bringing forward the appraised value based on the current market price at the end of term to the next term).

Non listed marketable securities are stated at cost as determined by the moving average method.

(2) Inventories

Purchased goods: Stated at cost as determined by the moving average method.

Finished goods: Stated at cost as determined by the moving average method.

Raw materials: Stated at cost as determined by the moving average method for bearings, fasteners, measuring equipment, motors and special machinery equipment.

Work in process: Stated at cost as determined by the moving average method for bearings, fasteners, wheels and motors.

Supplies: Stated at cost as determined respectively for measuring equipment, special motors and special machinery equipment.

Stated at cost as determined by the moving average method for manufacturing bearings, fasteners, measuring equipment, motors and special machinery equipment.

Stated at cost as determined by the moving average method for manufacturing wheels.

(3) Depreciation

Depreciation of tangible fixed assets is made on the declining balance method as prescribed in the Corporation Tax Law.

Note, however, that each depreciable asset of a small value (the acquisition value of which is 100,000 yen or more but less than 200,000 yen) is equally depreciated for three years.

Depreciation of Intangible fixed assets is made on the straight line method as prescribed in the Corporation Tax Law.

Note, however, that for software products (used by the Company), the straight line method on the basis of the estimated usable period (5 years) established within the Company is used.

(4) Amortization of deferred assets

Bond issuance expenses are amortized over three years by an averaged amount each year based on the Commercial Code. Other items are charged to expenses as incurred.

(5) Allowances

Allowance for doubtful receivables:

To make preparations for credit losses, based on the maximum amount deductible under Corporation Tax Law and the collectibility of each receivable, an allowance for possible losses on receivables has been provided in the amount required for the estimated uncollectible receivables.

Accrued bonuses:

To make preparations for the payment of bonuses to employees, accrued bonuses are shown based on the anticipated amounts of payment.

Retirement allowance reserve:

The amount of retirement allowance reserve is an undisposed portion of their surplus as a result of having instituted a qualified pension plan in respect of the allowances on April 1, 1998.

(6) Accounting method of lease transactions

The accounting treatment for financial lease transactions other than those in which the ownership of a lease is considered to be transferred to the Company, is in accordance with that for ordinary lease transactions.

(7) Other significant accounting policies

(1) Qualified pension plan:

(a) To provide for the payment of retirement allowances, the Company adopted a comprehensive qualified pension plan. Note, however, that the excess amount of retirement allowance reserve is being disposed of over a period of seven years from the time of transition to the qualified pension plan pursuant to the provisions of the Corporation Tax Law. The disposed amounts and the prior service cost are offset in the process of calculating the manufacturing cost and sales and general administrative expenses.

(b) Accumulated assets in the Company's pension plan as of March 31, 2000 amounted to 4,713 million yen.

(c) The Company amortizes the prior service cost by 20% each year.

(2) Consumption tax and others are excluded.

2. Change in the method of presentation

"Rent income on fixed assets", which was included in "Other income" in the past Profit and Loss statement up to the previous period, will be indicated separately from the period under review onward.

The "Rent income on fixed assets" included in the "Other income" for the previous period was 672 million yen.

3. Tax effect accounting has been adopted from the period under review onward. As a result, "Deferred tax assets" of 4,000 million yen and "Long-term deferred tax assets" of 15,160 million yen are shown in Current Assets and in Investments and others of Fixed Asset respectively on the Balance Sheet. Also, "Adjustment of income taxes" of 13,116 million yen is shown as the adjustment of income taxes on the Profit and Loss statement, and "Prior year tax effect adjustment" of 6,044 million yen is shown as the adjustment of the retained earnings brought forward from the previous period. Due to these modifications, current net loss has been decreased to 13,116 million yen and undisposed loss at the end of the period has been decreased to 19,160 million yen from the figures that would have been obtained by the accounting policies used for the previous period.

4. Receivables from and payable to subsidiaries

Short-term receivables 27,538 million yen
(excluding short-term loan receivables from subsidiaries)

Short-term payable	25,265 million yen
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5. Treasury stocks in the amount of 2 million yen are included in securities.

6. Accumulated depreciation of tangible fixed assets

52,419 million yen

7. Apart from fixed assets in the Balance Sheet, the Company uses electronic computers and other items on lease.

8. Important assets and liabilities in foreign currencies

Accounts receivable-trade	14,147 million yen
Primarily composed of:	125,201 thousand US\$
	10,339 thousand D.M.

Investment securities in subsidiaries	150,353 million yen
Primarily composed of:	248,630 thousand US\$ 91,243 thousand S\$ 14,656,827 thousand BT 340,000 thousand NTS 58,200 thousand STG.£

Investments in partnerships with subsidiaries	21,669 million yen
Composed of:	140,060 thousand US\$
	30,152 thousand D.M.
	5,255 thousand F.FR.
	16,139,000 thousand LIT.
	12,201 thousand D.GL.

Accounts payable-table	14,580 million yen
Primarily composed of:	127,892 thousand US\$
	11,458 thousand D.M.

9. Pledged assets

Marketable securities	2,549 million yen
Tangible fixed assets	10,107 million yen

10. Guarantees

59,882 million yen

11. Net loss per share

49.18 yen

12. Amount of sales to subsidiaries

77,931 million yen

13. Amount of purchase from subsidiaries

129,576 million yen

14. Amount of non-operating transaction with subsidiaries

4,923 million yen

15. Total amount of research and development expenses

The research and development expenses included in the general administrative expenses and the manufacturing cost for the period under review were 4,917 million yen.

16. Tax Effect Accounting

Breakdown by cause of the deferred tax assets and long-term deferred tax assets:

Accrued bonuses	233 million yen
Retirement allowance reserve	46
Valuation loss on investment in securities	3,646
Allowance for doubtful receivables	7,294
Loss brought forward from the previous period	7,853
Other	88
Total	<u>19,160 million yen</u>

Appropriation of Unappropriated Retained Earnings

(Unit: yen)

Item	Amount	
I. Undisposed loss at the end of the period		10,168,973,627
II. Reversal of voluntary reserve		
Reversal of general reserve	17,000,000,000	17,000,000,000
Total		6,831,026,373
III. The above amount is appropriated as follows:		
Earned surplus reserve	280,000,000	
Dividends (7 yen par share)	2,794,043,266	3,074,043,266
IV. Retained earnings carried forward to the next period		3,756,983,107

Certified Copy of the Report of the Independent Auditors

Report of the Independent Auditors

May 9, 2000

To: Mr. Tsugio Yamamoto, President and Representative Director
Minebea Co., Ltd.

Century Ota Showa & Co.

Chikara Kanzawa

Representative Partner and Partner in Charge, Certified Public Accountant

Kiyokazu Tashiro

Representative Partner and Partner in Charge, Certified Public Accountant

Hiroshi Saito

Representative Partner and Partner in Charge, Certified Public Accountant

We have examined the Balance Sheet, the Profit and Loss Statement, the Business Report (limited only to the part relating to accounting), the Proposed Appropriation of Unappropriated Retained Earnings and the supplementary statements (limited only to the part relating to accounting) of MINEBEA CO., LTD. for the 54th fiscal period from April 1, 1999 to March 31, 2000 under the provisions of Article 2 of the Law For Special Exceptions to the Commercial Code Concerning Audit, etc., of Corporations. The part of the Business Report and the supplementary statements which are audited herein is only a part of the accounting entries.

Our examination was made in accordance with generally accepted auditing standards in Japan and, accordingly, we performed such auditing procedures as we considered necessary in the circumstances. Note, however, that these auditing procedures performed included an audit of the accounting procedures of certain subsidiaries that we considered to be necessary.

**Certified Copy of the Report of the Independent Auditors
(continued)**

In our opinion,

- (1) The Balance Sheet and the Profit and Loss Statement fairly present the financial position of the company and the results of its operations in conformity with the laws and ordinances and the Article of Incorporation of the company;
- (2) The Business Report (limited only to the part related to accounting) properly describes the situation of the Company in accordance with the laws and ordinances and the Articles of Incorporation of the Company;
- (3) The Proposed Appropriation of Unappropriated Retained Earnings is in conformity with the laws and ordinances and the Articles of Incorporation of the Company; and
- (4) There is no matter to be pointed out concerning the supplementary statements (limited only to the part related to accounting) according to the Commercial Code.

Neither our firm nor any of partners in charge has any interest in the Company as required to be disclosed herein under the provisions of the Certified Public Accountant Law.

Note: The Company's auditing corporation, Century Auditing Corporation, was consolidated with Ota Showa Auditing Corporation and renamed Century Ota Showa & Co. as of April 1, 2000.

Certified Copy of the Report of the Board of Corporate Auditors

Report of the Corporate Auditors

May 10, 2000

To: Mr. Tsugio Yamamoto, President and Representative Director
Minebea Co., Ltd.

Board of Corporate Auditors, Minebea Co., Ltd.

Shinichi Mori
Corporate Auditor (Standing)

Mitsuo Ichikawa
Corporate Auditor

Takeo Achiwa
Corporate Auditor

Toshiro Uchida
Corporate Auditor

We, each being the member of the Board of Corporate Auditors, have prepared this Audit Report by mutual consultation among ourselves following the report presented by each of the Corporate Auditors on their auditing method and the results of such auditing with respect to performance of duties by the Directors of the Company during the 54th fiscal period from April 1, 1999 to March 31, 2000, and our report is hereby made as follows.

1. Overview of the auditing method by the Corporate Auditors

Each of the Corporate Auditors attend the meetings of the Board of Directors and other important meetings of Company, received presentations from the Directors and others about business activities, received all important settled documents, conducted inspections on the business activities and the financial position of the Company at its head office and principal business offices, and asked for business reports from the subsidiaries as necessary, in accordance with the auditing policy and allocation of responsibilities, etc., as stipulated by the Board of Corporate Auditors.

In addition, we received the reports and explanations from the Independent Auditors of the Company, and reviewed the accounting documents and supplementary statements.

Certified Copy of the Report of the Board of Corporate Auditors (continued)

In accordance with the said auditing policy as well as by asking for reports by the Directors and others as necessary, we also have closely examined the Directors' involvement in business activities competing with the Company, transactions between any Director and the Company, which may constitute a conflict of interest, free grant of profits by the Company, unusual transactions with subsidiaries or shareholders, and purchase and disposal, etc., of the treasury stock of the Company.

2. Auditing Results

- (1) We certify that the auditing method of Century Ota Showa & Co. and the results of such auditing are proper and correct:
- (2) We certify that the Business Report fairly presents the situation of the Company in conformity with the laws and ordinances and the Articles of Incorporation of the Company:
- (3) There is no matter to be pointed out with respect to the Proposed Appropriation of Unappropriated Retained Earnings in light of the financial position of the Company or in any other respect:
- (4) The supplementary statements fairly present the matters to be described, and there is no matter to be pointed out therein: and
- (5) There is no unfair act or material fact in violation of the laws and ordinances or the Articles of Incorporation of the Company with respect to the performance of duties by the Directors of the Company.

Further, there is no violation of duties by any Director with respect to his involvement in business activities competing with the Company, transactions between any Director and the Company which may constitute a conflict of interest, free grant of profits by the Company, unusual transactions with subsidiaries or shareholders, and purchase and disposal, etc., of the treasury stock of the Company.

Note: Corporate Auditors Mitsuo Ichikawa and Toshiro Uchida are external auditors as stipulated in Section 1 of Article 1 of the Law For Special Exceptions to the Commercial Code Concerning Audit, etc., of Corporations.

Memo for Shareholders

Transfer Agent

5-33, Kitahama 4-chome, Chuo-ku, Osaka
The Sumitomo Trust and Banking Co., Ltd.

Office for Share Handling Business

4-4, Marunouchi 1-chome, Chiyoda-ku, Tokyo
The Sumitomo Trust and Banking Co., Ltd.
Stock Transfer Agency Department

Attention for Delivery of Postal Matters and Inquiries by Telephone

1-10, Nikko-cho, Fuchu, Tokyo 183-8701
The Sumitomo Trust and Banking Co., Ltd.
Stock Transfer Agency Department
Telephone: Tokyo <Fuchu> 042-351-2211
Osaka <Senri> 06-6833-4700

Intermediary Office

The Sumitomo Trust and Banking Co., Ltd.
Head Office and each and every Branch in Japan

Transfer Fee

Free

Newspaper for Public Notice

The Nihon-Keizai Shinbun

Location of Offices and Factories

Head Office/Karuizawa Manufacturing Unit

4106-73 Oaza Miyota, Miyota-machi, Kitasaku-gun,
Nagano 389-0293
Telephone: 0267-32-2200

Tokyo Head Office

Arco Tower, 1-8-1, Shimo-Meguro, Meguro-ku, Tokyo 153-8662
Telephone: 03-5434-8611

Hamamatsu Manufacturing Unit

1743-1 Asana, Asaba-machi, Iwata-gun, Shizuoka 437-1193
Telephone: 0538-23-7001

Fujisawa Manufacturing Unit

1-1-1, Katase, Fujisawa, Kanagawa 251-8531
Telephone: 0466-23-2131

Omori Manufacturing Unit

4-18-18, Omori-Nishi, Ota-ku, Tokyo 143-8543
Telephone: 03-3765-1121

Kyoto Manufacturing Unit

55, Tozumitoshiro, Yawata, Kyoto 614-8585
Telephone: 075-971-1901

Matsuida Factory

55, Oaza Okunada, Matsuida-machi, Usui-gun, Gunma 379-0226
Telephone: 0273-93-3100

Saku Factory

1955 Aza Fudadera, Oaza Takano-cho, Saku-machi, Minami
Saku-gun, Nagano 384-0613
Telephone: 0267-86-5400

MINEBEA CO., LTD