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# Follow-Up Materials



## 82- SUBMISSIONS FACING SHEET

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REGISTRANT'S NAME

Minehead Co, Ltd

\*CURRENT ADDRESS

\*\*FORMER NAME

PROCESSED

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CORPORATE FINANCE



BRIEF REPORT OF CONSOLIDATED FINANCIAL RESULTS

(Year ended March 31, 2006)

May 9, 2006

Registered  
Company Name: MINEBEA CO., LTD.  
Code No: 6479  
(URL <http://www.minebea.co.jp>)

Common Stock Listings: Tokyo, Osaka and Nagoya  
Headquarters: Nagano-ken

Representative: Takayuki Yamagishi Representative Director, President and Chief Executive Officer  
Contact: Sakae Yashiro Managing Executive Officer, Deputy Chief of Administration Headquarters

Tel. (03) 5434-8611

Board of Directors' Meeting for Consolidated Financial  
Results held on: May 9, 2006  
Adoption of U.S. Accounting Standards: None

1. Business performance (April 1, 2005 through March 31, 2006)

(1) Consolidated Results of Operations (Amounts less than one million yen have been omitted.)

	Net sales (millions of yen)	% Change	Operating income (millions of yen)	% Change	Ordinary income (millions of yen)	% Change
FY2006	318,446	8.2	19,269	36.8	14,595	43.0
FY2005	294,422	9.6	14,083	(22.2)	10,206	(26.0)

	Net income (millions of yen)	% Change	Net income per share (yen)	Fully diluted net income per share (yen)	Return (net income) on equity (%)	Return (ordinary income) on assets (%)	Return (ordinary income) on sales (%)
FY2006	4,257	(23.7)	10.67	-	3.9	4.3	4.6
FY2005	5,581	(7.3)	13.93	13.27	5.7	3.2	3.5

(Notes) 1. Income or loss on investments for FY2006 on the equity method totaled income 5 million yen and 13 million yen in FY2005.

2. Weighted average number of shares outstanding during the respective years (consolidation):  
399,052,181 shares at March 31, 2006  
399,074,238 shares at March 31, 2005

3. Changes in accounting method: Yes

4. The percentages of net sales, operating income, ordinary income and net income show year-on-year changes.

(2) Consolidated Financial Position

	Total assets (millions of yen)	Shareholders' equity (millions of yen)	Shareholders' equity ratio (%)	Shareholders' equity per share (yen)
FY2006	349,862	117,577	33.6	294.65
FY2005	332,217	102,088	30.7	255.82

(Notes) Number of shares outstanding at end of year (consolidation):

399,046,324 shares at March 31, 2006  
399,062,072 shares at March 31, 2005

(3) Consolidated Cash Flows

	Cash flows from operating activities (millions of yen)	Cash flows from investing activities (millions of yen)	Cash flows from financing activities (millions of yen)	Year end balance of cash and cash equivalents (millions of yen)
FY2006	28,237	(19,120)	(7,380)	24,385
FY2005	27,586	(23,789)	(8,772)	21,759

(4) Scope of consolidation and application of equity method

Number of consolidated companies.....43 companies  
Number of non-consolidated companies.....None  
Number of affiliated companies for equity method....1 company

(5) Accounting changes of scope of consolidation and application of equity method

(a) Changes in consolidated subsidiaries  
Anew: None Exclusion: 4 companies  
(b) Changes of the companies subject to equity method  
Anew: None Exclusion: None

2. Prospect for the next fiscal year (April 1, 2006 through March 31, 2007)

	Net sales (millions of yen)	Ordinary income (millions of yen)	Net income (millions of yen)
Interim	152,000	8,400	5,300
Annual	310,000	19,000	10,000

(Reference) Projected annual net income per share: 25.06 yen

(Notes) The above-mentioned forecasts are based on the information available as of the date when this information is disclosed, as well as on the assumptions as of the disclosing date of this information related with unpredictable parameters that are probable to affect our future business performances in the end.

In other words, our actual performances are likely to differ greatly from these estimates depending on various factors that will take shape from now on.

As for the assumptions used for these forecasts and other related items, please refer to page seven of the documents attached hereunder.

(Reference)

1. Condition of group of enterprises

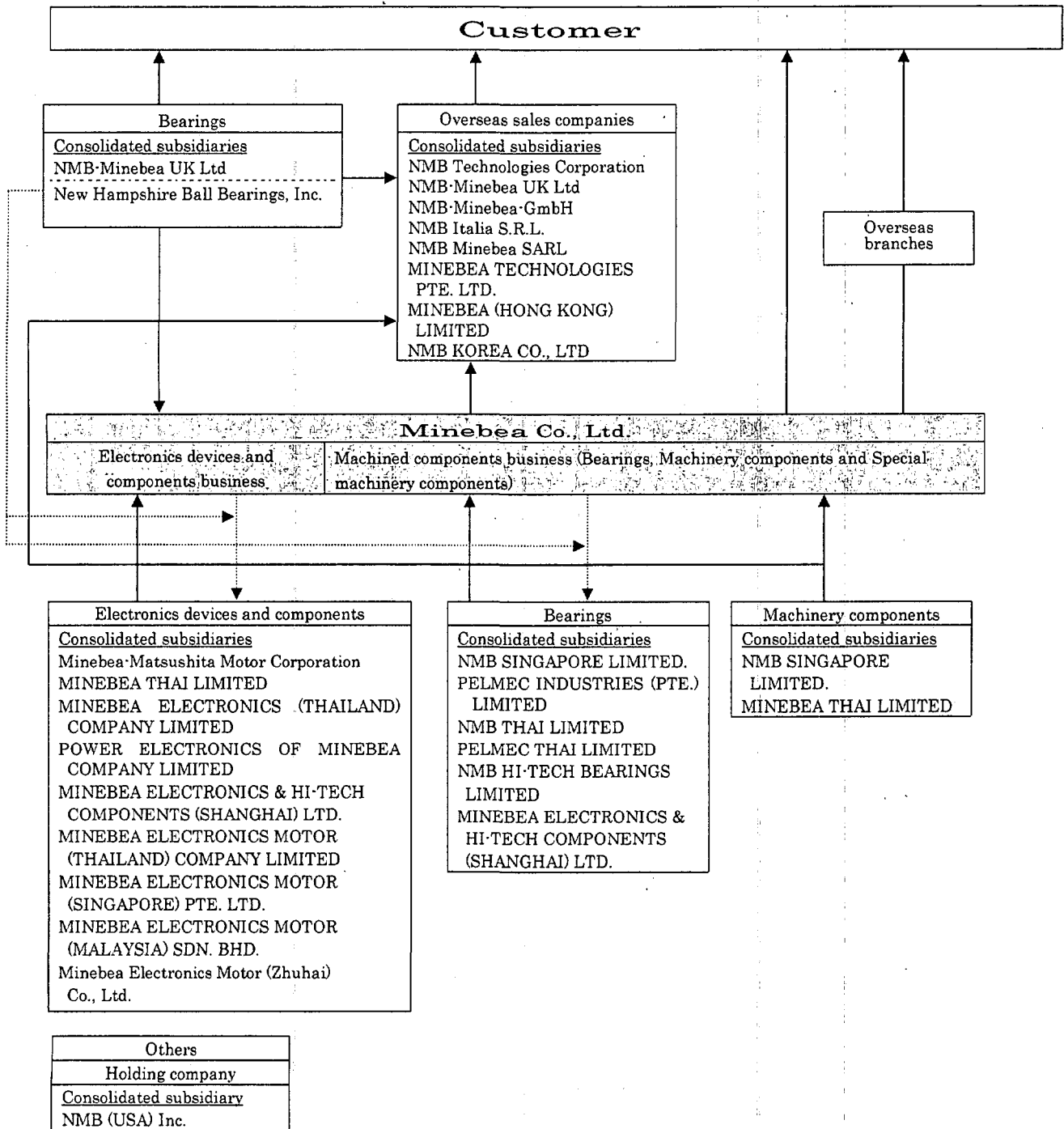
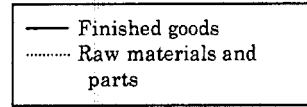
Minebea group consists of Minebea Co., Ltd. (the company) and 44 related companies (43 consolidated subsidiaries and 1 affiliated company). Minebea group produces and sells bearings, machinery components, special machinery components, electronic devices.

The company and domestic consolidated subsidiaries, consolidated subsidiaries in U.S.A., Europe and Asia are in charge of production. The Company markets its products directly to Japanese customers. In overseas markets, the Company markets its products through its subsidiaries and branches in the United States, Europe and Asia.

The relationship between each operation and business segments, and main manufacturing and sales companies are as follows.

Business segments	Operations	Manufacturing companies	Sales companies
Machined components business	Bearings	Minebea Co., Ltd. New Hampshire Ball Bearings, Inc. NMB-Minebea UK Ltd NMB SINGAPORE LIMITED. PELMEC INDUSTRIES (PTE.) LIMITED NMB THAI LIMITED PELMEC THAI LIMITED NMB HI-TECH BEARINGS LIMITED MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD.	Minebea Co., Ltd. NMB Technologies Corporation New Hampshire Ball Bearings, Inc. NMB-Minebea UK Ltd NMB-Minebea-GmbH NMB ITALIA S.R.L. NMB Minebea SARL MINEBEA TECHNOLOGIES PTE. LTD. MINEBEA (HONG KONG) LIMITED NMB KOREA CO., LTD.
	Machinery components	Minebea Co., Ltd. NMB SINGAPORE LIMITED. MINEBEA THAI LIMITED	
	Special machinery components	Minebea Co., Ltd.	
Electronics devices and components business	Electronics devices and components	Minebea Co., Ltd. Minebea-Matsushita Motor Corporation MINEBEA THAI LIMITED MINEBEA ELECTRONICS (THAILAND) COMPANY LIMITED POWER ELECTRONICS OF MINEBEA COMPANY LIMITED MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD. MINEBEA ELECTRONICS MOTOR (THAILAND) COMPANY LIMITED MINEBEA ELECTRONICS MOTOR (SINGAPORE) PTE.LTD. MINEBEA ELECTRONICS MOTOR (MALAYSIA) SDN.BHD. Minebea Electronics Motor (Zhuhai) Co., Ltd.	

Operation route is as follows.



## 2. Management Policy

### (1) Basic Management Policy

Minebea has adopted the following five principles as its basic policy for management.

- (a) Ensure that Minebea is a company for which we feel proud to work.
- (b) Reinforce the confidence our customers have.
- (c) Respond to our shareholders' expectations.
- (d) Ensure a welcome for Minebea in local communities.
- (e) Contribute to a global society.

Under this basic management policy, we have actively addressed the development of high value-added products and the sophistication of product quality. In addition we have focused company resources on areas where we can display ultraprecision machining technologies and mass production technologies that are both the source of our competitiveness. At the same time, we have strengthened our operations based on financial improvements, and have striven to practice a transparent management form that is easier to understand within and across the company.

Furthermore, as a key theme in the development of business in various parts of the world, we have continued our commitment to environmental protection activities.

### (2) Basic Policy for Profit Sharing

Our basic dividend policy is to consider the return of profits to shareholders, business development, the strengthening of corporate structure, etc. in an overall perspective. We consider it important to continue paying stable dividends. Therefore, we will use internal reserves in providing for operating funds in connection with the enhancement of corporate structure and new growth in the future.

### (3) Policy for Reducing the Minimum Trading Unit

We consider it important in terms of capital management to increase our stock liquidity and the number of shareholders. Taking the current investment amount into consideration, we will carefully examine the possibility of reducing the minimum trading unit, including revision of unitary transaction stock, in order to foster an investor-friendly environment.

### (4) Future Management Strategies and Tasks

In accordance with the basic management policies as mentioned earlier, we aim to improve profitability and enhance corporate value based on a "vertically integrated manufacturing system," "large-scale volume production system," and "well-developed R&D system," which have been established worldwide, in order to ensure our place as the world's leading comprehensive manufacturer of miniature ball bearings and high-precision components.

The tasks to be accomplished to achieve this goal are to:

- (a) Further reinforce our mainstay bearings and bearing-related products;
- (b) Build our operations in the area of precision small motors into a second pillar of our operations after bearings and bearing-related products; and
- (c) Increase the ratio of high-value-added products in all product categories and diversify offerings to serve a broader market.

### (5) Parent company, etc.

The Company has no parent company.

### (6) Management Index

Our consolidated forecasts for fiscal year ending March 2007 are as follows:

(Amount: millions of yen)

	Fiscal year ending March 2007
Net sales	310,000 ( 97%)
Operating income	25,000 (130%)
Ordinary income	19,000 (130%)
Net income	10,000 (235%)
Capital investment	21,000 ( 96%)

(%): Year-on-year rate of change

## 3. Operating Performance and Financial Position

### (1) Operating Performance

#### 1. Overview of the year

During the current consolidated fiscal year, the Japanese economy continued a private demand-driven recovery with favorable conditions in the corporate sector having an impact on the household sector. The U.S. economy, although facing soaring energy prices and hurricane damage, expanded steadily as a whole, led by growth in wealth from housing investments. The European economy grew moderately with signs of turnaround in foreign demand and

capital investment. The Chinese economy, meanwhile, maintained high growth due to a continued rise in exports mainly to the United States and developing countries, despite the implementation of the revaluation of yuan and tight constraints on overheated investment. The economies in Southeast Asian countries stayed firm due to continued growth in the U.S. economy and high growth in China.

Under these circumstances, we strove to make our profitable basis stronger in order to further enhance earnings in a short period of time by addressing such near-term strategic agenda as resolutely carrying out structural reforms; reinforcing R&D efforts; and driving for management with a clear future vision. At the same time, we also concentrated on further reducing costs; developing high value-added products and new technologies; and expanding marketing activities.

As a result, net sales increased 24,023 million yen (8.2%) year on year, to 318,446 million yen, and operating income increased 5,185 million yen (36.8%) year on year, to 19,269 million yen. Although ordinary income increased 4,388 million yen (43.0%) year on year, to 14,595 million yen, net income fell 1,323 million yen (-23.7%) year on year, to 4,257 million yen due to an extraordinary loss of 3,475 million yen from the restructuring of our PC keyboard business.

During the current consolidated fiscal year, we posted an extraordinary loss of 967 million yen as a result of implementing impairment accounting for fixed assets.

(a) Performance by business segment is as follows:

Machined components business

Our products in this business segment include ball bearings, which are our mainstay product; mechanical components such as rod-end bearings primarily for use in aircraft and pivot assemblies for use in hard disk drives (HDDs); screws for automobiles and aircraft; and defense-related devices and equipment. Sales of ball bearings to makers of automobiles and information & telecommunications equipment stayed strong year on year owing to our vigorous sales expansion efforts. Sales of rod-end bearings rose to the aerospace industry, mainly in the U.S. and Europe. In pivot assemblies, sales grew largely, owing to strong demand from the HDD industry. As a result, net sales rose 13,490 million yen (11.6%) year on year, to 129,595 million yen. Operating income increased 2,984 (13.8%) year on year, to 24,556 million yen, due to cost reductions, etc. resulting from increased production and production efficiency.

Electronic devices and components business

Our core products in this business segment include HDD spindle motors; information motors such as fan motors; stepping motors, vibration motors and DC brush motors; PC keyboards; speakers; LCD back lights; and measuring instruments. Sales of LCD back lights, information motors and PC keyboard grew substantially to makers of cellular phones, office automation, PCs and peripheral equipment. On the other hand, sales of HDD spindle motors declined as a result of striving to improve earnings, instead of seeking sales volume. As a result, net sales increased 10,534 million yen (5.9%) year on year, to 188,851 million yen. Operating income improved 2,202 million yen year on year, to (5,287) million yen, due to a rapid recovery in performance led by a substantial cost reduction in HDD spindle motors, etc. increased profits from increased sales of LCD back lights, and other factors.

(b) Performance by geographical segment is as follows:

Japan

Although net sales in this region increased 1,196 million yen (1.6%) year on year, to 77,856 million yen, operating income decreased 830 million yen (-30.2%) year on year, to 1,922 million yen.

Asia excluding Japan

This region includes Greater China region which continues high growth due mainly to vigorous investment, and is an important manufacturing base for many makers of Japan, Europe, America and other countries. Sales were firm mainly in the Greater China region, led by expanded demand from the information & telecommunications equipment industry and steady demand from the household electrical appliance industry. On the profit side, profitability improvement effects have been showing up, due to a price increase and cost cuts in such mechanical assemblies as pivot assemblies, cost reduction measures for HDD spindle motors, etc. As a result, net sales and operating income increased 17,999 million yen (13.1%) and 6,972 million yen (118.8%) year on year, respectively, to 155,423 million yen and 12,842 million yen.

North America

Despite progress in production shift by our information & telecommunications equipment-related customers to Asia, sales of PC keyboards and other electronic devices and components were firm in this region. In addition, in ball bearings manufactured in the U.S. and rod-end bearings for sales to aviation-related and other industries, both demand and sales were brisk. As a result, net sales rose 7,078 million yen (13.5%) year on year, to 59,467 million yen, whereas operating income fell, partly due to changes in internal price setting, 1,622 million yen (-36.0%) to 2,888 million yen.

## Europe

Sales of ball bearings, rod-end bearings and other products were firm as moderate economic growth was seen in this region. But due to the transfer of PC keyboard sales to U.S. customers to North America, net sales fell 2,249 million yen (-8.0%) year on year, to 25,698 million yen, while operating income rose 665 million yen (70.0%), to 1,615 million yen.

## 2. Outlook for the next fiscal year

We expect that the Japanese economy will continue a moderate recovery especially in private demand, with continued increases in personal consumption and capital investment. In China, although we have to pay attention to expanding trade surpluses, another revaluation of the Chinese Yuan, etc., the economy will maintain a high growth rate. In the U.S. too, solid economic growth is expected to continue, although there are concerns about the trends of long-term interest rates, crude oil prices and housing prices, as well as current account deficits. We expect that the world economy will continue to stay on a well-balanced growth path. Under these circumstances, we expect net sales to remain almost level with the current consolidated fiscal year due to steady growth in sales of bearing-related products, although sales in the electronic devices and components business will fall due to the restructuring of the PC keyboard business.

### (a) Outlook by business segment for the full year is as follows:

#### Machined components business

We will continue to aggressively expand sales of mainstay ball bearings to the household electrical appliance, automobile and information & telecommunications equipment industries, demand from which is firm. By achieving economies of scale in manufacturing from this sales expansion and further reducing costs, we aim to improve business results further. In addition, the aircraft market for rod-end bearings are strong, particularly in Europe and the U.S. We can expect benefits from this strong aircraft market. In pivot assemblies, we expect that sales will be steady with strong demand.

#### Electronic devices and components business

In the spindle motor business, we will continue to promote cost reduction measures and strive to achieve a step-by-step increase in sales in line with an expansion in the market size. In the information motors business, we can expect the effects of the review of our product mix and other business reform measures that we have implemented. In the area of PC keyboards, we will strive to improve business results by advancing the establishment of a business structure that is most suitable for production and sales of models, particularly high-quality, high-priced ones. In LCD back lights and measuring instruments, we expect that sales will remain strong.

### (b) Outlook by geographical segment for the full year is as follows:

#### Japan

We expect that sales will continue to be in a harsh operating environment, as many of our customers are shifting production from their plants in Japan to those in other Asian countries, including China.

#### Asia excluding Japan

This region offers the largest market for our products. Taking full advantage of having our key manufacturing bases right in this largest market area, we strongly aim to improve performance. We expect better results in the businesses of HDD spindle motors and information motors through cost reductions, plant consolidations, etc. In PC keyboards, we will set up an optimal production structure quickly through restructuring measures to improve business results.

#### North America

In U.S. manufactured rod-end bearings and other principal products, we continue to receive strong orders from aerospace and other industries. We also expect that import products such as ball bearings and motors will continue to post firm sales, despite a fall in sales of PC keyboards due to a shift to high-priced products through the restructuring.

#### Europe

The European economy continues to grow moderately. Sales and profits are expected to move as we witnessed for the current consolidated fiscal year.

## (2) Financial Position in the Current Fiscal Year

The Minebea Group has pursued its principal management policy of enhancing its financial soundness and continued to take decisive steps to squeeze total assets, restrain capital investment, and reduce interest-bearing debt. The balance of cash and cash equivalents in the current fiscal year totaled 24,385 million yen, up 2,626 million yen (12.1%) year on year.

Cash flows from various business activities during the current consolidated fiscal year and relevant factors are as follows:

**Operating activities:** Due mainly to 9,620 million yen of income before income taxes, 23,972 million yen of depreciation charges, the rise in inventories and allowance for business restructuring, and the payment of income



taxes, net cash flow from operating activities rose 651 million yen (2.4%) compared with the previous consolidated fiscal year, to 28,237 million yen.

**Investing activities:** Due to the year-on-year rise of expenditure for purchase of property, plant and equipment to 21,897 million yen, net cash outflow from investing activities rose 4,669 million yen (19.6%) year on year, to 19,120 million yen.

**Financing activities:** Due mainly to the redemption of bonds with warrants attached of 4,000 million yen and the dividend payment of 2,793 million yen, net cash outlay from financing activities fell 1,392 million yen (15.9%) year on year, to 7,380 million yen.

(3) Risk Management

As of the end of the current consolidated fiscal year, the company recognizes that the Minebea Group has the following risks and uncertainties that have the potential to affect its group operating results and/or financial position:

1. Market risk

Principal markets for Minebea products, including those for PCs and peripheral equipment, information and telecommunications equipment and household electrical appliances, are intensely competitive and subject to significant fluctuations in demand. Our operating results and financial position are vulnerable to these fluctuations.

2. Foreign exchange risk

A significant portion of our consolidated net sales are in markets outside of Japan. Our business is thus vulnerable to risks associated with fluctuations in foreign currency exchange rates. We have entered into various currency exchange contracts and other derivatives transactions to hedge these risks, but fluctuations in foreign currency exchange rates may affect our operating results and/or financial position over the long term.

3. R&D risk

While we focus on R&D to introduce a constant stream of new, high-quality products, we are subject to the risk that significant R&D expenditures may not be rewarded with successes, as there are no guarantees that R&D efforts will come to fruition.

4. Legal risk

The Legal Department is responsible for managing risk related to lawsuits and other legal actions brought against Minebea Group operations in Japan and/or overseas. We are subject to the risk that lawsuits or other actions with the potential to affect our operating results and/or financial position may be brought against us in the future.

5. Risk related to price negotiations

We continue to face intense competition from lower-priced products made overseas. We are subject to the risk that we will be unable to maintain or increase our share should market needs shift to low-quality, low-priced products.

6. Risk related to raw materials and logistics costs

We purchase a variety of materials from external suppliers and strive to ensure optimal purchase inventory volumes for such materials and access to stable supplies of materials with stable prices. However, we are subject to the risk that rising prices for such materials may affect our operating results and/or financial position in the future.

7. Latent risk related to operations overseas

The Minebea Group's manufacturing activities are conducted primarily in Thailand, China, and Singapore. While considerable time has passed since we established operations in these countries, our operations overseas are subject to the following risks, any of which may have a negative impact on our operating results and/or financial position:

- (a) Unexpected changes to laws or regulations.
- (b) Difficulty in attracting and securing appropriate human resources.
- (c) Acts of terrorism or war, or other acts that may cause social disruption.

(4) Important Agreement in the Current Fiscal Year

None

## 4. Consolidated Financial Statements and Notes

## (1) Consolidated Balance Sheets

	As of March 31, 2005		As of March 31, 2006		Increase or (decrease) (2006-2005)
	Millions of yen	% Comp.	Millions of yen	% Comp.	Millions of yen
<b>ASSETS</b>					
Current assets.....	147,295	44.3	153,564	43.9	6,268
Cash and cash equivalents.....	21,759		24,385		
Notes and accounts receivable.....	62,610		66,362		
Inventories.....	46,963		48,914		
Deferred tax assets.....	5,123		3,402		
Others.....	11,125		10,784		
Allowance for doubtful receivables.....	(287)		(285)		
Fixed assets.....	184,808	55.7	196,216	56.1	11,407
Tangible fixed assets.....	156,521		165,759		9,238
Building and structure.....	97,222		104,435		
Machinery and transportation equipment.....	202,364		232,021		
Tools, furniture and fixtures.....	50,737		51,705		
Land.....	15,086		14,755		
Construction in progress.....	1,228		1,517		
Accumulated depreciation.....	(210,118)		(238,675)		
Intangible fixed assets.....	14,113		13,177		(935)
Consolidation adjustments.....	10,353		9,794		
Others.....	3,760		3,383		
Investment and other assets.....	14,174		17,279		3,104
Investment in securities.....	6,308		10,963		
Long-term loans receivable.....	35		46		
Deferred tax assets.....	6,016		4,552		
Others.....	1,870		1,772		
Allowance for doubtful receivables.....	(56)		(55)		
Deferred charges.....	112	0.0	81	0.0	(30)
Total assets.....	332,217	100.0	349,862	100.0	17,645

	As of March 31, 2005		As of March 31, 2006		Increase or (decrease) (2006-2005)
	Millions of yen	% Comp.	Millions of yen	% Comp.	Millions of yen
<b>LIABILITIES</b>					
Current liabilities.....	141,449	42.6	150,886	43.1	9,437
Notes and accounts payable.....	25,901		26,683		
Short-term loans payable.....	81,256		80,656		
Current portion of long-term loans payable.....	1,855		8,115		
Current portion of bonds.....	—		3,000		
Current portion of bond with warrant.....	4,000		—		
Accrued income taxes.....	2,344		3,045		
Accrued bonuses.....	3,247		3,518		
Reserve for environmental preservation expenses	794		—		
Allowance for business restructuring losses.....	—		3,286		
Others.....	22,050		22,581		
Long-term liabilities.....	86,144	25.9	80,767	23.1	(5,377)
Bonds.....	38,000		36,500		
Long-term loans payable.....	47,340		43,000		
Allowance for retirement benefits.....	305		641		
Allowance for retirement benefits					
to executive officers.....	49		49		
Others.....	448		576		
Total liabilities.....	227,594	68.5	231,653	66.2	4,059
<b>MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES</b>					
	2,534	0.8	631	0.2	(1,902)
<b>SHAREHOLDERS' EQUITY</b>					
Common stock.....	68,258	20.5	68,258	19.5	—
Additional paid-in capital.....	94,756	28.5	94,756	27.1	—
Retained earnings.....	5,519	1.7	6,983	2.0	1,463
Difference on revaluation of other					
marketable securities.....	1,575	0.5	4,428	1.2	2,853
Foreign currency translation adjustments.....	(67,965)	(20.5)	(56,784)	(16.2)	11,181
Treasury stock.....	(56)	(0.0)	(65)	(0.0)	(9)
Total shareholders' equity.....	102,088	30.7	117,577	33.6	15,489
<b>TOTAL LIABILITIES, MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES AND SHAREHOLDERS EQUITY</b>					
	332,217	100.0	349,862	100.0	17,645

## (2) Consolidated Statements of Income

	Year ended March 31, 2005		Year ended March 31, 2006		Increase or (decrease) (2006-2005)
	Millions of yen	% Comp.	Millions of yen	% Comp.	Millions of yen
Net sales.....	294,422	100.0	318,446	100.0	24,023
Cost of sales.....	232,019	78.8	249,934	78.5	17,915
Gross profit.....	62,403	21.2	68,511	21.5	6,108
Selling, general and administrative expenses..	48,319	16.4	49,242	15.5	922
Operating income.....	14,083	4.8	19,269	6.0	5,185
Other income.....	1,551	0.5	1,503	0.5	(47)
Interest income.....	145		258		
Dividends income.....	37		71		
Equity income of affiliates.....	13		5		
Others.....	1,354		1,167		
Other expenses.....	5,427	1.8	6,177	1.9	749
Interest expenses.....	3,361		4,771		
Foreign currency exchange loss.....	755		345		
Others.....	1,311		1,060		
Ordinary income.....	10,206	3.5	14,595	4.6	4,388
Extraordinary income.....	404	0.1	1,054	0.3	650
Gain on sales of fixed assets.....	301		415		
Gain on sales of investments securities.....	—		191		
Gain on the reversal of preemptive rights.....	—		447		
Reversal of allowance for doubtful receivables.	102		—		
Extraordinary loss.....	2,832	1.0	6,029	1.9	3,196
Loss on sales of fixed assets.....	565		106		
Loss on disposal of fixed assets.....	453		763		
Impairment loss.....	—		967		
Loss on sales of investments securities.....	0		0		
Loss on revaluation of investments securities..	619		—		
Loss on liquidation of affiliates.....	270		86		
Loss for after-care of products.....	270		171		
Business restructuring loss.....	—		3,475		
Retirement benefit expense.....	609		—		
Retirement benefits to directors and corporate auditors.....	42		458		
Income before income taxes and minority interests.....	7,778	2.6	9,620	3.0	1,842
Income taxes					
Current (including enterprise tax).....	5,943		5,567		
Adjustment of income taxes.....	(430)		1,574		
Total income taxes.....	5,513	1.8	7,141	2.2	1,628
Minority interest in earnings of consolidated subsidiaries.....	(3,316)	(1.1)	(1,778)	(0.5)	1,538
Net income.....	5,581	1.9	4,257	1.3	(1,323)

## (3) Consolidated Statements of Retained Surplus

	Year ended March 31, 2005	Year ended March 31, 2006	Increase or (decrease) 2006-2005
	Millions of yen	Millions of yen	Millions of yen
<b>CAPITAL RETAINED EARNINGS</b>			
Additional paid-in capital at beginning of year.....	94,756	94,756	—
Additional paid-in capital at end of year.....	94,756	94,756	—
<b>RETAINED EARNINGS</b>			
Retained earnings at beginning of year.....	2,755	5,519	2,763
Increase of retained earnings.....	5,581	4,257	(1,323)
Net income.....	5,581	4,257	
Decrease of retained earnings.....	2,817	2,793	(23)
Cash dividends.....	2,793	2,793	
Bonus to directors.....	23	—	
Loss on disposal of treasury stock.....	0	0	
Retained earnings at end of year.....	5,519	6,983	1,463

## (4) Consolidated Statements of Cash Flows

(Amount: millions of yen)

	Year ended March 31,2005	Year ended March 31,2006	Increase or (decrease) 2006-2005
<b>1. Cash Flows from Operating Activities:</b>			
Income before income taxes and minority interests .....	7,778	9,620	
Depreciation and amortization .....	22,462	23,972	
Impairment loss .....	—	967	
Amortization of consolidation adjustments .....	1,083	1,073	
Equity income of affiliates .....	(13)	(5)	
Interest and dividends income .....	(182)	(330)	
Interest expenses .....	3,361	4,771	
(Gain) loss on sales of fixed assets .....	264	(308)	
Loss on disposal of fixed assets .....	453	763	
Decrease in reserve for losses on after-care of products .....	(210)	—	
(Gain) loss on sales of investments securities .....	0	(191)	
Loss on revaluation of investments securities .....	619	—	
Gain on the reversal of preemptive rights .....	—	(447)	
Increase in notes and accounts receivable .....	(1,020)	(110)	
(Increase) decrease in inventories .....	(1,597)	2,082	
Increase (decrease) in accounts payable .....	1,283	(1,215)	
Decrease of allowance for doubtful receivables .....	(221)	(24)	
Increase in accrued bonuses .....	41	111	
Decrease of reserve for environmental preservation expenses .....	(194)	—	
Increase (decrease) in retirement allowance .....	(331)	219	
Increase (decrease) of allowance for retirement benefits to executive officers .....	27	(0)	
Increase in allowances for business restructuring losses .....	—	3,286	
Payment of bonus to directors and corporate auditors .....	—	(23)	
Others .....	1,537	(6,846)	
Sub-total	35,142	37,364	2,222
Interest and dividends received .....	183	330	
Interest paid .....	(3,388)	(4,844)	
Income tax paid .....	(4,351)	(4,612)	
Net cash provided by operating activities	27,586	28,237	651
<b>2. Cash Flows from Investing Activities:</b>			
Purchase of tangible fixed assets .....	(23,060)	(21,897)	
Proceeds from sales of tangible fixed assets .....	2,173	3,047	
Purchase of intangible fixed assets .....	(3,059)	(311)	
Purchase of investment in securities .....	(37)	(0)	
Proceeds from sales of investment in securities .....	3	216	
Payments for purchase of investment in subsidiaries .....	—	(342)	
Increase in cash and cash equivalents due to inclusion in consolidation .....	71	—	
Long term loans receivables .....	(67)	(18)	
Recovery of long term loans receivables .....	164	16	
Others .....	22	168	
Net cash used in investing activities	(23,789)	(19,120)	4,669
<b>3. Cash Flows from Financing Activities:</b>			
Increase (decrease) in short-term loans payable .....	2,306	(3,671)	
Decrease in the amount in commercial paper .....	(4,000)	—	
Proceeds from long term loans .....	29,324	3,592	
Repayment of long term loans .....	(6,459)	(1,987)	
Proceeds from issuance of bonds .....	10,000	1,500	
Payment for redemption of bonds .....	(10,000)	—	
Payment for redemption of convertible bonds .....	(27,080)	—	
Payment for redemption of bonds with warrant .....	—	(4,000)	
Purchase of treasury stock .....	(9)	(5)	
Cash dividends paid .....	(2,793)	(2,793)	
Cash dividends paid to minority shareholders .....	(16)	(14)	
Others .....	(43)	—	
Net cash used in financing activities	(8,772)	(7,380)	1,392
4. Effect of Exchange Rate Changes on Cash and Cash Equivalents	358	889	530
5. Net Increase (decrease) in Cash and Cash Equivalents	(4,616)	2,626	7,242
6. Cash and Cash Equivalents at Beginning of Year	24,780	21,759	(3,020)
7. Increase in Cash and Cash Equivalents due to Establishment of a Joint Venture	1,596	—	(1,596)
8. Cash and Cash Equivalent at End of Year	21,759	24,385	2,626

(5) Basis of presenting consolidated financial statements

1. Scope of consolidation and application of equity method

Number of consolidated companies.....43 companies

The names of principal consolidated subsidiaries, stated in 1. Condition of group of enterprises, are omitted.

Number of affiliated companies.....1 company

of which, equity method is applied to 1 company including Shonan Seiki Co., Ltd.

2. Scope of consolidation and application of equity method

(a) Changes in consolidated subsidiaries

Anew: None

Exclusion:	Liquidation	(3 companies)	Minebea Electronics Co., Ltd. NMB TRADING PTE. LTD. NMB PRECISION TOOL & DIE PTE.LTD.
	Merger	(1 company)	Kanto Seiko Co., Ltd.

(b) Changes of the companies subject to equity method

Anew: None

Exclusion: None

3. Closing date of consolidated subsidiaries

Consolidated subsidiaries whose closing dates are different from that of the company adjusted their financial statements to the company's closing date.

4. Accounting policies

(a) Valuation basis and method of significant assets

1. Inventories

The company and consolidated domestic subsidiaries state primarily at the moving average cost.

Consolidated overseas subsidiaries state at the lower of first-in, first-out cost or market, or at the lower of average cost or market.

2. Other marketable securities

Securities with market value

The company adopted the market value method based on market prices and other conditions at the end of the term. Also, the company accounted for all valuation differences based on the direct capitalization method and the sales costs are calculated by the moving average method.

Securities without market value

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

(b) Method of significant Depreciation

1. Tangible fixed assets

The company and consolidated domestic subsidiaries adopt the declining balance method. Their major useful lives are as follows:

Buildings and structures	2 to 50 years
Machinery and equipment	2 to 15 years
Tools, furniture and fixtures	2 to 20 years

They also collectively show equal charges for small depreciable assets (whose acquisition values are not less than 100,000 yen and less than 200,000 yen) over the three years each consolidated fiscal year.

Consolidated overseas subsidiaries mainly adopt the straight-line method.

2. Intangible fixed assets

The company and consolidated domestic subsidiaries mainly adopt the straight-line method. However, depreciation of software (for internal use) is computed on the straight-line method based on our expected useful period (5 years).

Consolidated overseas subsidiaries mainly adopt the straight-line method.

(c) Valuation basis of significant allowances

1. Allowance for doubtful receivables

The company and consolidated domestic subsidiaries make the record in the amount required for the estimated uncollectible receivables based on actual losses of trade receivables and on collectibility of specific receivables with loss possibilities.

Consolidated overseas subsidiaries make the record in the amount required for the estimated uncollectible receivables based on the collectibility of each receivable for possible losses on the receivables.

2. Accrued bonuses  
The company and consolidated domestic subsidiaries make preparations for the payment of bonuses to employees, accrued bonuses are shown based on the anticipated amounts of payment in the current term. Consolidated overseas subsidiaries make the record on accrual basis.
  3. Allowance for retirement benefit  
Regarding the company and its consolidated Japanese subsidiaries, the company stated an amount estimated to accrue at the end of the current term to provide for employee retirement benefits, based on estimated retirement benefit debts and pension assets at the end of the term.  
Over the five years within the average remaining length of employees' service, the company will charge differences in mathematical calculation to expenses from the next term, in accordance with the straight-line method.  
Regarding the company's consolidated overseas subsidiaries, each subsidiary stated an amount estimated to accrue at the end of the current term to provide for employee retirement benefits.  
Unrecognized prior service cost is amortized using the straight-line method over a period of 10 years as cost. Actuarial gains and losses are amortized using the straight-line method over a period of 10 years, from the period subsequent to the period in which they are incurred.  
(Change of accounting policies)  
Since the current business year, the Company has applied the Partial Amendment to Accounting for Retirement Benefits (Business Accounting Standards No. 3 issued on March 16, 2005) and the Application Guidelines regarding the Partial Amendment to Accounting for Retirement Benefits (Application Guidelines No. 7 for Business Accounting Standards issued on March 16, 2005) to its accounting treatment. This application of the Amendment and the Guidelines has had no impact on the Company's financial results.
  4. Allowance for retirement benefits to executive officers  
We posted retirement allowances to be required for payment at the end of the current consolidated fiscal year in accordance with company regulations.
  5. Allowance for business restructuring losses  
Based upon the decision of the structural reform plan for its PC keyboard business and other key businesses, the Company has reported the reasonably estimated amounts of expenses that it is expected to incur in the future.
- (d) Translation of foreign currency assets and liabilities in financial statements of the company and consolidated subsidiaries  
The Company and its consolidated domestic subsidiaries translate monetary receivables and payables in foreign currency into yen at the spot exchange rates on the balance sheets date. The resulting exchange differences are accounted for as an exchange gain or loss.  
Financial items of assets and liabilities of consolidated overseas subsidiaries are translated into yen at the rates of exchange prevailing at the date of balance sheet, while income and expenses are translated into yen at the average rate of exchange during the fiscal period. The resulting exchange losses and gains are included in Minority Interests and foreign currency translation adjustments in Shareholders' Equity.
- (e) Accounting method of significant lease transactions  
In accordance with the accounting method in reference to ordinary rental transactions, the company and its consolidated domestic subsidiaries accounted for finance lease transactions, excluding those in which the ownership of leased property will be transferred to the lessees. The company's consolidated overseas subsidiaries also used primarily the same accounting method.
- (f) Accounting method of significant hedge transactions  
The foreign currency-denominated monetary assets and liabilities that were hedged by forward exchange contracts are allocated to the periods.  
Under the guidance of the company's financial department, forward exchange contracts have been made to hedge the risks of fluctuations in foreign exchange rates relating to export and import transactions and others.  
In concluding forward foreign exchange contracts, those contracts with the corresponding amounts and dates are respectively allocated (to the debts) in accordance with the risk management policy. Therefore the correlation between claims/debts and forward foreign exchange contracts arising from foreign exchange rate fluctuations is fully secured, and this judgment is substituted for the judgment of effective hedge.
- (g) Accounting method of consumption tax and other  
Consumption tax and other related taxes are excluded from revenue and purchases of the company.
5. Evaluation of consolidated subsidiaries' assets and liabilities  
The company adopts the step fair value method as evaluation method of consolidated subsidiaries' assets and liabilities.
  6. Amortization of consolidation adjustments  
The consolidation adjustments are equally amortized for from five to forty years conforming to the accounting customs of the consolidated companies' countries.
  7. Appropriation of retained earnings  
Regarding the appropriation of retained earnings, the consolidated statements of income and retained earnings are prepared based of the method provided in the provision of article 8 of the regulation relating to terminology, form and methods of preparation of consolidated financial statements (advanced inclusion method).



8. Range of cash in cash flow statements

Cash and cash equivalents consist of cash on hand, demand deposit and short-term investments which expire within three months from acquisition date, have high liquidity and are easily turned into cash.

(6) Change of accounting treatment

(Accounting for the impairment of fixed assets)

Since the current consolidated accounting period, the Company has applied the Japanese Accounting Standards for Impairment of Fixed Assets (the Opinion concerning the Setting of Accounting Standards for Impairment of Fixed Assets issued on August 9, 2002 by the Business Accounting Council) to its accounting treatment. It has also applied the Implementation Guidelines for the Accounting Standards for Impairment of Fixed Assets (Implementation Guidelines No. 6 for Business Accounting Standards issued on October 31, 2003 by the Accounting Standards Board of Japan).

This application of the Standards and the Guidelines reduced income before income taxes by 967 million yen.

Regarding accumulated impairment losses, the Company deducted them directly from the amount of each relevant fixed asset in accordance with the revised Rules for Consolidated Financial Statements.

(7) Change of presentation

(Consolidated balance sheets)

In the current consolidated accounting period, the Company included allowance for environment-related expenses (the balance of which was 743 million yen at the end of the period) in others of current liabilities due to the smallness of its amount.

(Consolidated Statements of Cash Flows)

The decrease in allowance for environmental preservation expenses in cash flows from operating activities is included in other due to the smallness of its amount in the current consolidated accounting period.

The decrease in allowance for environmental preservation expenses included in other in the current consolidated accounting period is 51 million yen.

## (8)Notes

## (Consolidated Balance Sheets)

As of March 31, 2005	As of March 31, 2006
<p>1. Notes related to affiliates <u>Millions of yen</u> The following include figures related to the Company's. Investments in securities (Stocks) 147</p>	<p>1. Notes related to affiliates <u>Millions of yen</u> The following include figures related to the Company's. Investments in securities (Stocks) 148</p>
<p>2. Commitment line contracts <u>Millions of yen</u> To ensure efficient procurement of operating funds, the Company has entered into commitment line contracts with financial institutions. Unused commitments at the end of the current consolidated fiscal year based on these contracts are as follows: Total commitments 7,000 Used commitments — <hr/>Balance 7,000</p>	<p>2. Commitment line contracts <u>Millions of yen</u> To ensure efficient procurement of operating funds, the Company has entered into commitment line contracts with financial institutions. Unused commitments at the end of the current consolidated fiscal year based on these contracts are as follows: Total commitments 10,000 Used commitments — <hr/>Balance 10,000</p>
<p>3. The Company's outstanding shares are 399,167,695 shares of common stock.</p>	<p>3. The Company's outstanding shares are 399,167,695 shares of common stock.</p>
<p>4. The number of treasury stock held by the Minebea Group is 105,623 shares of common stock.</p>	<p>4. The number of treasury stock held by the Minebea Group is 121,371 shares of common stock.</p>

## (Consolidated Statements of Income)

Year ended March 31, 2005	Year ended March 31, 2006
<p>1. Major items of selling, general and administrative expenses are as follows: <u>Millions of yen</u> Packing and freight expenses 10,165 Salaries 10,242 Provision for bonus 1,051 Provision for retirement allowances 21 Depreciation 1,495 Sales commission 733 Amortization of consolidation adjustments 1,083</p>	<p>1. Major items of selling, general and administrative expenses are as follows: <u>Millions of yen</u> Packing and freight expenses 10,066 Salaries 10,701 Provision for bonus 1,108 Retirement allowance to directors 26 Amortization of consolidation adjustments 1,073</p>
<p>2. The R&amp;D expenses included in general administrative expenses and manufacturing costs for the current fiscal year are 10,012 million yen.</p>	<p>2. The R&amp;D expenses included in general administrative expenses and manufacturing costs for the current fiscal year are 9,048 million yen.</p>
<p>3. Fixed assets had the following sales gains: 280 million yen from the sale of machinery and equipment, and vehicles; and 21 million yen from the sale of tools, furniture and fixtures.</p>	<p>3. Fixed assets had the following sales gains: 4 million yen from the sale of land; 359 million yen from the sale of buildings and structures; 49 million yen from the sale of machinery and equipment, and vehicles; and 1 million yen from the sale of tools, furniture and fixtures.</p>
<p>4. Fixed assets had the following sales losses: 440 million yen from the sale of land; 79 million yen from the sale of buildings and structures; 41 million yen from the sale of machinery and equipment, and vehicles; and 4 million yen from the sale of tools, furniture and fixtures.</p>	<p>4. Fixed assets had the following sales losses: 0 million yen from the sale of land; 3 million yen from the sale of buildings and structures; 99 million yen from the sale of machinery and equipment, and vehicles; and 3 million yen from the sale of tools, furniture and fixtures.</p>
<p>5. Fixed assets had the following disposal losses: 0 million yen from the disposal of land; 135 million yen from the disposal of buildings and structures; 209 million yen from the disposal of machinery and equipment, and vehicles; and 107 million yen from the disposal of tools, furniture and fixtures.</p>	<p>5. Fixed assets had the following disposal losses: 266 million yen from the disposal of buildings and structures; 443 million yen from the disposal of machinery and equipment, and vehicles; and 54 million yen from the disposal of tools, furniture and fixtures.</p>

Year ended March 31, 2005	Year ended March 31, 2006														
<p>6. Impairment loss None</p>	<p>6. Impairment loss Outline of the asset groups on which impairment losses were recognized (Amount: millions of yen)</p> <table border="1" data-bbox="821 237 1455 499"> <thead> <tr> <th rowspan="2">Use</th> <th rowspan="2">Location</th> <th colspan="2">FY2006</th> </tr> <tr> <th>Class</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Idle assets</td> <td rowspan="3">Five facilities: Former Kyoto, Ibaraki, Ichinoseki Kanegasaki plants and former Kanemori Co., Ltd.'s Hokuriku Branch (Hachiman City, Kyoto Pref., etc.)</td> <td>Building and structure</td> <td>132</td> </tr> <tr> <td>Land</td> <td>834</td> </tr> <tr> <td>Total</td> <td>967</td> </tr> </tbody> </table> <p>(Note) The land impairment loss of 834 million yen excludes the amount of 675 million yen offset as consolidated unrealized profits in the past.</p> <p>Asset grouping method Based on its business classification, the Minebea Group has grouped assets in the smallest units of its operating businesses, which generate almost independent cash flows.</p> <p>Reason for the recognition of impairment losses The above fixed assets (buildings, structures and land) impaired in the current consolidated accounting period are idle assets and have no future utilization plans. Due to this, the company recognized impairment losses on those assets.</p> <p>Calculation method of collectable amounts The collectable amounts of the assets are based on net sales proceeds. Their assessed values are calculated based on the standards for real estate appraisals.</p>	Use	Location	FY2006		Class	Amount	Idle assets	Five facilities: Former Kyoto, Ibaraki, Ichinoseki Kanegasaki plants and former Kanemori Co., Ltd.'s Hokuriku Branch (Hachiman City, Kyoto Pref., etc.)	Building and structure	132	Land	834	Total	967
Use	Location			FY2006											
		Class	Amount												
Idle assets	Five facilities: Former Kyoto, Ibaraki, Ichinoseki Kanegasaki plants and former Kanemori Co., Ltd.'s Hokuriku Branch (Hachiman City, Kyoto Pref., etc.)	Building and structure	132												
		Land	834												
		Total	967												
<p>7. Business restructuring loss None</p>	<p>7. Business restructuring loss <u>Millions of yen</u> This loss consists of the following allowances and amounts incurred for the current accounting period, based upon the structural reform plan for the PC keyboard business, etc.</p> <table border="1" data-bbox="821 1270 1455 1505"> <tbody> <tr> <td>Loss on disposal of fixed assets and inventories related to business restructuring</td> <td>3,247</td> </tr> <tr> <td>Reorganization cost related to business restructuring</td> <td>134</td> </tr> <tr> <td>Loss on impairment of consolidation adjustments</td> <td>92</td> </tr> <tr> <td><b>Total</b></td> <td><b>3,475</b></td> </tr> </tbody> </table>	Loss on disposal of fixed assets and inventories related to business restructuring	3,247	Reorganization cost related to business restructuring	134	Loss on impairment of consolidation adjustments	92	<b>Total</b>	<b>3,475</b>						
Loss on disposal of fixed assets and inventories related to business restructuring	3,247														
Reorganization cost related to business restructuring	134														
Loss on impairment of consolidation adjustments	92														
<b>Total</b>	<b>3,475</b>														

(Consolidated Cash Flow Statements)

Year ended March 31, 2005	Year ended March 31, 2006												
<p>1. Relationship between cash and cash equivalents at year end and the amount of the account stated in the consolidated balance sheets. Cash and cash equivalents at March 31, 2005 agree with the amount of the account stated in the consolidated balance sheets.</p> <p>2. Major items of the assets and the liabilities Minebea-Matsushita Motor Corporation inherited owing to its establishment in the current consolidated accounting period are as follows:</p> <table data-bbox="154 430 776 577"><thead><tr><th></th><th style="text-align: right;"><u>Millions of yen</u></th></tr></thead><tbody><tr><td>Tangible fixed assets</td><td style="text-align: right;">9,569</td></tr><tr><td>Intangible fixed assets</td><td style="text-align: right;">6,973</td></tr><tr><td>Total assets</td><td style="text-align: right;">16,542</td></tr><tr><td>Current liabilities</td><td style="text-align: right;">11,472</td></tr><tr><td>Total liabilities</td><td style="text-align: right;">11,472</td></tr></tbody></table>		<u>Millions of yen</u>	Tangible fixed assets	9,569	Intangible fixed assets	6,973	Total assets	16,542	Current liabilities	11,472	Total liabilities	11,472	<p>1. Relationship between cash and cash equivalents at year end and the amount of the account stated in the consolidated balance sheets. Cash and cash equivalents at March 31, 2006 agree with the amount of the account stated in the consolidated balance sheets.</p>
	<u>Millions of yen</u>												
Tangible fixed assets	9,569												
Intangible fixed assets	6,973												
Total assets	16,542												
Current liabilities	11,472												
Total liabilities	11,472												

(a) Relating to lease transactions.

Millions of yen

	<u>Year ended March 31, 2005</u>			<u>Year ended March 31, 2006</u>		
	Equivalent of acquisition value	Equivalent of total amount of depreciation	Equivalent of year-end balance	Equivalent of acquisition value	Equivalent of total amount of depreciation	Equivalent of year-end balance
(1) Equivalent of acquisition value of leased items, equivalent of total amount of depreciation and equivalent of year-end closing balance :						
Machinery and transportation equipment	1,269	585	683	1,272	605	667
Tools, furniture and fixtures	2,736	1,476	1,260	2,464	1,245	1,218
Software	42	31	11	35	19	15
Total	4,048	2,092	1,955	3,773	1,871	1,902

Because of a low ratio of the year-end closing balance of unexpired lease expenses to a total amount of the year-end closing balance of tangible fixed assets plus the year-end closing balance of unexpired lease expense, equivalent of acquisition value in the term period in the current fiscal year has been calculated based on "Interest payment inclusive method".

(2) Equivalent of year-end closing balance of unexpired lease expenses:

within 1-year	892	909
over 1-year	<u>1,062</u>	<u>992</u>
Total	1,955	1,902

Because of a low ratio of the year-end closing balance of unexpired lease expenses to a total amount of the year-end closing balance of tangible fixed assets plus the year-end closing balance of unexpired lease expense, equivalent of year-end closing balance of unexpired lease expenses in the term period in the current fiscal year has been calculated based on "Interest payment inclusive method".

(3) The amount of lease expenses and equivalent of depreciation expenses:

Amount of lease expenses	1,209	1,070
Equivalent of depreciation expenses	1,209	1,070

(4) Method of computing equivalent of depreciation expenses:

Computation is based on straight-line method with the lease term as a useful life and the residual value to be set at zero.

(b) Marketable securities  
Marketable securities

(Amount: millions of yen)

Classification	As of March 31, 2005			As of March 31, 2006		
	Acquisition Value	Book Value	Difference	Acquisition Value	Book Value	Difference
Those whose recoded amounts in the consolidated balance sheet exceed the acquisition costs. Stock	3,105	5,687	2,582	3,080	10,340	7,259
Those whose recoded amounts in the consolidated balance sheet do not exceed the acquisition costs. Stock	—	—	—	—	—	—
Total	3,105	5,687	2,582	3,080	10,340	7,259

Other marketable securities sold in the current consolidated fiscal year

(Amount: millions of yen)

Classification	As of March 31, 2005	As of March 31, 2006
Amount of sales of investments Securities	3	216
Gain on sales of investments Securities	—	191
Loss on sales of investments Securities	0	—

Other marketable securities

(Amount: millions of yen)

Classification	As of March 31, 2005	As of March 31, 2006
	Book Value	Book Value
Other marketable securities	475	473
Total	475	473

(Note) Non-listed stock

(c) Derivative Transactions

1. Contract conditions

Year ended March 31, 2005	Year ended March 31, 2006
<p>The Company and its consolidated subsidiaries have entered into forward exchange contracts on foreign currency-denominated receivables and payables related to actual and future import and export transactions to hedge certain risks related to fluctuations in foreign currency exchange rates. In principal, forward exchange contracts are carried at contract rate in the consolidated balance sheets, while changes in their fair value are deferred and recognized in earnings. However, the Company and its consolidated subsidiaries adhere to a policy of maintaining the outstanding balance of these instruments within the amounts of hedged foreign currency-denominated receivables and payables.</p> <p>The execution of derivative transactions is controlled by the Finance Department. It is the policy of the Company and its consolidated subsidiaries to utilize forward exchange contracts solely for the purpose of hedging foreign currency position-related risks.</p> <p>In line with internal risk management policies, the Company and its consolidated subsidiaries cover receivables and payables denominated in foreign currencies with forward exchange contracts denominated in the same currency, in the same amount and executed on the same day. Accordingly, the hedging relationships between the derivative financial instrument and the hedged item are highly effective in offsetting changes in currency exchange rates.</p>	Same as on the left.

2. Contract amounts etc., current prices, and unrealized profits or losses of derivatives

Year ended March 31, 2005	Year ended March 31, 2006
Not Applicable We excluded the items that are applied hedge account from this financial year's report.	Same as on the left.

## (d) Retirement benefits

FY2005

## (1) Corporate retirement benefit system

To provide for the payment of employee retirement allowances, the Company has adopted the qualified retirement pension system on a company-wide basis. In addition, certain overseas subsidiaries have also adopted a defined-benefit pension plan.

## (2) Details of retirement benefit debts and expenses

## Components of retirement benefit debts

(a) Projected benefit obligations	(23,030)	millions of yen
(b) Plan assets at fair value	19,638	
(c) Unfunded projected benefit obligations	(3,392)	
((a)+(b))		
(d) Unrecognized prior service cost	15	
(e) Unrecognized actuarial loss	3,076	
(f) Net amount recognized on consolidated balance sheets ((c)+(d)+(e))	(300)	
(g) Prepaid pension cost	5	
(h) Accrued retirement benefits	(305)	

## Components of retirement benefit expenses

Service cost	1,059
Interest cost	885
Expected return on plan assets	(869)
Amortization of transitional obligations	609
Amortization of prior service cost	2
Amortization of actuarial loss	450
Retirement benefit costs	2,136

## (3) Calculation basis for retirement benefit debts and expenses

Discount rate	2.5 %
Expected rate of return on plan assets	2.5 %
Allocation of estimated amount of all retirement benefits to be paid at future retirement dates	Basis for periodic fixed amounts
Period of amortizing prior service cost	10 years
Period of amortizing actuarial loss	5 ~ 15 years
	(From the next term, the differences will be charged to expenses based on the straight-line method.)
Period of amortizing transition obligation	5 years
	(Prorated amounts are stated in extraordinary loss.)



## (1) Corporate retirement benefit system

To provide for the payment of employee retirement allowances, the Company has adopted the qualified retirement pension system on a company-wide basis. In addition, certain overseas subsidiaries have also adopted a defined-benefit pension plan.

## (2) Details of retirement benefit debts and expenses

## Components of retirement benefit debts

(a) Projected benefit obligations	(26,874)	millions of yen
(b) Plan assets at fair value	24,877	
(c) Unfunded projected benefit obligations	(1,996)	
((a)+(b))		
(d) Unrecognized transitional obligations	411	
(e) Unrecognized actuarial loss	1,018	
(f) Net amount recognized on consolidated balance sheets ((c)+(d)+(e))	(566)	
(g) Prepaid pension cost	75	
(h) Accrued retirement benefits	(641)	

## Components of retirement benefit expenses

Services cost	1,488
Interest cost	985
Expected return on plan assets	(1,025)
Amortization of prior service cost	2
Amortization of actuarial loss	440
Retirement benefit costs	1,891

## (3) Calculation basis for retirement benefit debts and expenses

Discount rate	2.5 %
Expected rate of return on plan assets	2.5 %
Allocation of estimated amount of all retirement benefits to be paid at future retirement dates	Basis for periodic fixed amounts
Period of amortizing prior service cost	10 years
Period of amortizing actuarial loss	5 ~ 10 years

(From the next term, the differences will be charged to expenses based on the straight-line method.)

## (e) The tax effect accounting

As of March 31, 2005		As of March 31, 2006	
1. Major reasons for the accrual of deferred tax assets and deferred tax liabilities		1. Major reasons for the accrual of deferred tax assets and deferred tax liabilities	
	<u>Millions of yen</u>		<u>Millions of yen</u>
(Deferred tax assets)		(Deferred tax assets)	
Excess of allowed limit chargeable to the bonus payment reserve	639	Excess of allowed limit chargeable to the bonus payment reserve	713
Loss on revaluation of investments securities	1,697	Loss on revaluation of investments securities	1,619
Excess of allowed limit chargeable to the allowance for doubtful accounts	2,429	Excess of allowed limit chargeable to the allowance for doubtful accounts	2,561
Unrealized gains on sales of inventories	1,821	Unrealized gains on sales of inventories	1,676
Deficit brought forward	2,823	Deficit brought forward	1,807
Foreign tax credit carry forwards	1,360	Foreign tax credit carry forwards	602
Others	1,376	Impairment loss	376
Total deferred tax assets	<u>12,147</u>	Others	<u>2,061</u>
		Sub total	<u>11,419</u>
		Valuation allowance	<u>(632)</u>
		Total deferred tax assets	<u>10,786</u>
(Deferred tax liabilities)		(Deferred tax liabilities)	
Depreciations allowed to overseas subsidiaries	896	Depreciations allowed to overseas subsidiaries	1,201
Difference on revaluation of other marketable securities	1,007	Difference on revaluation of other marketable securities	2,831
Others	179	Others	186
Total deferred tax liabilities	<u>2,083</u>	Total deferred tax liabilities	<u>4,218</u>
Net deferred tax assets	<u>10,063</u>	Net deferred tax assets	<u>6,568</u>
*Net deferred tax assets for the current fiscal year are included in the following items on the consolidated balance sheet.		*Net deferred tax assets for the current fiscal year are included in the following items on the consolidated balance sheet.	
Current assets.....	Deferred tax assets 5,123	Current assets.....	Deferred tax assets 3,402
Fixed assets.....	Deferred tax assets 6,016	Fixed assets.....	Deferred tax assets 4,552
Current liabilities.....	Deferred tax liabilities (822)	Current liabilities.....	Deferred tax liabilities (1,146)
Fixed liabilities.....	Deferred tax liabilities (253)	Fixed liabilities.....	Deferred tax liabilities (240)
2. Major reasons for significant differences between the legal effective tax rate and the ratio of income tax burden after the application of tax effect accounting		2. Major reasons for significant differences between the legal effective tax rate and the ratio of income tax burden after the application of tax effect accounting	
Domestic legal effective tax rate	39.0%	Domestic legal effective tax rate	39.0%
(Adjustments)		(Adjustments)	
Current amortization of excess of cost over net assets acquired	5.2	Current amortization of excess of cost over net assets acquired	4.6
Differences in the tax rates applied to consolidated overseas subsidiaries	(45.5)	Differences in the tax rates applied to consolidated overseas subsidiaries	(36.2)
Valuation allowance for deficits in the current fiscal year of consolidated subsidiaries	21.3	Valuation allowance for deficits in the current fiscal year of consolidated subsidiaries	42.4
Effect of elimination of dividend income	50.2	Effect of elimination of dividend income	31.2
Others	0.6	Valuation allowances	(6.6)
Ratio of income tax burden after the application of tax effect accounting	<u>70.8</u>	Others	<u>(0.2)</u>
		Ratio of income tax burden after the application of tax effect accounting	<u>74.2</u>

## (f) Segment Information

## (1) Business segments

(Amount: millions of yen)

	FY2005 (Annual) (April 1, 2004 through March 31, 2005)				
	Machined components business	Electronic devices and components business	Sub-total	Elimination	Total
<b>1. Total sales and operating income</b>					
Total sales					
(1) Sales to customers	116,105	178,317	294,422	—	294,422
(2) Sales to other segment	2,194	389	2,584	(2,584)	—
Total	118,299	178,707	297,006	(2,584)	294,422
Operating expense	96,727	186,196	282,923	(2,584)	280,339
Operating income (loss)	21,572	(7,489)	14,083	—	14,083
<b>2. Assets, depreciation and capital expenditure</b>					
Assets	194,180	214,142	408,322	(76,105)	332,217
Depreciation	10,401	12,061	22,462	—	22,462
Capital expenditure	11,400	22,756	34,157	—	34,157

(Notes) 1. The segments are defined by internal administration.

## 2. Main products

(a) Machined components business..... Ball bearings, Pivot assemblies, Tape guides, Fasteners, Mechanical assemblies for aerospace use, Defense - related special parts, etc.

(b) Electronic devices and components business..... Small motors, PC keyboards, Speakers, Back lights, Hybrid ICs, Inverter, Strain gauges, Load cells, etc.

(Amount: millions of yen)

	FY2006 (Annual) (April 1, 2005 through March 31, 2006)				
	Machined components business	Electronic devices and components business	Sub-total	Elimination	Total
<b>1. Total sales and operating income</b>					
Total sales					
(1) Sales to customers	129,595	188,851	318,446	—	318,446
(2) Sales to other segment	3,803	2,371	6,174	(6,174)	—
Total	133,398	191,222	324,621	(6,174)	318,446
Operating expense	108,842	196,509	305,351	(6,174)	299,177
Operating income (loss)	24,556	(5,287)	19,269	—	19,269
<b>2. Assets, depreciation and capital expenditure</b>					
Assets	205,437	218,790	424,228	(74,365)	349,862
Depreciation	11,437	12,535	23,972	—	23,972
Impairment loss	388	578	967	—	967
Capital expenditure	12,279	9,929	22,208	—	22,208

(Notes) 1. The segments are defined by internal administration.

## 2. Main products

(a) Machined components business ..... Ball bearings, Pivot assemblies, Tape guides, Fasteners, Mechanical assemblies for aerospace use, Defense - related special parts, etc.

(b) Electronic devices and components business..... Small motors, PC keyboards, Speakers, Back lights, Hybrid ICs, Inverter, Strain

## (2) Geographical segments

(Amount: millions of yen)

	FY2005 (Annual) (April 1, 2004 through March 31, 2005)						
	Japan	Asia (excluding Japan)	North America	Europe	Sub-total	Elimination	Total
1. Total sales and operating income							
Total sales							
(1) Sales to customers	76,660	137,424	52,389	27,947	294,422	—	294,422
(2) Sales to other segment	162,763	155,447	1,422	1,025	320,659	(320,659)	—
Total	239,424	292,871	53,812	28,973	615,081	(320,659)	294,422
Operating expense	236,671	287,001	49,302	28,022	600,998	(320,659)	280,339
Operating income	2,752	5,870	4,510	950	14,083	—	14,083
2. Assets	169,239	223,995	32,442	20,300	445,977	(113,760)	332,217

(Notes) Dividing method and main countries in each territory

(a) Dividing method.....By geographical distance

(b) Main countries in each territory

Asia (excluding Japan).....Thailand, Singapore, China, Taiwan, Korea, etc.

North America.....United States

Europe.....United Kingdom, Germany, France, Italy, etc.

(Amount: millions of yen)

	FY2006 (Annual) (April 1, 2005 through March 31, 2006)						
	Japan	Asia (excluding Japan)	North America	Europe	Sub-total	Elimination	Total
1. Total sales and operating income							
Total sales							
(1) Sales to customers	77,856	155,423	59,467	25,698	318,446	—	318,446
(2) Sales to other segment	166,627	162,506	1,599	1,968	332,702	(332,702)	—
Total	244,483	317,929	61,067	27,667	651,148	(332,702)	318,446
Operating expense	242,561	305,087	58,179	26,051	631,879	(332,702)	299,177
Operating income	1,922	12,842	2,888	1,615	19,269	—	19,269
2. Assets	161,968	247,186	36,864	19,617	465,636	(115,773)	349,862

(Notes) Dividing method and main countries in each territory

(a) Dividing method.....By geographical distance

(b) Main countries in each territory

Asia (excluding Japan).....Thailand, Singapore, China, Taiwan, Korea, etc.

North America.....United States

Europe.....United Kingdom, Germany, France, Italy, etc.

## (3) Overseas Sales

(Amount: millions of yen)

	FY2005 (Annual) (April 1, 2004 through March 31, 2005)			
	Asia (excluding Japan)	North and South America	Europe	Total
1. Overseas sales	140,229	46,012	29,505	215,747
2. Total sales				294,422
3. Overseas sales on total sales	47.6%	15.6%	10.0%	73.3%

(Notes) 1. The overseas sales are made outside of Japan by parent company and consolidated subsidiaries.

2. Dividing method and main countries in each territory

(a) Dividing method.....By geographical distance

(b) Main countries in each territory

Asia (excluding Japan).....Thailand, Singapore, China, Taiwan, Korea, etc.

North and South America.....United States, Canada, Mexico, etc.

Europe.....United Kingdom, Germany, France, Italy, Netherlands, etc.

(Amount: millions of yen)

	FY2006 (Annual) (April 1, 2005 through March 31, 2006)			
	Asia (excluding Japan)	North and South America	Europe	Total
1. Overseas sales	159,781	47,255	31,833	238,870
2. Total sales				318,446
3. Overseas sales on total sales	50.2%	14.8%	10.0%	75.0%

(Notes) 1. The overseas sales are made outside of Japan by parent company and consolidated subsidiaries.

2. Dividing method and main countries in each territory

(a) Dividing method.....By geographical distance

(b) Main countries in each territory

Asia (excluding Japan).....Thailand, Singapore, China, Taiwan, Korea, etc.

North and South America.....United States, Canada, Mexico, etc.

Europe.....United Kingdom, Germany, France, Italy, Netherlands, etc.

## (g)Transaction with related parties

## Directors and main individual shareholder

FY2005(Annual)												
Attribution	Name	Address	Capital	Line of business or profession	Voting right(own or owned)	Contents of relation Concurrently serving etc.	Relation of business	Contents of transaction		Transaction amount	Account title	Year-end balance
Companies which the company's directors and nearly related person have over 50% of voting right.	Keiaisha Co., Ltd.	Kitaku Tokyo	¥1,905 million	Sales of Steel and its raw materials	(Owned) Direct 4.5%	Concurrently serving 2 on loan 1	The company purchases steel bar etc.	Operating transaction	Purchase of steel bar etc.	¥2,366 million	Notes payable and Account payable etc. *2	¥610 million
									Building rent, etc.	¥31 million	Current assets and others *2	¥1 million
									Tools & Equipment rent, etc	¥489 million	—	—
								Non Operating transaction	Non Operating income	¥9 million	—	—

(Note) Terms and decision policy of the transaction

1. The sales prices of steel bar, building rent and machinery rent etc. are decided after negotiation every fiscal year considering the market prices.
- \* 2. The transaction amounts do not include the consumption taxes and the year end balance amounts include them.
3. On June 30, 2004, Director Atsushi Matsuoka of the Company became Chairman and Director from President and Representative Director of Keiaisha Co., Ltd.

FY2006(Annual)

Not Applicable

(h) Going Concerns

Not Applicable

## (9) Per Share Data.

	Year ended March 31, 2005	Year ended March 31, 2006
Net assets per share (yen)	255.82	294.65
Net income per share (yen)	13.93	10.67
Fully diluted net income per share (yen)	13.27	Not stated due to no residual securities in existence that have dilutive effects.

(Note) The following are the basis for calculating net income per share and diluted net income per share.

	Year ended March 31, 2005	Year ended March 31, 2006
Net income per share (yen)		
Net income in the consolidated statements of income (million yen)	5,581	4,257
Net income related to common stock (million yen)	5,557	4,257
Amount not available for common stock (million yen)		
Officer's bonuses based on profit Appropriation	23	—
Average shares of common stock outstanding (shares)	399,074,238	399,052,181
Fully diluted net income per share (yen)		
Net income adjustments (million yen)	107	—
Interest expense (after tax equivalents)	107	—
Increased shares of common stock 4th domestic unsecured convertible bonds (shares)	27,860,082	—
Outline of the residual shares not included in the calculation of diluted net income per share due to no dilution effects (million yen)		
4th unsecured bonds with warrants attached (Face value)	4,000	—

## (10) Subsequent event

There were no significant events subsequent to the year ended March 31, 2006.

5. Amounts of production, orders received, sales

(1) Production

(Amount: millions of yen)

Business segments	Year ended	
	March 31, 2005	March 31, 2006
Machined components business	118,382	130,796
Electronic devices and components business	173,910	178,043
Total	292,292	308,839

(Note) Amounts are provided on the basis of their sales prices, after offsetting and eliminating transactions between the two business segments and do not include consumption taxes.

(2) Orders received

(Amount: millions of yen)

Business segments	Year ended		Year ended	
	March 31, 2005		March 31, 2006	
	Orders received	Order backlog	Orders received	Order backlog
Machined components business	119,988	38,557	139,082	48,044
Electronic devices and components business	178,413	22,546	189,586	23,281
Total	298,401	61,103	328,668	71,325

(Note) Amounts are provided on the basis of their sales prices, after offsetting and eliminating transactions between the two business segments and do not include consumption taxes.

(3) Sales

(Amount: millions of yen)

Business segments	Year ended	
	March 31, 2005	March 31, 2006
Machined components business	116,105	129,595
Electronic devices and components business	178,317	188,851
Total	294,422	318,446

(Note) Amounts are provided after offsetting and eliminating transactions between the two business segments and do not include consumption taxes.





# BRIEF REPORT OF NON-CONSOLIDATED FINANCIAL RESULTS

(Year ended March 31, 2006)

May 9, 2006

Registered Company Name: **MINEBEA CO., LTD.** Common Stock Listings: Tokyo, Osaka, and Nagoya  
 Code No: 6479 Headquarters: Nagano-ken  
 (URL <http://www.minebea.co.jp>)  
 Representative: Takayuki Yamagishi Representative Director, President and Chief Executive Officer  
 Contact: Sakae Yashiro Managing Executive Officer, Deputy Chief of Administration Headquarters  
 Board of Directors' Meeting for Non-consolidated Financial Results held on: May 9, 2006 Tel. (03)5434-8611  
 Interim Dividend Plan: None  
 Expected date of payment for dividends: June 30, 2006 Annual Shareholders' Meeting to be held on: June 29, 2006  
 Unit Share Method: Yes (1 unit = 1,000 shares)

## 1. Business performance (April 1, 2005 through March 31, 2006)

### (1) Results of Operations (Amounts less than one million yen have been omitted.)

	Net sales (millions of yen)	% Change	Operating income (millions of yen)	% Change	Ordinary income (millions of yen)	% Change
FY2006	206,831	11.7	3,075	58.0	10,236	(7.4)
FY2005	185,232	0.1	1,946	(55.3)	11,057	(17.1)

	Net income (millions of yen)	% Change	Net income per share(yen)	Fully diluted net income per share(yen)	Return (net income) on equity (%)	Return (ordinary income) on assets (%)	Return (ordinary income) on sales (%)
FY2006	(3,378)	-	(8.47)	-	(1.9)	2.8	4.9
FY2005	3,504	54.6	8.72	8.40	1.9	3.0	6.0

(Notes) 1. Weighted average number of shares outstanding during the respective years: 399,056,975 shares at March 31, 2006  
399,074,238 shares at March 31, 2005

2. Changes in accounting method: Yes

3. The percentages of net sales, operating income, ordinary income and net income show year-on-year changes.

### (2) Dividends

	Dividends per share			Total annual dividends (millions of yen)	Dividends payout ratio (%)	Dividends on shareholders' equity (%)
	Annual (yen)	Interim (yen)	Year-end (yen)			
FY2006	7.00	-	7.00	2,793	-	1.6
FY2005	7.00	-	7.00	2,793	80.3	1.5

(Notes) Details of dividends Not applicable.

### (3) Financial Position

	Total assets (millions of yen)	Shareholders' equity (millions of yen)	Shareholders' equity ratio (%)	Shareholders' equity per share (yen)
FY2006	357,560	179,669	50.2	450.24
FY2005	361,664	183,017	50.6	458.56

(Notes) 1. Number of shares outstanding at end of year: 399,051,135 shares at March 31, 2006  
399,062,072 shares at March 31, 2005

2. Number of treasury stock at end of year: 116,560 shares at March 31, 2006  
105,623 shares at March 31, 2005

## 2. Prospect for the next fiscal year (April 1, 2006 through March 31, 2007)

	Net sales (millions of yen)	Ordinary income (millions of yen)	Net income (millions of yen)	Dividends per share		
				Interim(yen)	Year-end(yen)	Annual(yen)
Interim	104,000	3,400	1,900	-	-	-
Annual	214,000	12,000	7,300	-	7.00	7.00

(Reference) Projected annual net income per share: 18.29 yen

(Notes) The above-mentioned forecasts are based on the information available as of the date when this information is disclosed, as well as on the assumptions as of the disclosing date of this information related with unpredictable parameters that are probable to affect our future business performances in the end. In other words, our actual performances are likely to differ greatly from these estimates depending on various factors that will take shape from now on. As for the assumptions used for these forecasts and other related items, please refer to page seven of the documents attached hereunder.

## 6. Non-Consolidated Financial Statements and Notes

## (1) Non-Consolidated Balance Sheets

	As of March 31, 2005		As of March 31, 2006		Increase or (decrease) (2006-2005)
	Millions of yen	% Comp.	Millions of yen	% Comp.	Millions of yen
<b>ASSETS</b>					
Current assets.....	125,670	34.8	125,077	35.0	(592)
Cash and cash equivalents.....	11,240		9,773		
Notes receivable.....	4,185		4,306		
Accounts receivable-trade.....	44,046		48,841		
Purchased goods.....	2,558		2,103		
Goods in transit.....	1,060		1,086		
Finished goods.....	1,235		1,040		
Raw materials.....	1,760		1,880		
Work in process.....	2,403		2,883		
Supplies.....	149		139		
Prepaid expenses.....	433		475		
Short-term loans receivable from affiliates.....	46,809		46,426		
Accounts receivable-other.....	5,477		3,167		
Temporary advance.....	18		21		
Deferred tax assets.....	2,799		1,895		
Others.....	1,523		1,071		
Allowance for doubtful receivables.....	(32)		(35)		
Fixed assets.....	235,940	65.2	232,446	65.0	(3,494)
Tangible fixed assets.....	27,024		26,051		(973)
Buildings.....	9,970		9,013		
Structures.....	527		488		
Machinery and equipment.....	5,485		5,352		
Vehicles.....	13		13		
Tools, furniture and fixtures.....	1,961		3,348		
Land.....	8,949		7,430		
Construction in progress.....	116		404		
Intangible fixed assets.....	3,631		3,225		(405)
Patents.....	3,157		2,736		
Leasehold rights.....	49		49		
Software.....	377		394		
Others.....	46		45		
Investments and other assets.....	205,284		203,169		(2,115)
Investments in securities.....	6,159		10,812		
Investments securities in affiliates.....	161,366		161,861		
Investments in partnerships.....	0		0		
Investments in partnerships with affiliates.....	32,406		32,406		
Long-term loans receivable from employees.....	8		6		
Long-term loans receivable from affiliates.....	5,725		553		
Reorganization claim in bankruptcy, and others.....	20		0		
Long-term prepaid expenses.....	546		414		
Deferred tax assets.....	5,572		3,173		
Others.....	545		482		
Allowance for doubtful receivables.....	(7,065)		(6,542)		
Deferred charges.....	53	0.0	36	0.0	(16)
Bond issuance expenses.....	53		36		
Total Assets.....	361,664	100.0	357,560	100.0	(4,103)

	As of March 31, 2005		As of March 31, 2006		Increase or (decrease) (2006-2005)
	Millions of yen	% Comp.	Millions of yen	% Comp.	Millions of yen
<b>LIABILITIES</b>					
Current liabilities.....	94,228	26.1	98,237	27.5	4,008
Notes payable.....	3,195		3,400		
Accounts payable-trade.....	27,961		32,265		
Short-term loans payable.....	50,632		43,600		
Current portion of long-term loans payable.....	1,000		6,000		
Current portion of bonds.....	—		3,000		
Current portion of bond with warrants.....	4,000		—		
Accounts payable-other.....	2,653		2,077		
Accrued income taxes.....	622		868		
Accrued expenses.....	1,155		949		
Advances from customer.....	3		25		
Deposits received.....	407		217		
Deferred income.....	91		129		
Accrued bonuses.....	1,749		1,953		
Allowance for business restructuring losses.....	—		3,546		
Notes payable for equipment.....	264		129		
Others.....	491		72		
Long-term liabilities.....	84,418	23.3	79,654	22.3	(4,764)
Bonds.....	38,000		36,500		
Long-term loans payable.....	46,000		43,000		
Allowance for retirement benefits.....	368		104		
Allowance for retirement benefits to executive officers.....	49		49		
Total Liabilities.....	178,646	49.4	177,891	49.8	(755)
<b>SHAREHOLDERS' EQUITY</b>					
Common stock.....	68,258	18.9	68,258	19.1	—
Additional paid-in capital.....	94,756	26.2	94,756	26.5	—
Capital reserve.....	94,756		94,756		
Retained earnings.....	18,483	5.1	12,287	3.4	(6,195)
Earned surplus.....	2,085		2,085		
Voluntary reserve.....	11,500		11,500		
General reserve.....	11,500		11,500		
Unappropriated retained earnings (Undisposed retained deficit).....	4,898		(1,297)		
Difference on revaluation of other marketable securities.....	1,575	0.4	4,428	1.2	2,853
Treasury stock.....	(56)	(0.0)	(61)	(0.0)	(5)
Total Shareholders' Equity.....	183,017	50.6	179,669	50.2	(3,348)
Total Liabilities and Shareholders' Equity.....	361,664	100.0	357,560	100.0	(4,103)

## (2) Non-Consolidated Statements of Income

	Year ended March 31, 2005		Year ended March 31, 2006		Increase or (decrease) (2006-2005)
	Millions of yen	% Comp.	Millions of yen	% Comp.	Millions of yen
Net Sales.....	185,232	100.0	206,831	100.0	21,598
Sales (purchased goods) .....	157,613		181,588		
Sales (finished goods).....	27,618		25,242		
Cost of sales.....	162,966	88.0	182,910	88.4	19,944
Beginning inventories (purchased goods) .....	2,781		2,558		
Purchase (purchased goods) .....	137,709		155,553		
Transfer from other accounts (purchased goods) .....	912		3,006		
Sub total.....	141,403		161,118		
Transfer to other accounts (purchased goods) .....	104		874		
Ending inventories (purchased goods) .....	2,558		2,103		
Total .....	138,741		158,140		
Beginning inventories (finished goods) ...	1,142		1,235		
Manufacturing cost.....	25,246		25,845		
Transfer from other accounts (finished goods).....	253		119		
Sub total.....	26,641		27,199		
Transfer to other accounts (finished goods).....	1,180		1,389		
Ending inventories (finished goods).....	1,235		1,040		
Total .....	24,225		24,769		
Gross profit.....	22,265	12.0	23,920	11.6	1,654
Selling, general and administrative expenses.....	20,319	10.9	20,844	10.1	525
Sales commission.....	165		175		
Packing and freight expenses .....	2,059		2,094		
Advertisement.....	94		73		
Inspection charges (finished goods).....	522		465		
Officer's salaries.....	259		254		
Salaries.....	3,665		3,697		
Provision for bonus.....	969		1,048		
Welfare expense.....	751		790		
Entertainment .....	102		98		
Travel and transportation.....	936		1,053		
Communications.....	137		136		
Water, light and fuel.....	101		104		
Office supplies.....	50		48		
Property tax and other taxes.....	389		354		
Depreciation.....	607		675		
Repair expense.....	101		171		
Outside service.....	1,135		1,176		
Insurance.....	76		90		
Commission.....	207		136		
Rent and lease.....	1,297		1,163		
Legal and professional fees.....	—		2,942		
Research & development expenses.....	4,099		3,962		
Other.....	2,587		129		
Operating income.....	1,946	1.1	3,075	1.5	1,129

	Year ended March 31, 2005		Year ended March 31, 2006		Increase or (decrease) (2006-2005)
	Millions of yen	% Comp.	Millions of yen	% Comp.	Millions of yen
Other income.....	11,606	6.2	9,176	4.4	(2,429)
Interest income.....	708		638		
Dividends received.....	10,047		7,759		
Rent income of fixed assets.....	295		212		
Others.....	554		566		
Other expenses.....	2,494		2,016	1.0	(478)
Interest and discount charge.....	615		771		
Interest on bonds.....	1,129		740		
Amortization on bond issue costs.....	43		46		
Foreign currency exchange loss.....	260		166		
Others.....	445		291		
Ordinary income.....	<u>11,057</u>	6.0	<u>10,236</u>	4.9	<u>(821)</u>
Extraordinary income.....	310	0.2	1,157	0.6	847
Gain on sales of fixed assets.....	126		477		
Gain on sales of investments in securities.....	—		191		
Gain on the reversal of preemptive rights.....	—		447		
Reversal of allowance for doubtful receivables.....	184		41		
Extraordinary loss.....	4,522	2.5	11,479	5.5	6,956
Loss on sales of fixed assets.....	1,378		12		
Loss on disposal of fixed assets.....	123		136		
Impairment loss.....	—		1,642		
Loss on revaluation of investments in securities.....	590		—		
Allowance for doubtful receivables.....	1,668		316		
Loss on revaluation of investments securities in affiliates.....	—		5,230		
Loss on liquidation of affiliated companies.....	1		49		
Loss for after-care of products.....	270		29		
Business restructuring loss.....	—		3,637		
Retirement benefit expense.....	476		—		
Retirement benefits to directors and corporate auditors.....	12		423		
Income before income taxes (loss).....	<u>6,845</u>	3.7	<u>(85)</u>	(0.0)	<u>(6,930)</u>
Income taxes (including enterprise tax)	2,279		1,815		
Adjustment of income taxes.....	<u>1,062</u>		<u>1,478</u>		
Total income taxes.....	<u>3,341</u>	1.8	<u>3,293</u>	1.6	<u>(47)</u>
Net income (loss).....	3,504	1.9	(3,378)	(1.6)	(6,883)
Retained earnings brought forward from the previous year.....	<u>1,393</u>		<u>2,081</u>		<u>687</u>
Loss on disposal of treasury stock.....	<u>0</u>		<u>0</u>		<u>(0)</u>
Unappropriated retained earnings at end of year (Undisposed retained deficit).....	<u>4,898</u>		<u>(1,297)</u>		<u>(6,195)</u>

## (3) Proposed Appropriation of Unappropriated Retained Earnings

Approved by shareholders' on June 29, 2005	As of March 31, 2005	Shareholders' approval scheduled for Jun 29, 2006	As of March 31, 2006
	Millions of yen		Millions of yen
Unappropriated retained earnings...	4,898	Undisposed retained deficit	1,297
The above amount is to be appropriated as follows:-		Voluntary earned surplus	
Dividends .....	2,793	General reserve	5,000
Bonuses to directors & corporate auditors.....	23	Total	3,702
[Corporate auditors' bonuses]	(3)	The above amount is to be appropriated as follows:-	
Total	2,816	Dividends	2,793
Retained earnings carried forward to the next year.....	2,081	Total	2,793
		Retained earnings carried forward to the next year...	908

(Notes) (a) With regard to directors' remuneration, there are no matters to be discussed at the general meeting of shareholders in accordance with Article 269 of the Commercial Law.

## (b) Dividends per share

	FY2005			FY2006		
	Annual (yen)	Interim (yen)	Year-end (yen)	Annual (yen)	Interim (yen)	Year-end (yen)
Common stock	7.00	—	7.00	7.00	—	7.00
(Breakdown)						
Memorial dividends	—	—	—	—	—	—
Special dividends	—	—	—	—	—	—
New stocks	—	—	—	—	—	—
Preferred stocks	—	—	—	—	—	—
Subsidiaries-linked dividend stocks	—	—	—	—	—	—

#### (4) Significant Accounting Policies

##### (a) Marketable securities

Investments securities in

subsidiaries and affiliates: Stated at cost determined by the moving average method.

Other marketable securities: Securities with Market Value

Market value method based on market prices and other conditions at the end of the term. (The revaluation differences are accounted for based on the direct capitalization method and the sales costs are calculated by the moving average method.)

Securities without Market Value

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

##### (b) Inventories

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

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

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

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

Stated at cost determined respectively for measuring equipment, special motors and special machinery components.

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

##### (c) Depreciation

Tangible fixed assets:

Depreciation of tangible fixed assets is made on the declining balance method. Their major useful lives are as follows:

Buildings and structures 2 to 50 years

Machinery and equipment 2 to 15 years

Tools, furniture and fixtures 2 to 20 years

The depreciation method of depreciation assets whose acquisition values are not less than 100,000 yen and less than 200,000 yen has been changed to a method by which those assets are equally depreciated in lump sum for three years.

Intangible fixed assets:

Depreciation of intangible fixed assets is made on the straight-line method.

The depreciation method of software (for internal use) is computed on the straight-line method based on our expected useful period (5 years).

Long-term loans receivable:

Depreciation of long-term loans receivable is made on the straight-line method.

##### (d) Amortization of deferred charges

Bond issuance expenses are amortized over three years by an averaged amount each year.

##### (e) Translation of foreign currency assets and liabilities

Translation of foreign currency assets and liabilities are into yen at the exchange rate on the balance sheets date. The resulting exchange differences are accounted for as an exchange gain or loss.

##### (f) Allowances

Allowance for doubtful receivables:

In order to prepare against losses resulting from irrecoverable receivables, an allowance has been reserved in the amount required for estimated uncollectible receivables based on actual losses of trade receivables and on collectibility of specific receivables with loss possibilities.

Accrued bonuses:

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

Allowance for retirement benefits:

Based on estimated retirement benefit debts and pension assets at the end of the current term, the Company reported an amount estimated to accrue at the end of the current term to provide for employee retirement benefits.

Over the five years from the following term after the difference accrue, the Company will charge

differences in mathematical calculation to expenses in accordance with the straight-line method.

(Change of accounting policies)

Since the current business year, the Company has applied the Partial Amendment to Accounting for Retirement Benefits (Business Accounting Standards No.3 issued on March 16, 2005) and the Application Guidelines regarding the Partial Amendment to Accounting for Retirement Benefits (Application Guidelines No.7 for Business Accounting Standards issued on March 16, 2005) to its accounting treatment. This application of the Amendment and the Guidelines has had no impact on the Company's financial results.

Allowance for retirement benefits to executive officers:

To provide for payment of retirement allowance to executive officers, the estimated amount to be required according to our internal regulations as of the end of the period of the current fiscal year is shown.

Allowance for business restructuring losses:

Based upon the decision of the structural reform plan for its PC keyboard business and other key business and other key businesses, the Company has reported the reasonably estimated amounts of expected that it is expected to incur in the future.

(g) Accounting method of lease transactions

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

(h) Accounting method of hedge transactions

The foreign currency-denominated monetary assets and liabilities that were hedged by forward exchange contracts are allocated to the periods.

Under the guidance of the company's financial department, forward exchange contracts have been made to hedge the risks of fluctuations in foreign exchange rates relating to export and import transactions and others.

In concluding forward foreign exchange contracts, those contracts with the corresponding amounts and dates are respectively allocated (to the debts) in accordance with the risk management policy. Therefore the correlation between claims/debts and forward foreign exchange contracts arising from foreign exchange rate fluctuations is fully secured, and this judgment is substituted for the judgment of effective hedge.

(i) Other significant accounting policies

Consumption taxes

Consumption tax and other related taxes are excluded from revenues and purchases of the Company.

(5) Change of accounting treatment

(Accounting for the impairment of fixed assets)

Since the current non-consolidated accounting period, the Company has applied the Japanese Accounting Standards for Impairment of Fixed Assets (the Opinion concerning the Setting of Accounting Standards for Impairment of Fixed Assets issued on August 9, 2002 by the Business Accounting Council) to its accounting treatment. It has also applied the Implementation Guidelines for the Accounting Standards for Impairment of Fixed Assets (Implementation Guidelines No. 6 for Business Accounting Standards issued on October 31, 2003 by the Accounting Standards Board of Japan).

This application of the Standards and the Guidelines increased income before income taxes (loss) by 1,642 million yen.

Regarding accumulated impairment losses, the Company deducted them directly from the amount of each relevant fixed asset in accordance with the revised Rules for Non-Consolidated Financial Statements.



## (6) Notes

## (Non-Consolidated Balance Sheets)

As of March 31, 2005		As of March 31, 2006	
1. Contingent liabilities	<u>Millions of yen</u>	1. Contingent liabilities	<u>Millions of yen</u>
The Company has provided the following companies with guarantees for their bank borrowings, etc.		The Company has provided the following companies with guarantees for their bank borrowings, etc.	
MINEBEA THAI LIMITED	7,321	MINEBEA THAI LIMITED	7,797
(US\$ 000	7,200	(US\$ 000	12,500
BAHT'000	488,765	BAHT'000	481,641
	5,214)	EUR'000	242
MINEBEA (HONG KONG) LIMITED	3,827	SF'000	1,987
(US\$ 000	26,500		4,660)
HK\$ 000	35,000	MINEBEA (HONG KONG) LIMITED	6,942
	500)	(US\$ 000	50,800
MINEBEA ELECTRONICS& HI-TECH			975)
COMPONENTS (SHANGHAI) LTD.	3,189	SHANGHAI SHUN DING TECHNOLOGIES LTD.	
(US\$ 000	29,700)		5,835
NMB-Minebea UK Ltd	2,669	(US\$ 000	31,830
(STG'000	13,211)	RMB'000	143,020)
SHANGHAI SHUN DING TECHNOLOGIES LTD.		PELMEC INDUSTRIES (PTE.) LIMITED	
	2,438		2,869
(US\$ 000	18,470	(US\$ 000	2,220
RMB'000	35,000)	S\$ 000	35,540
PELMEC THAI LIMITED	1,952	EUR'000	205
(BAHT'000	350,463	NMB THAI LIMITED	2,017
	995)	(US\$ 000	6,700
NMB THAI LIMITED	1,638	BAHT'000	23,703
(US\$ 000	4,388	EUR'000	600
BAHT'000	164,741		1,072)
EUR'000	271	PELMEC THAI LIMITED	1,893
	679)	(BAHT'000	295,232
PELMEC INDUSTRIES (PTE.) LIMITED			1,001)
	1,566	NMB HI-TECH BEARINGS LIMITED	1,709
(S\$ 000	24,035)	(US\$ 000	828
NMB PRECISION BALLS LIMITED	1,480	BAHT'000	274,319
(US\$ 000	1,956		783)
BAHT'000	151,310	Other 12 companies	4,482
STG'000	195	Total	33,548
	817)		
NMB HI-TECH BEARINGS LIMITED	1,441		
(US\$ 000	1,835		
BAHT'000	20,368		
	1,188)		
Other 8 companies	2,328		
Total	29,854		
(Foreign currency-denominated guarantees are translated into yen, for convenience only, at the approximate rate of exchange on March 31, 2005.)		(Foreign currency-denominated guarantees are translated into yen, for convenience only, at the approximate rate of exchange on March 31, 2006.)	

As of March 31, 2005	As of March 31, 2006
<p>2. Notes related to affiliates <u>Millions of yen</u>  The following accounts include affiliate-related receivables and payables other than those shown separately.</p> <p>Receivables</p> <p>Notes receivable 236</p> <p>Accounts receivable-trade 24,671</p> <p>Accounts receivable-other 4,250</p> <p>Payables</p> <p>Accounts payable-trade 22,394</p>	<p>2. Notes related to affiliates <u>Millions of yen</u>  The following accounts include affiliate-related receivables and payables other than those shown separately.</p> <p>Receivables</p> <p>Notes receivable 585</p> <p>Accounts receivable-trade 30,560</p> <p>Accounts receivable-other 2,745</p> <p>Payables</p> <p>Accounts payable-trade 26,959</p>
<p>3. Number of authorized shares</p> <p>(Common stock) 1,000,000,000 shares</p> <p>Number of shares outstanding</p> <p>(Common stock) 399,167,695 shares</p>	<p>3. Number of authorized shares</p> <p>(Common stock) 1,000,000,000 shares</p> <p>Number of shares outstanding</p> <p>(Common stock) 399,167,695 shares</p>
<p>4. Number of treasury shares</p> <p>(Common stock) 105,623 shares</p>	<p>4. Number of treasury shares</p> <p>(Common stock) 116,560 shares</p>
<p>5. Commitment line contracts <u>Millions of yen</u>  To ensure efficient procurement of operating funds, the Company has entered into commitment line contracts with financial institutions. Unused commitments at the end of the current consolidated fiscal year based on these contracts are as follows:</p> <p>Total commitments 7,000</p> <p>Used commitments —</p> <hr/> <p>Balance 7,000</p>	<p>5. Commitment line contracts <u>Millions of yen</u>  To ensure efficient procurement of operating funds, the Company has entered into commitment line contracts with financial institutions. Unused commitments at the end of the current consolidated fiscal year based on these contracts are as follows:</p> <p>Total commitments 10,000</p> <p>Used commitments —</p> <hr/> <p>Balance 10,000</p>
<p>6. Dividend limitations  The amount provided for in Item 3, Article 124 of the Enforcement Regulation of the Japanese Commercial Code is 1,575 million yen.</p>	<p>6. Dividend limitations  The amount provided for in Item 3, Article 124 of the Enforcement Regulation of the Japanese Commercial Code is 4,428 million yen.</p>
<p>7. Accumulated depreciation of tangible fixed assets is 48,852 millions of yen.</p>	<p>7. Accumulated depreciation of tangible fixed assets is 49,208 millions of yen.</p>

(Non-Consolidated Statements of Income)

Year ended March 31, 2005	Year ended March 31, 2006
<p>1. Total R&amp;D expenses  The R&amp;D expenses included in general administrative expenses and manufacturing costs for the current fiscal year are 8,289 million yen.</p>	<p>1. Total R&amp;D expenses  The R&amp;D expenses included in general administrative expenses and manufacturing costs for the current fiscal year are 7,538 million yen.</p>
<p>2. Transfer from other accounts(purchased goods) <u>Millions of yen</u></p> <p>Raw materials 128</p> <p>Research &amp; development expenses 3</p> <p>Other 780</p> <hr/> <p>Total 912</p>	<p>2. Transfer from other accounts(purchased goods) <u>Millions of yen</u></p> <p>Raw materials 1,341</p> <p>Tangible fixed assets 295</p> <p>Disposal 40</p> <p>Amount taken over through business transfer 466</p> <p>Other 862</p> <hr/> <p>Total 3,006</p>

Year ended March 31, 2005		Year ended March 31, 2006	
3. Transfer to other accounts (purchased goods)		3. Transfer to other accounts (purchased goods)	
	<u>Millions of yen</u>		<u>Millions of yen</u>
Tangible fixed assets	14	Tangible fixed assets	233
Research & development expenses	13	Research & development expenses	23
Disposal	9	Disposal	147
Other	66	Other	469
Total	104	Total	874
4. Transfer from other accounts (finished goods)		4. Transfer from other accounts (finished goods)	
	<u>Millions of yen</u>		<u>Millions of yen</u>
Raw materials	56	Raw materials	42
Tangible fixed assets	124	Tangible fixed assets	23
Disposal	29	Disposal	31
Other	43	Other	21
Total	253	Total	119
5. Transfer to other accounts (finished goods)		5. Transfer to other accounts (finished goods)	
	<u>Millions of yen</u>		<u>Millions of yen</u>
Raw materials	525	Raw materials	762
Tangible fixed assets	219	Tangible fixed assets	182
Research & development expenses	322	Research & development expenses	296
Other	112	Disposal	51
Total	1,180	Other	96
		Total	1,389
6. Fixed assets had the following sales gains: 122 million yen from the sale of machinery and equipment (of which gains on sales to affiliates are 112 million yen), 2 million yen from the sale of vehicles; and 1 million yen from the sale of tools, furniture and fixtures (of which gains on sales to affiliates are 1 million yen).		6. Fixed assets had the following sales gains: 359 million yen from the sale of buildings; 107 million yen from the sale of machinery and equipment (of which gains on sales to affiliates are 99 million yen); 0 million yen from the sale of vehicles (of which gains on sales to affiliates are 0 million yen), 5 million yen from the sale of tools, furniture and fixtures (of which gains on sales to affiliates are 5 million yen) and 4 million yen from the sale of land.	
7. Fixed assets had the following sales losses: 1,289 million yen from the sale of land; 62 million yen from the sale of buildings; 16 million yen from the sale of structures; 8 million yen from the sale of machinery and equipment; and 1 million yen from the sale of tools, furniture and fixtures.		7. Fixed assets had the following sales losses: 3 million yen from the sale of buildings; 0 million yen from the sale of structures; 9 million yen from the sale of machinery and equipment (of which losses on sales to affiliates are 0 million yen), 0 million yen from the sale of tools, furniture and fixtures; and 0 million yen from the sale of land.	
8. Fixed assets had the following disposal losses: 12 million yen from the disposal of buildings; 3 million yen from the disposal of structures; 65 million yen from the disposal of machinery and equipment; and 42 million yen from the disposal of tools, furniture and fixtures.		8. Fixed assets had the following disposal losses: 34 million yen from the disposal of buildings; 6 million yen from the disposal of structures; 63 million yen from the disposal of machinery and equipment; 0 million yen from the disposal of vehicles; 31 million yen from the disposal of tools, furniture and fixtures and 0 million yen from the disposal of other.	
9. Principal transactions with affiliates		9. Principal transactions with affiliates	
	<u>Millions of yen</u>		<u>Millions of yen</u>
Sales (purchased goods)	109,136	Sales (purchased goods)	131,955
Sales (finished goods)	8,260	Sales (finished goods)	7,570
Purchase (purchased goods)	124,594	Purchase (purchased goods)	135,131
Interest income	698	Interest income	624
Dividends income	10,011	Dividends income	7,688

Year ended March 31, 2005	Year ended March 31, 2006														
<p>10. Impairment loss None</p>	<p>10. Impairment loss Outline of the asset groups on which impairment losses were recognized (Amount: millions of yen)</p> <table border="1" data-bbox="813 243 1446 506"> <thead> <tr> <th rowspan="2">Use</th> <th rowspan="2">Location</th> <th colspan="2">FY2006</th> </tr> <tr> <th>Class</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Idle assets</td> <td rowspan="3">Five facilities Former Kyoto, Ibaraki, Ichinoseki Kanegasaki plants and former Kanemori Co., Ltd.'s Hokuriku Branch (Hachiman City, Kyoto Pref., etc.)</td> <td>Building</td> <td>132</td> </tr> <tr> <td>Land</td> <td>1,509</td> </tr> <tr> <td>Total</td> <td>1,642</td> </tr> </tbody> </table> <p>Asset grouping method Based on its business classification, the Company has grouped assets in the smallest units of its operating businesses, which generate almost independent cash flows.</p> <p>Reason for the recognition of impairment losses The above fixed assets (buildings, structures and land) impaired in the current accounting period (first quarter) are idle assets and have no future utilization plans. Due to this, the company recognized impairment losses on those assets.</p> <p>Calculation method of collectable amounts The collectable amounts of the assets are based on net sales proceeds. Their assessed values are calculated based on the standards for real estate appraisals.</p>	Use	Location	FY2006		Class	Amount	Idle assets	Five facilities Former Kyoto, Ibaraki, Ichinoseki Kanegasaki plants and former Kanemori Co., Ltd.'s Hokuriku Branch (Hachiman City, Kyoto Pref., etc.)	Building	132	Land	1,509	Total	1,642
Use	Location			FY2006											
		Class	Amount												
Idle assets	Five facilities Former Kyoto, Ibaraki, Ichinoseki Kanegasaki plants and former Kanemori Co., Ltd.'s Hokuriku Branch (Hachiman City, Kyoto Pref., etc.)	Building	132												
		Land	1,509												
		Total	1,642												
<p>11. Business restructuring loss None</p>	<p>11. Business restructuring loss <span style="float: right;"><u>Millions of yen</u></span> This loss consists of the following allowances and amounts incurred for the current accounting period, based upon the structural reform plan for the PC keyboard business, etc.</p> <table data-bbox="813 1171 1446 1325"> <tbody> <tr> <td>Loss on disposal of fixed assets and inventories related to business restructuring</td> <td style="text-align: right;">620</td> </tr> <tr> <td>Estimated amount of support to affiliates related to business restructuring</td> <td style="text-align: right;">3,016</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: right;">3,637</td> </tr> </tbody> </table>	Loss on disposal of fixed assets and inventories related to business restructuring	620	Estimated amount of support to affiliates related to business restructuring	3,016	Total	3,637								
Loss on disposal of fixed assets and inventories related to business restructuring	620														
Estimated amount of support to affiliates related to business restructuring	3,016														
Total	3,637														

(a) Relating to lease transactions

Millions of yen

(1) Equivalent of acquisition value of leased items, equivalent of total amount of depreciation and equivalent of year-end closing balance	<u>Year ended March 31, 2005</u>			<u>Year ended March 31, 2006</u>		
	<u>Equivalent of acquisition value</u>	<u>Equivalent of total amount of depreciation</u>	<u>Equivalent of year-end balance</u>	<u>Equivalent of acquisition value</u>	<u>Equivalent of total amount of depreciation</u>	<u>Equivalent of year-end balance</u>
Vehicles	213	112	100	179	83	96
Tools, furniture and fixtures	2,021	1,074	946	1,893	998	894
Software	42	31	11	35	19	15
Total	<u>2,277</u>	<u>1,218</u>	<u>1,058</u>	<u>2,107</u>	<u>1,101</u>	<u>1,006</u>

Because of a low ratio of the year-end closing balance of unexpired lease expenses to a total amount of the year-end closing balance of tangible fixed assets, equivalent of acquisition value in the period under review has been calculated based on "Interest payment inclusive method".

(2) Equivalent of year-end closing balance of unexpired lease expenses:

within 1-year	480	472
over 1-year	<u>577</u>	<u>534</u>
Total	1,058	1,006

Because of a low ratio of the year-end closing balance of unexpired lease expenses to a total amount of the year-end closing balance of tangible fixed assets, equivalent of year-end closing balance of unexpired lease expenses in the period under review has been calculated based on "Interest payment inclusive method".

(3) The amount of lease expenses and equivalent of depreciation expenses:

Amount of lease expenses	657	559
Equivalent of depreciation expenses	657	559

(4) Method of computing equivalent of depreciation expenses:

Computation is based on straight line method with the lease term as a useful life and the residual value to be set at zero.

(b) Securities with Market Value

There are no subsidiaries or affiliates whose stocks have their current market value.

## (c) The tax effect accounting

Year ended March 31, 2005	Year ended March 31, 2006
<b>1. Major reasons for the accrual of deferred tax assets and deferred tax liabilities</b> <u>Millions of yen</u> (Deferred tax assets) Excess of allowed limit chargeable to the accrued bonuses 682 Excess of allowed limit chargeable to the retirement benefits 20 Loss on the liquidation of investments in securities 1,749 Loss on the liquidation of investments securities in affiliates 2,278 Excess of allowed limit chargeable to the allowance for doubtful receivable 2,759 Foreign tax credit carry forwards 1,360 Others 530 Total deferred tax assets <u>9,378</u> (Deferred tax liabilities) Difference on revaluation of other marketable securities 1,006 Total deferred tax liabilities <u>1,006</u> Net deferred tax assets <u>8,371</u>	<b>1. Major reasons for the accrual of deferred tax assets and deferred tax liabilities</b> <u>Millions of yen</u> (Deferred tax assets) Excess of allowed limit chargeable to the accrued bonuses 762 Excess of allowed limit chargeable to the retirement benefits 60 Loss on the liquidation of investments in securities 1,671 Loss on the liquidation of investments securities in affiliates 3,383 Excess of allowed limit chargeable to the allowance for doubtful receivable 2,553 Disallowance of allowance for business restructuring losses 1,383 Foreign tax credit carry forwards 602 Impairment loss 641 Excess of allowed limit chargeable to the depreciation 386 Disallowance of accrued enterprise taxes 287 Others 293 Total deferred tax assets <u>12,021</u> Valuation allowance <u>(4,122)</u> Total deferred tax assets <u>7,899</u> (Deferred tax liabilities) Difference on revaluation of other marketable securities 2,831 Total deferred tax liabilities <u>2,831</u> Net deferred tax assets <u>5,068</u>
<b>2. Major reasons for significant differences between the legal effective tax rate and the ratio of income tax burden after the application of tax effect accounting</b> Domestic legal effective tax rate 39.0% (Adjustments) Item to be regarded as taxable expenses, such as entertainment expenses 1.1 Inhabitant tax levied per capita etc. 3.0 Withholding income taxes etc. 4.2 Others 1.5 Ratio of income tax burden after the application of tax effect accounting <u>48.8</u>	<b>2. Major reasons for significant differences between the legal effective tax rate and the ratio of income tax burden after the application of tax effect accounting</b> Diluted net income per share is not stated due to residual securities not in existence in addition to a net loss per share reported.

## (d) Going concerns

Not applicable.

## (7) Per Share Data

	Year ended March 31, 2005	Year ended March 31, 2006
Net assets per share (yen)	458.56	450.24
Net income (loss) per share (yen)	8.72	(8.47)
Fully diluted net income per share (yen)	8.40	Diluted net income per share is not stated due to a net loss per share reported, although residual securities exist.

(Note) The following are the basis for calculating net income or loss per share and diluted net income per share.

	Year ended March 31, 2005	Year ended March 31, 2006
Net income (loss) per share (yen)		
Net income (loss) in the non-consolidated statements of income (million yen)	3,504	(3,378)
Net income (loss) related to common stock (million yen)	3,481	(3,378)
Amount not available for common stock (million yen)		
Officer's bonuses based on profit Appropriation	23	—
Average shares of common stock outstanding (shares)	399,074,238	399,056,975
Fully diluted net income per share (yen)		
Net income adjustments (million yen)	107	—
Interest expense (after tax equivalents)	107	—
Increased shares of common stock 4th domestic unsecured convertible bonds (shares)	27,860,082	—
Outline of the residual shares not included in the calculation of diluted net income per share due to no dilution effects (million yen)		
4th unsecured bonds with warrants attached (Face value)	4,000	—

(8)Subsequent event

Year ended March 31, 2005	Year ended March 31, 2006
<p>The Board of Directors resolved at a meeting on March 1, 2005, to assume all business from consolidated subsidiary Minebea Electronics Co., Ltd., on April 1, 2005, and liquidate Minebea Electronics Co., Ltd. Minebea Electronics Co., Ltd. entered into liquidation proceedings.</p> <p>1. Purpose Minebea Electronics Co., Ltd., a subsidiary of Minebea Co., Ltd., was founded in May 1986, to mainly produce, market, export and import electronic materials and components, as well as electronic devices. The purpose of the decision to assume all business from Minebea Electronics Co., Ltd., on April 1, 2005, and subsequently liquidate the subsidiary was to achieve greater management efficiency by consolidating all business of Minebea Electronics Co., Ltd., into Minebea.</p> <p>2. Amount of Assets and Liabilities transferred Assets transferred: 3,918 millions of yen Liabilities transferred: 252 millions of yen</p> <p>3. Outline of Minebea Electronics Co., Ltd. (as of March 31, 2005) (a) Representative director and president: Takayuki Yamagishi (b) Location: 1743-1 Asana, Asaba-cho, Iwata-gun, Shizuoka-ken, Japan (c) Date of establishment: May 28, 1986 (d) Capital: 720 millions of yen (e) Shareholder: Minebea Co., Ltd., 100% (f) Net sales: 18,664 millions of yen (g) Ordinary loss: 134 millions of yen</p> <p>4. Impact of the Transfer on Minebea's Results There will be no impact on Minebea's results.</p>	None



7. Change of Directors & Corporate Auditors

(1) Representative Director:

None

(2) Other Directors & Corporate Auditors:

(a) Candidate for New Corporate Auditor (As of June 29, 2006)

Corporate Auditor	Hiroataka Fujiwara
(Part-time)	(Hikari Sogoh Law Offices lawyer)

(Notes) Candidate for new corporate auditor Hiroataka Fujiwara is external corporate auditors.

**Supplementary Financial Data  
for the Fiscal Year ended March 31, 2006**

**1. Consolidated Results of Operations**

(Millions of yen)	Fiscal year ended Mar. '05			Fiscal year ended Mar. '06			%Change Y/Y	
	1st Half	2nd Half	Full Year	1st Half	2nd Half	Full Year	2nd Half*1	Full Year*2
Net sales	146,751	147,671	294,422	155,739	162,707	318,446	+10.2%	+8.2%
Operating income	5,468	8,615	14,083	7,224	12,045	19,269	+39.8%	+36.8%
Ordinary income	3,885	6,321	10,206	5,322	9,273	14,595	+46.7%	+43.0%
Income before income taxes	3,391	4,387	7,778	4,425	5,195	9,620	+18.4%	+23.7%
Net income	1,095	4,486	5,581	2,421	1,836	4,257	-59.1%	-23.7%
Net income per share (yen)	2.74	11.19	13.93	6.07	4.60	10.67	-58.9%	-23.4%

(Millions of yen)	Fiscal year ended Mar. '05				Fiscal year ended Mar. '06				4Q %Change	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	Q/Q*3	Y/Y*4
Net sales	71,324	75,427	75,180	72,491	75,690	80,049	80,948	81,759	+1.0%	+12.8%
Operating income	2,802	2,666	4,165	4,450	3,010	4,214	6,043	6,002	-0.7%	+34.9%
Ordinary income	1,982	1,903	2,950	3,371	2,163	3,159	4,694	4,579	-2.4%	+35.8%
Income before income taxes	1,937	1,454	2,445	1,942	830	3,595	4,474	721	-83.9%	-62.9%
Net income	208	887	1,575	2,911	980	1,441	2,400	-564	-	-
Net income per share (yen)	0.52	2.22	3.95	7.24	2.46	3.61	6.01	-1.41	-	-

**2. Consolidated Sales and Operating Income by Division**

(Millions of yen)	Fiscal year ended Mar. '05			Fiscal year ended Mar. '06			%Change Y/Y	
	1st Half	2nd Half	Full Year	1st Half	2nd Half	Full Year	2nd Half*1	Full Year*2
Machined components	57,350	58,755	116,105	62,204	67,391	129,595	+14.7%	+11.6%
Bearing related products	49,153	49,065	98,218	52,384	57,163	109,547	+16.5%	+11.5%
Other machined components	8,197	9,690	17,887	9,820	10,227	20,047	+5.5%	+12.1%
Electronic devices and components	89,400	88,917	178,317	93,535	95,316	188,851	+7.2%	+5.9%
Rotary components	54,061	52,689	106,750	54,323	55,813	110,136	+5.9%	+3.2%
Other electronic devices	35,340	36,226	71,566	39,212	39,503	78,715	+9.0%	+10.0%
Total sales	146,751	147,671	294,422	155,739	162,707	318,446	+10.2%	+8.2%
Machined components	10,478	11,094	21,572	11,112	13,444	24,556	+21.2%	+13.8%
Electronic devices and components	-5,010	-2,479	-7,489	-3,887	-1,400	-5,287	-	-
Total operating income	5,468	8,615	14,083	7,224	12,045	19,269	+39.8%	+36.8%

(Millions of yen)	Fiscal year ended Mar. '05				Fiscal year ended Mar. '06				4Q %Change	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	Q/Q*3	Y/Y*4
Machined components	28,256	29,094	28,927	29,828	30,573	31,631	32,938	34,453	+4.6%	+15.5%
Bearing related products	24,247	24,906	24,491	24,574	25,982	26,402	27,837	29,326	+5.3%	+19.3%
Other machined components	4,009	4,188	4,436	5,254	4,591	5,229	5,101	5,126	+0.5%	-2.4%
Electronic devices and components	43,067	46,333	46,254	42,663	45,116	48,419	48,009	47,307	-1.5%	+10.9%
Rotary components	26,852	27,209	27,350	25,339	26,443	27,880	27,724	28,089	+1.3%	+10.9%
Other electronic devices	16,216	19,124	18,903	17,323	18,673	20,539	20,285	19,218	-5.3%	+10.9%
Total sales	71,324	75,427	75,180	72,491	75,690	80,049	80,948	81,759	+1.0%	+12.8%
Machined components	5,082	5,396	5,952	5,142	5,067	6,045	6,972	6,472	-7.2%	+25.9%
Electronic devices and components	-2,279	-2,731	-1,786	-693	-2,056	-1,831	-930	-470	-	-
Total operating income	2,802	2,666	4,165	4,450	3,010	4,214	6,043	6,002	-0.7%	+34.9%

\*1 2nd half % change Y/Y : 2nd half in comparison with the 2nd half of the previous fiscal year

\*2 Full year % change Y/Y : Full year in comparison with the previous full year

\*3 4Q % change Q/Q : 4Q in comparison with 3Q

\*4 4Q % change Y/Y : 4Q in comparison with 4Q of the previous fiscal year

**3. Prospect for the Fiscal Year ending March 31, 2007**

(Millions of yen)	Fiscal year ending Mar. '07			%Change Y/Y
	1st Half	2nd Half	Full Year	
Net sales	152,000	158,000	310,000	-2.7%
Operating income	11,500	13,500	25,000	+29.7%
Ordinary income	8,400	10,600	19,000	+30.2%
Income before income taxes	8,000	10,000	18,000	+87.1%
Net income	5,300	4,700	10,000	+134.9%
Net income per share (yen)	13.28	11.78	25.06	+134.9%

(Millions of yen)	Fiscal year ending Mar. '07			%Change Y/Y
	1st Half	2nd Half	Full Year	
Machined components	64,000	68,000	132,000	+1.9%
Bearing related products	55,500	59,500	115,000	+5.0%
Other machined components	8,500	8,500	17,000	-15.2%
Electronic devices and components	88,000	90,000	178,000	-5.7%
Rotary components	53,500	56,500	110,000	-0.1%
Other electronic devices	34,500	33,500	68,000	-13.6%
Total sales	152,000	158,000	310,000	-2.7%
Machined components	12,150	12,350	24,500	-0.2%
Electronic devices and components	-650	1,150	500	-
Total operating income	11,500	13,500	25,000	+29.7%

#### 5. Capital Expenditure, Depreciation, Research and Development Costs

(Millions of yen)	FY ended: Mar. '05	Fiscal year ended Mar. '06					Assumption for the FY ending Mar. '07
		1Q	2Q	3Q	4Q	Full Year	
Capital expenditure	* 23,060	4,317	6,239	6,565	4,776	21,897	21,000
Depreciation (Including Intangible Fixed Assets)	22,462	5,766	5,922	6,272	6,012	23,972	24,000
Research and development costs	10,012	2,358	2,106	2,232	2,352	9,048	10,000

\* Does not include 8,018 million yen in tangible fixed assets, which was taken over from Matsushita Electric Industrial Co., Ltd. as a result of establishment of Minebea-Matsushita Motor Corporation.

#### 6. Exchange Rates

		FY ended: Mar. '05	Fiscal year ended Mar. '06					Assumption for the FY ending Mar. '07
			1Q	2Q	3Q	4Q	Full Year	
US\$	PL	107.46	107.28	111.50	116.21	117.36	113.09	115.0
	BS	107.39	110.62	113.19	118.07	117.47	117.47	115.0
EURO	PL	134.90	136.99	135.39	138.91	139.93	137.81	135.0
	BS	138.87	133.63	136.13	139.83	142.81	142.81	135.0
SPORES\$	PL	64.04	64.92	66.46	68.68	71.60	67.92	68.0
	BS	65.19	65.58	66.96	70.89	72.57	72.57	68.0
THAI BAHT	PL	2.67	2.70	2.68	2.83	2.95	2.79	2.80
	BS	2.73	2.67	2.75	2.87	3.02	3.02	2.80
RMB	PL	12.98	12.94	13.65	14.38	14.49	13.87	14.20
	BS	12.99	13.34	13.99	14.59	14.66	14.66	14.20

#### 7. Non-Consolidated Results of Operations

(Millions of yen)	Fiscal year ended Mar. '05			Fiscal year ended Mar. '06			%Change Y/Y	
	1st Half	2nd Half	Full Year	1st Half	2nd Half	Full Year	2nd Half*1	Full Year*2
Net sales	93,363	91,869	185,232	94,193	112,638	206,831	+22.6%	+11.7%
Operating income	917	1,029	1,946	336	2,739	3,075	+166.2%	+58.0%
Ordinary income	2,745	8,312	11,057	4,635	5,601	10,236	-32.6%	-7.4%
Income before income taxes	1,990	4,855	6,845	2,964	-3,049	-85	-	-
Net income	801	2,703	3,504	1,713	-5,091	-3,378	-	-

#### 8. Prospect for the Non-Consolidated Performance for the Fiscal Year ending March 31, 2007

(Millions of yen)	Fiscal year ending Mar. '07			%Change Y/Y
	1st Half	2nd Half	Full Year	
Net sales	104,000	110,000	214,000	+3.5%
Operating income	-400	700	300	-90.2%
Ordinary income	3,400	8,600	12,000	+17.2%
Income before income taxes	3,400	8,600	12,000	-
Net income	1,900	5,400	7,300	-

The following is an English translation of the Notice of the 60th Ordinary General Meeting of Shareholders of Minebea Co., Ltd., to be held on June 29, 2006.  
The Company provides this translation for your reference and convenience only and without any guarantee as to its accuracy or otherwise.

Securities Code No. 6479

June 1, 2006

## To the Shareholders

4106-73, Oaza Miyota, Miyota-machi,  
Kitasaku-gun, Nagano Prefecture

**Minebea Co., Ltd.**  
Takayuki Yamagishi  
Representative Director

### Notice of the 60th Ordinary General Meeting of Shareholders

The 60th Ordinary General Meeting of Shareholders (hereinafter the "Meeting") will be held as indicated below. You are hereby cordially invited to attend the Meeting.

**If you are unable to attend the Meeting, you may exercise your voting rights as a Shareholder in writing or via the Internet. In that event, please examine the contents of the reference documents attached herein and vote in accordance with the guidance on voting set forth on the next page.**

#### Particulars of the Meeting

**1. Time:**

Thursday, June 29, 2006, beginning at 9:30 a.m.

**2. Place:**

1st floor of Asama Sunday House (New Building), 4106-282, Oaza Miyota, Miyota-machi,  
Kitasaku-gun, Nagano Prefecture

**3. Purpose of the Meeting:**

**To report on:**

- 1) The Consolidated Balance Sheet as of March 31, 2006, the Consolidated Statement of Income for the 60th business year (April 1, 2005 to March 31, 2006), and the Audit Report on the Consolidated Financial Statements by the Independent Auditors and Board of Corporate Auditors.
- 2) The Balance Sheet as of March 31, 2006, the Business Report and the Statement of Income for the 60th business year (April 1, 2005 to March 31, 2006).

**To vote on:**

**First proposal:**

Approval of the Proposed Appropriation of Unappropriated Retained Earnings for the 60th business year

**Second proposal:**

Partial Revision of the Articles of Incorporation

**Third proposal:**

Election of One (1) Corporate Auditor

**Fourth proposal:**

Amendment of Remuneration for Corporate Auditors

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OFFICE OF INTERNATIONAL  
CORPORATE FINANCE

1. If you are able to attend the Meeting, you are requested to bring the voting ballot enclosed herein to the Meeting and hand it to the receptionist.
2. If you are unable to attend the Meeting, please vote by sending the enclosed voting ballot by mail or via the Internet as follows. In addition, Internet using a mobile phone is available also.

**【If you are voting by sending the voting ballot card by mail】**

Please mark your vote for or against each proposal on the enclosed voting ballot, and mail the voting ballot. The voting ballot must be received by our agent to manage shareholders registry by Wednesday, June 28, 2006, which is one day before the Meeting.

**【If you are voting via the Internet】**

- (1) Please access the Internet site for the voting rights exercise indicated below. Use the code and initial password that are indicated on the voting ballot, follow the guidance on the screen and vote for or against each proposal. Please register by Wednesday, June 28, 2006, which is one day before the Meeting.

**The voting site URL is <http://www.webdk.net>**

- (2) Please be advised that if you vote both by returning the voting ballot by mail and by using the Internet, the Internet instruction will be used as your vote.
- (3) Please be further informed that you must pay for all charges incurred in exercising your voting rights via the Internet, such as for the dial-up connection with your Internet provider and/or for telecommunication.
- (4) To access and use the Internet site for the voting rights exercise, Microsoft® Internet Explorer Version 5.5 or Netscape® Version 6.2 is a minimum requirement as the Internet browser software. If you access the Internet site for the voting rights exercise via mobile phone, the mobile phone must be capable of 128 bit SSL communication (encrypted communication).

(Microsoft is a registered trademark of Microsoft Corporation in the U.S.A. and other countries. Netscape is a registered trademark of Netscape Communications Corporation in the U.S.A. and other countries.)

If you have any question on any of the aforementioned matters, please dial **0120-186-417** to contact our agent to manage shareholders registry: Stock Transfer Agency Department of The Sumitomo Trust & Banking Co., Ltd., Tokyo, Japan (24 hours available).

\*\*\*\*\* «Notice to shareholders» \*\*\*\*\*

If any revisions occur to the contents of the attached documents of this notice by the day before the Meeting, we will notify in writing sent by mail or post it on our web site (<http://www.minebea.co.jp>).

**Business Report**  
(April 1, 2005 to March 31, 2006)

**I. Overview of Operations**

**1. Operating Performance of the Corporate Group**

During the consolidated fiscal year, the Japanese economy continued a private demand-driven recovery with favorable conditions in the corporate sector having an impact on the household sector. The U.S. economy, although facing soaring energy prices and hurricane damage, expanded steadily as a whole, led by growth in wealth from housing investments. The European economy grew moderately with signs of turnaround in foreign demand and capital investment. The Chinese economy, meanwhile, maintained high growth due to a continued rise in exports mainly to the United States and developing countries, despite the implementation of the revaluation of yuan and tight constraints on overheated investment. The economies in Southeast Asian countries stayed firm due to continued growth in the U.S. economy and high growth in China.

Under these circumstances, we strove to make our profitable basis stronger in order to further enhance earnings in a short period of time by addressing such near-term strategic agenda as resolutely carrying out structural reforms; reinforcing R&D efforts; and driving for management with a clear future vision. At the same time, we also concentrated on further reducing costs; developing high value-added products and new technologies; and expanding marketing activities.

As a result, net sales increased ¥24,023 million (8.2%) year on year, to ¥318,446 million, and operating income increased ¥5,185 million (36.8%) year on year, to ¥19,269 million. Although ordinary income increased ¥4,388 million (43.0%) year on year, to ¥14,595 million, net income fell ¥1,323 million (-23.7%) year on year, to ¥4,257 million due to an extraordinary loss of ¥3,475 million from the restructuring of our PC keyboard business.

During the current consolidated fiscal year, we posted an extraordinary loss of ¥967 million as a result of implementing impairment accounting for fixed assets.

Performance by business segment is as follows:

**Machined Components Business**

Our products in this business segment include ball bearings, which are our mainstay product; mechanical components such as rod-end bearings primarily for use in aircraft and pivot assemblies for use in hard disk drives (HDDs); screws for automobiles and aircraft; and defense-related devices and equipment. Sales of ball bearings to makers of automobiles and information & telecommunications equipment stayed strong year on year owing to our vigorous sales expansion efforts. Sales of rod-end bearings rose to the aerospace industry, mainly in the U.S. and Europe. In pivot assemblies, sales grew largely, owing to strong demand from the HDD industry. As a result, net sales rose ¥13,490 million (11.6%) year on year, to ¥129,595 million. Operating income increased ¥2,984 million (13.8%) year on year, to ¥24,556 million, due to cost reductions, etc. resulting from increased production and production efficiency.

**Electronic Devices and Components Business**

Our core products in this business segment include HDD spindle motors; information motors such as fan motors; stepping motors, vibration motors and DC brush motors; PC keyboards; speakers; LCD backlights; and measuring instruments. Sales of LCD backlights, information motors and PC keyboard grew substantially to makers of cellular phones, office automation, PCs and peripheral equipment. On the other hand, sales of HDD spindle motors declined as a result of striving to improve earnings, instead of seeking sales volume. As a result, net sales increased ¥10,534 million (5.9%) year on year, to ¥188,851 million. Operating income improved ¥2,202 million year on year, to ¥(5,287) million, due to a rapid recovery in performance led by a substantial cost reduction in HDD spindle motors, etc, increased profits from increased sales of LCD backlights, and other factors.

Minebea has adopted the following five principles as its basic policy for management.

- (1) Ensure that Minebea is a company for which we feel proud to work.
- (2) Reinforce the confidence our customers have.
- (3) Respond to our shareholders' expectations.
- (4) Ensure a welcome for Minebea in local communities.
- (5) Contribute to a global society.

Under this basic management policy, we have actively addressed the development of high value-added products and the sophistication of product quality. In addition we have focused company resources on areas where we can display ultraprecision machining technologies and mass production technologies that are both the source of our competitiveness. At the same time, we have strengthened our operations based on financial improvements, and have striven to practice a transparent management form that is easier to understand within and across the Company.

Furthermore, as a key theme in the development of business in various parts of the world, we have continued our commitment to environmental protection activities.

In accordance with the basic management policies as mentioned earlier, we aim to improve profitability and enhance corporate value based on a "vertically integrated manufacturing system," "large-scale volume production system," and "well-developed R&D system," which have been established worldwide, in order to ensure our place as the world's leading comprehensive manufacturer of miniature ball bearings and high-precision components.

The tasks to be accomplished to achieve this goal are to:

1. Further reinforce our mainstay bearings and bearing-related products;
2. Build our operations in the area of precision small motors into a second pillar of our operations after bearings and bearing-related products; and
3. Increase the ratio of high-value-added products in all product categories and diversify offerings to serve a broader market.

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

### **3. Capital Expenditures and Financing of the Corporate Group**

During the consolidated fiscal year under review, capital expenditures were ¥12,163 million for the Machined Components Business and ¥9,733 million for the Electronic Devices and Components Business, totaling ¥21,897 million. The main capital expenditures for the Machined Components Business were equipment for production rationalization of bearings, etc., at the Thailand, China and Singapore factories and equipment for increasing the production of pivot assemblies at the Thailand factory. The main capital expenditures for the Electronic Devices and Components Business were equipment for spindle motors and electronic devices, mainly backlights at the Thailand factory and equipment for information motors at the Thailand, China and Malaysia factories. There were no important matters to report for the financing of the consolidated fiscal year under review.

#### 4. Business performance and changes in financial position of the Corporate Group

##### (1) Business performance and changes in financial position of the Corporate Group

(Unit: millions of yen)

	Fiscal 2003 (4/02-3/03)	Fiscal 2004 (4/03-3/04)	Fiscal 2005 (4/04-3/05)	Fiscal 2006 (4/05-3/06)
Net sales	272,202	268,574	294,422	318,446
Ordinary income	13,420	13,800	10,206	14,595
Net income (loss)	(2,434)	6,019	5,581	4,257
Net income (loss) per share (yen)	(6.10)	15.08	13.93	10.67
Total assets	320,069	314,915	332,217	349,862
Shareholders' equity	98,212	93,866	102,088	117,577

Notes: 1. Starting from fiscal 2003 (April 1, 2002 to March 31, 2003), the Accounting Standard for Annual Net Income per Share (Corporate Accounting Standard No. 2 specified by the Corporate Accounting Standard Commission, September 25, 2002) and the Accounting Standard Application Guideline for Annual Net Income per Share (Corporate Accounting Standard Application Guideline No. 4 specified by the Corporate Accounting Standard Commission, September 25, 2002) are applied to the calculation of net income (loss) per share.

2. Amounts less than one million yen are omitted.

3. Net income (loss) per share is calculated on the basis of the average number of issued shares during the relevant fiscal year excluding treasury stocks.

4. Starting from fiscal 2005 (April 1, 2004 to March 31, 2005), the consolidated financial statements are prepared based on Article 19-2 of the Law for Special Exceptions to the Commercial Code Concerning Audit, etc., of Corporations. As a result, the figures for fiscal 2003 to fiscal 2004 are based on consolidated financial statements not audited by the corporate auditors and independent auditors.

##### (2) Business performance and changes in financial position of the Company

(Unit: millions of yen)

	Fiscal 2003 (4/02-3/03)	Fiscal 2004 (4/03-3/04)	Fiscal 2005 (4/04-3/05)	Fiscal 2006 (4/05-3/06)
Net sales	162,952	185,105	185,232	206,831
Ordinary income	11,062	13,343	11,057	10,236
Net income (loss)	1,227	2,266	3,504	(3,378)
Net income (loss) per share (yen)	3.08	5.68	8.72	(8.47)
Total assets	362,682	366,618	361,664	357,560
Shareholders' equity	181,240	182,389	183,017	179,669

Notes: 1. Starting from fiscal 2003 (April 1, 2002 to March 31, 2003), the Accounting Standard for Annual Net Income per Share (Corporate Accounting Standard No.2 specified by the Corporate Accounting Standard Commission, September 25, 2002) and the Accounting Standard Application Guideline for Annual Net Income per Share (Corporate Accounting Standard Application Guideline No. 4 specified by the Corporate Accounting Standard Commission, September 25, 2002) are applied to the calculation of net income (loss) per share.

2. Amounts less than one million yen are omitted.

3. Financial statements for fiscal 2004 (April 1, 2003 to March 31, 2004) are indicated under the "Ministerial Ordinance for Partial Revision of the Commercial Code Enforcement Regulation (the Ministry of Justice Ordinance No. 7 dated February 28, 2003)." As a result, "income (loss) for the current period" and "income (loss) per share for the current period" for fiscal 2003 and before are described as "net income (loss)" and "net income (loss) per share" respectively.

4. Net income (loss) per share is calculated on the basis of the average number of issued shares during the relevant fiscal year excluding treasury stocks.



## 1. Main business lines of the Corporate Group and the Company

Classification	Products
<b>Machined Components Business</b>	
Bearings	Miniature ball bearings, small-sized ball bearings, and rod-end bearings, etc.
Machinery components	Commercial and aerospace fasteners, tape guides, pivot assemblies and gears, etc.
Special machinery and others	Aerospace and defense-related equipment, etc.
<b>Electronic Devices and Components Business</b>	
Electronic devices and components	Small precision motors, keyboards, speakers, backlights, hybrid integrated circuits, inverters, strain gauges, load cells, etc.

## 2. Major offices and factories of the Corporate Group and the Company

### (1) The Company's major offices and factories

Name	Location
Head Office/Karuizawa Factory	Nagano Prefecture
Tokyo Head Office	Tokyo
Hamamatsu Factory	Shizuoka Prefecture
Fujisawa Factory	Kanagawa Prefecture
Omori Factory	Tokyo
Matsuida Factory	Gunma Prefecture

### (2) Subsidiaries' major offices and factories

Name	Location
Minebea-Matsushita Motor Corporation	Tokyo
NMB Thai Ltd.	Thailand
Pelmec Thai Ltd.	Thailand
Minebea Thai Ltd.	Thailand
Minebea Electronics (Thailand) Co., Ltd.	Thailand
NMB (USA) Inc.	U.S.A.
NMB Technologies Corporation	U.S.A.
New Hampshire Ball Bearings, Inc.	U.S.A.
Minebea Electronics & Hi-Tech Components (Shanghai) Ltd.	China
Minebea (Hong Kong) Ltd.	China

## 3. Overview of Shares

(1) Total number of shares authorized:	1,000,000,000 shares
(2) Number of shares issued:	399,167,695 shares
(3) Number of shareholders:	24,719 persons

**4. Major shareholders:**

Name of shareholders	Investment in the Company		Our investment in the shareholders	
	Number of shares (thousands)	Shareholding ratio (%)	Number of shares (thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	35,178	8.81	—	—
Japan Trustee Service Bank, Ltd. (Trust account)	34,236	8.58	—	—
Japan Trustee Service Bank, Ltd. (Trust account 4)	18,756	4.70	—	—
Keiaisha Co., Ltd.	15,000	3.76	1,183	10.03
The Sumitomo Trust & Banking Co., Ltd.	12,349	3.09	2,070	0.12
Takahashi Industrial and Economic Research Foundation	12,347	3.09	—	—
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	10,057	2.52	2	0.02
Sumitomo Mitsui Banking Corporation	10,000	2.51	1	0.02
Depository Nominees Inc.	8,194	2.05	—	—
State Street Bank and Trust Co. 505019	7,331	1.84	—	—

*Note: On April 10, 2006 (though the reporting obligation arose on March 31, 2006), Morgan Stanley Japan Securities Co., Ltd. and eight other joint holders filed a report concerning a change of substantial shareholding with the Director, Kanto Finance Bureau of the Finance Ministry of Japanese Government. However, these new shareholders are not included in the above table of our major shareholders because the Company is not in a position to confirm the final number of our shares beneficially owned by them as of the end of the fiscal year under review (March 31, 2006).*

*Meanwhile, said report can be outlined as follows:*

*Name of substantial shareholders: Morgan Stanley Japan Securities Co., Ltd. and eight other joint holders*

*Number of shares held: 28,378 thousand shares*

*Shareholding ratio: 7.11%*

**5. Acquisition, disposal, etc., and holding of treasury stocks**

## (1) Treasury stock acquired

Common stock: 13,518 shares

Total acquisition amount: ¥7,196 thousand

## (2) Treasury stock disposed

Common stock: 2,581 shares

Total disposal price: ¥1,214 thousand

## (3) Treasury stock at the end of the fiscal year

Common stock: 116,560 shares

## (1) Employees of the Corporate Group

Business segment	Number of employees
Machined components	18,184
Electronic devices and components	29,186
Whole company	156
Total	47,526

Notes: 1. The number of employees is the number that are at work.

2. The "Whole company" refers to employees in the administration department but not under either business segment.

## (2) Employees of the Company

Classification	Number of employees	Increase (decrease) from the end of the previous year	Average age	Average of working years
Male	1,994	101	41.4	17.8
Female	431	32	35.0	12.6
Total or average	2,425	133	40.3	16.8

Note: The number of employees is the number that are at work.

## 7. Principal consolidation

## (1) Principal subsidiaries

Name	Common stock	Voting rights ratio	Main business lines
Minebea-Matsushita Motor Corporation	¥10,000 million	60.0%	Manufacture and sales of motors and their components
NMB Thai Ltd.	1,200,000 thousand Thai baht	100.0%	Manufacture and sales of bearings and others
Pelmec Thai Ltd.	1,100,000 thousand Thai baht	100.0%	Manufacture and sales of bearings and others
Minebea Thai Ltd.	8,381,818 thousand Thai baht	100.0%	Manufacture and sales of motors and others
Minebea Electronics (Thailand) Co., Ltd.	1,563,545 thousand Thai baht	100.0%	Manufacture and sales of electronic devices and their components
NMB (USA) Inc.	US\$311,093 thousand	100.0%	Holding company
NMB Technologies Corporation	US\$6,800 thousand	100.0% (100.0%)	Sales of bearings, electronic devices and others
New Hampshire Ball Bearings, Inc.	US\$94,000 thousand	100.0% (100.0%)	Manufacture and sales of bearings
Minebea Electronics & Hi-Tech Components (Shanghai) Ltd.	US\$239,060 thousand	100.0%	Manufacture and sales of bearings and electronic devices
Minebea (Hong Kong) Ltd.	HK\$100,000 thousand	100.0%	Sales of bearings, electronic devices and others

Note: Figures in parentheses for the voting rights ratio in the above table show the ratio of indirect ownership.

(2) Progress in consolidation

We liquidated subsidiary Minebea Electronics Co., Ltd. on March 31, 2005 and took over all business from the subsidiary on April 1, 2005 and completed the liquidation on June 30, 2005.

On March 2, 2006, Minebea and Huan Hsin Holdings Ltd. agreed to dissolve the keyboard joint venture business in China. Minebea purchased all shares of Sheng Ding Pte. Ltd. which Huan Hsin Holdings Ltd. owned. After the purchase of shares, Minebea's voting rights ratio is 100%.

(3) Results of consolidation

Consolidated net sales, consolidated ordinary income and consolidated net income for the year under review were ¥318,446 million (¥294,422 million year on year), ¥14,595 million (¥10,206 million year on year) and ¥4,257 million (¥5,581 million year on year), respectively.

## 8. Major lenders

Lenders	Outstanding borrowing (millions of yen)	Shares held by lender	
		Number of shares (thousands)	Shareholding ratio (%)
The Sumitomo Trust & Banking Co., Ltd.	13,300	12,349	3.09
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	11,400	10,057	2.52
Sumitomo Mitsui Banking Corporation	11,400	10,000	2.51
Mizuho Corporate Bank, Ltd.	4,900	2,300	0.58
The Hachijuni Bank, Ltd.	3,000	2,000	0.50

## 9. Directors and Corporate Auditors

Title	Name	Responsibilities or principal occupation (as of March 31, 2006)
Representative Director, President and Chief Executive Officer	Takayuki Yamagishi	
Director, Senior Managing Executive Officer	Yoshihisa Kainuma	Chief of Operations Headquarters, Head of Legal Division
Director, Senior Managing Executive Officer	Ryusuke Mizukami	Chief of Engineering Headquarters, Officer in charge of Environmental Preservation
Director, Senior Managing Executive Officer	Tosei Takenaka	Head of Information Motor Business Unit, Representative Director and President of Minebea-Matsushita Motor Corporation, Representative Director and President, NMB Electro Precision, Inc.
Director, Senior Managing Executive Officer	Koichi Dosho	Chief of Sales Headquarters
Director, Managing Executive Officer	Hiroharu Katogi	Chief of Administration Headquarters, Head of Administration Division and of Information Systems Division
Director, Managing Executive Officer	Akihiro Hirao	Deputy Chief of Engineering Headquarters, Head of Engineering Support Division, Head of Defense-Related Special Parts Business Unit
Director, Managing Executive Officer	Eiichi Kobayashi	Chief of Manufacturing Headquarters

Title	Name	(as of March 31, 2006)
Director	Chanchai Leetavorn	Chairman, Asia Credit Plc.
Director	Takashi Matsuoka	Managing Director, Keiaisha Co., Ltd.
Standing Corporate Auditor	Shinichi Mori	
Standing Corporate Auditor	Yoshinori Amano	
Standing Corporate Auditor	Tsukasa Oshima	
Corporate Auditor	Isao Hiraide	Certified Public Tax Accountant

- Notes: 1. Hiroharu Katogi, Akihiro Hirao, Eiichi Kobayashi and Takashi Matsuoka were newly elected as Directors at the 59th Ordinary General Meeting of Shareholders held on June 29, 2005.
2. Tsugio Yamamoto retired as Representative Director, and Rikuro Obara and Kenji Senoue retired as Directors at the conclusion of the 59th Ordinary General Meeting of Shareholders held on June 29, 2005.
3. Former director Atsushi Matsuoka died on June 13, 2005.
4. Chanchai Leetavorn and Takashi Matsuoka are external Directors as provided in Item (7)-2, Paragraph 2 of Article 188 of the Commercial Code.
5. Tsukasa Oshima and Isao Hiraide 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.

#### 10. Amount paid as remuneration to independent auditors

- (1) Total amount paid to the independent auditors as remuneration by the Company and its subsidiaries  
¥60 million
- (2) Total amount in (1) paid as remuneration to the independent auditors for audit certification by the Company and its subsidiaries based on Paragraph 1 of Article 2 of the Certified Public Accountant Law  
¥60 million
- (3) Total amount in (2) paid as remuneration to the independent auditors by the Company  
¥50 million

**Balance Sheet**  
(As of March 31, 2006)

*(Unit: millions of yen)*

<b>Assets</b>	
<b>Item</b>	<b>Amount</b>
<b>Current Assets</b>	<b>125,077</b>
Cash and cash equivalents	9,773
Notes receivable	4,306
Accounts receivable - trade	48,841
Purchased goods	2,103
Goods in transit	1,086
Finished goods	1,040
Raw materials	1,880
Work in process	2,883
Supplies	139
Prepaid expenses	475
Short-term loans receivable from affiliates	46,426
Accounts receivable - other	3,167
Temporary advance	21
Deferred tax assets	1,895
Others	1,071
Allowance for doubtful receivables	(35)
<b>Fixed Assets</b>	<b>232,446</b>
<b>Tangible fixed assets</b>	<b>26,051</b>
Buildings	9,013
Structures	488
Machinery and equipment	5,352
Vehicles	13
Tools, furniture and fixtures	3,348
Land	7,430
Construction in progress	404
<b>Intangible fixed assets</b>	<b>3,225</b>
Patent rights and other intangibles	3,225
<b>Investments and other assets</b>	<b>203,169</b>
Investments in securities	10,812
Investment securities in affiliates	161,861
Investments in partnerships	0
Investments in partnerships with affiliates	32,406
Long-term loans receivable from employees	6
Long-term loans receivable from affiliates	553
Reorganization claim in bankruptcy, and others	0
Long-term prepaid expenses	414
Deferred tax assets	3,173
Others	482
Allowance for doubtful receivables	(6,542)
<b>Deferred Charges</b>	<b>36</b>
Bond issuance expenses	36
<b>Total Assets</b>	<b>357,560</b>

*Note: Amounts less than one million yen are omitted.*

(Unit: millions of yen)

<b>Liabilities</b>	
<b>Item</b>	<b>Amount</b>
<b>Current Liabilities</b>	<b>98,237</b>
Notes payable	3,400
Accounts payable - trade	32,265
Short-term loans payable	43,600
Current portion of long-term loans payable	6,000
Current portion of bonds	3,000
Accounts payable - other	2,077
Accrued income taxes	868
Accrued expenses	949
Advances from customer	25
Deposits received	217
Deferred income	129
Accrued bonuses	1,953
Allowance for business restructuring losses	3,546
Notes payable for equipment	129
Others	72
<b>Long-Term Liabilities</b>	<b>79,654</b>
Bonds	36,500
Long-term loans payable	43,000
Allowance for retirement benefits	104
Allowance for retirement benefits to executive officers	49
<b>Total Liabilities</b>	<b>177,891</b>
<b>Shareholders' Equity</b>	
<b>Common stock</b>	<b>68,258</b>
<b>Additional paid-in capital</b>	<b>94,756</b>
Capital reserve	94,756
<b>Retained earnings</b>	<b>12,287</b>
Earned surplus	2,085
Voluntary reserve	11,500
General reserve	11,500
(Undisposed retained deficit)	(1,297)
<b>Difference on revaluation of other marketable securities</b>	<b>4,428</b>
<b>Treasury stock</b>	<b>(61)</b>
<b>Total Shareholders' Equity</b>	<b>179,669</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>357,560</b>

Note: Amounts less than one million yen are omitted.

**Statement of Income**  
(From April 1, 2005 to March 31, 2006)

(Unit: millions of yen)

		Item	Amount	
<b>Ordinary Income and Expenses</b>	<b>Operating income and expenses</b>	<b>Operating income</b>		<b>206,831</b>
		Net sales	206,831	
		<b>Operating expenses</b>		<b>203,755</b>
		Cost of sales	182,910	
		Selling, general and administrative expenses	20,844	
		<b>Operating income</b>		<b>3,075</b>
	<b>Other income and expenses</b>	<b>Other income</b>		<b>9,176</b>
		Interest income	638	
		Dividends received	7,759	
		Rent income on fixed assets	212	
Others		566		
<b>Other expenses</b>			<b>2,016</b>	
Interest and discount charges		771		
Interest on bonds		740		
Amortization on bond issue costs		46		
	Foreign currency exchange loss	166		
	Others	291		
	<b>Ordinary income</b>		<b>10,236</b>	
<b>Extraordinary Income and Loss</b>	<b>Extraordinary income</b>		<b>1,157</b>	
	Gain on sales of fixed assets	477		
	Gain on sales of investments in securities	191		
	Gain on the reversal of preemptive rights	447		
	Reversal of allowance for doubtful receivables	41		
	<b>Extraordinary loss</b>		<b>11,479</b>	
	Loss on sales of fixed assets	12		
	Loss on disposal of fixed assets	136		
	Impairment loss	1,642		
	Allowance for doubtful receivables	316		
	Loss on revaluation of investment securities in affiliates	5,230		
	Loss on liquidation of affiliates companies	49		
	Loss for after-care of products	29		
	Business restructuring loss	3,637		
Retirement benefits to directors and corporate auditors	423			
<b>Income before income taxes (loss)</b>			<b>(85)</b>	
Income taxes current (including enterprise tax)			1,815	
Adjustment of income taxes			1,478	
Total income taxes			3,293	
<b>Net income (loss)</b>			<b>(3,378)</b>	
Retained earnings brought forward from the previous year			2,081	
Loss on disposal of treasury stock			0	
<b>Unappropriated retained earnings at end of year (Undisposed retained deficit)</b>			<b>(1,297)</b>	

Note: Amounts less than one million yen are omitted.



(1) Standards and method of valuation of securities

Shares in subsidiaries and affiliates: Stated at cost as determined by the moving-average method.

Other securities:

Securities with market value: Stated at market value based on the market price, etc., as of the fiscal year-end (the evaluation balances are calculated by the total direct capitalization method and the cost of sales is calculated by the moving-average method).

Securities without market value: Stated at cost as determined by the moving average method.

(2) Standards and method of valuation of 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 in respect of materials for bearings, fasteners, measuring equipment, motors and special machinery equipment.

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

Stated at cost as determined by the identified cost method in respect of measuring equipment, special motors and special machinery equipment.

Supplies: Stated at cost as determined by the moving-average method in respect of expendables for manufacturing bearings, fasteners, measuring equipment, motors and special machinery equipment.

(3) Method of depreciation of fixed assets

Tangible fixed assets: Declining balance method. The main useful lives reported here are as follows:

Building and structure 2-50 years

Machinery and equipment 2-15 years

Tools, furniture and fixtures 2-20 years

However, a depreciable asset of small value (the acquisition value of which is ¥100,000 or more but less than ¥200,000) is depreciated equally each year over three years.

Intangible fixed assets: Straight-line method. However, for software (used by the Company), the straight-line method on the basis of the estimated usable period (5 years) established within the Company is used.

Long-term prepaid expenses:

Straight-line method.

(4) Method of accounting of deferred charges

Bond issuance expense: Amortized equally each year over three years pursuant to the Commercial Code.

(5) Standards of conversion of accounts receivable or payable in a foreign currency into yen amounts

Accounts receivable and accounts payable in a foreign currency are converted into yen amounts at spot exchange rates at the fiscal year-end. Conversion loss or income is recorded as expense or income, respectively.

(6) Standards of accounting of allowances

Allowance for doubtful receivables:

To provide against loss on bad debts, the estimated uncollectible amounts are shown, with respect to receivables in general, based on the actual uncollectibility ratios and, with respect to specific doubtful receivables, through individual consideration of collectibility.

Accrued bonuses:

To provide against payment of bonuses to employees, accrued bonuses are shown based on the anticipated amounts of payment.

**Allowance for retirement benefits:**

To provide against the payment of retirement allowances to employees, the amount that is recognized to have accrued at the fiscal year-end is shown on the basis of the estimated amounts of the retirement allowance liabilities and pension funds as of the fiscal year-end.

The amortization of actuarial difference is recorded as expense on a straight-line basis for a certain period (5 years) starting from the year following the year in which such difference arose.

(Change of accounting policies)

From this business year, the Company has applied "Partial revision of accounting standards for retirement benefits" (Corporate Accounting Standard No. 3, March 16, 2005) and "Implementation Guidelines for Partial Revision of Accounting Standards for Retirement Benefits" (Corporate Accounting Standard Application Guideline No. 7, March 16, 2005). There will be no impact on our business results from this application.

**Allowance for retirement benefits to executive officers:**

To provide against the payment of retirement allowances to executive officers, the amount that is recognized to be necessary at the end of the current fiscal year according to our internal regulations is shown.

**Allowance for business restructuring losses:**

Based upon the decision of the structural reform plan for its PC keyboard business and other keyboard business, the Company has reported the reasonably estimated amounts of expenses that are expected to incur in the future.

**(7) Method of accounting of lease transactions**

Financial lease transactions other than those in which the ownership of a leased asset is considered to be transferred to the lessee are accounted for in the same manner as ordinary lease transactions.

**(8) Method of hedging accounting**

The foreign currency-denominated monetary assets and liabilities that were hedged by forward exchange contracts are allocated to the periods.

Under the guidance of the Company's financial department, forward exchange contracts have been made to hedge the risks of fluctuations in foreign exchange rates relating to export and import transactions and others.

In concluding forward foreign exchange contracts, those contracts with the corresponding amounts and dates are respectively allocated (to the debts) in accordance with the risk management policy. Therefore the correlation between claims/debts and forward foreign exchange contracts arising from foreign exchange rate fluctuations is fully secured, and this judgment is substituted for the judgment of effective hedge.

**(9) Other significant matters for preparation of the financial statements**

Consumption taxes and other related taxes are excluded from the revenues and purchases of the Company.

(Change of accounting policies)

From this business year, the Company has applied "Japanese Accounting Standards for Impairment of Fixed Assets" (Opinion concerning the Setting of Accounting Standards for Impairment of Fixed Assets, August 9, 2002) and "Implementation Guidelines for the Accounting Standards for Impairment of Fixed Assets (Implementation Guidelines No. 6 for Business Accounting Standards issued by the Accounting Standards Board of Japan, October 31, 2003.)

This application increased the loss before taxes by ¥1,642 million.

Regarding accumulated impairment losses, the Company deducted them directly from the amount of each relevant fixed asset.

**Notes to the Balance Sheet**

**(1) Receivables from and payable to subsidiaries**

Short-term receivables: (excluding short-term loan receivables from subsidiaries)	¥34,061 million
Short-term payables:	¥27,671 million

- (2) Accumulated depreciation of tangible fixed assets ¥49,208 million
- (3) In addition to the fixed assets listed in the Balance Sheet, the Company uses computers, etc., on lease.
- (4) Guarantees ¥33,548 million
- (5) Shareholders' equity is ¥4,428 million as stipulated in Item 3, Article 124 of the Commercial Code Enforcement Regulations.

#### Notes to the Statement of Income

- (1) Sales to subsidiaries ¥139,526 million
- (2) Purchase from subsidiaries ¥136,085 million
- (3) Amount of non-operating transactions with subsidiaries ¥21,496 million
- (4) Total amount of research-and-development expenses  
The research-and-development expenses included in the general administrative expenses and the manufacturing costs for this period under review were ¥7,538 million.
- (5) Net income (loss) per share ¥(8.47)  
Note: Calculation basis for net income per share  
Net income (loss) on the Non-consolidated Statement of Income ¥(3,378) million  
Net income (loss) involving common stock (3,378)  
Net income that is not entitled to ordinary shareholders  
Not applicable  
Average number of common stocks during the fiscal year under review 399,056,975 shares

#### Notes to tax-effect accounting

- (1) Breakdown by cause of the deferred tax assets and deferred tax liabilities:

(Deferred tax assets)

Excess of allowed limit chargeable to the accrued bonuses	¥762 million
Excess of allowed limit chargeable to the retirement benefits	60
Loss on revaluation of investments in securities	1,671
Loss on revaluation of investments in securities of affiliates	3,383
Excess of allowed limit chargeable to the allowance for doubtful receivable	2,553
Disallowance of allowance for business restructuring losses	1,383
Foreign tax credit carry forwards	602
Impairment loss	641
Excess of allowed limit chargeable to the depreciation	386
Disallowance of accrued enterprise taxes	287
Others	<u>293</u>
Total deferred tax assets	<u>12,021</u>
Valuation allowance	<u>(4,122)</u>
Total deferred tax assets	7,899
(Deferred tax liabilities)	
Difference on evaluation of other marketable securities	<u>2,831</u>
Total deferred tax liabilities	<u>2,831</u>
Net deferred tax assets	<u>5,068</u>

- (2) Breakdown by cause of the difference between the applicable legal effective tax rate and the actual rate of corporate income tax, etc., after tax-effect accounting:  
Not listed as a profit before tax loss is listed.

**Notes to the retirement allowance accounting****(1) Retirement allowance plan adopted by the Company**

The Company has fully adopted a qualified retirement pension plan to provide against retirement payments to employees.

**(2) Substance of retirement benefit liabilities****(1) Retirement benefit liabilities and their breakdown:**

(a) Retirement benefit liabilities	¥10,466 million
(b) Pension assets	12,312
(c) Balance (a – b)	(1,846)
(d) Unrecognized amortization of actuarial difference	(1,950)
(e) Allowance for retirement benefit (c – d)	104

**(2) Breakdown of expense for retirement benefit:**

Service expense	¥502 million
Interest expense	235
Expected investment income	223
Amortization of actuarial difference treated as expense	239

**(3) Calculation basis for retirement benefit liabilities**

Discount rate	2.5%
Expected investment income rate	2.5%
Method of periodic allocation of expected retirement benefit amounts	Periodic fixed standard
Number of years required for the treatment of the amortization of actuarial difference	5 years
	(From the following period, it is charged to expense by the straight-line method.)

**Proposed Appropriation of Unappropriated Retained Earnings***(Unit: yen)*

Item	Amount	
<b>I Undisposed retained deficit</b>		<b>1,297,705,785</b>
<b>II Voluntary earned surplus</b>		
General reserve	5,000,000,000	<b>5,000,000,000</b>
Total		<b>3,702,294,215</b>
<b>III The above amount to be appropriated as follows:</b>		
Dividends (¥7 per share)	2,793,357,945	<b>2,793,357,945</b>
<b>IV Retained earnings brought forward to the next period</b>		<b>908,936,270</b>

**AUDIT REPORT OF THE INDEPENDENT AUDITORS**

May 9, 2006

To: The Board of Directors  
Minebea Co., Ltd.

**Ernst & Young ShinNihon**

Hidenori Takahashi (seal)  
Designated and Engagement Partner  
Certified Public Accountant

Kiyokazu Tashiro (seal)  
Designated and Engagement Partner  
Certified Public Accountant

Kazumi Okamoto (seal)  
Designated and Engagement Partner  
Certified Public Accountant

We have audited the Balance Sheet, the Statement of Income, 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 60th fiscal year from April 1, 2005 to March 31, 2006, pursuant to Paragraph 1, Article 2 of the Law for Special Exceptions to the Commercial Code Concerning Audit, etc., of Corporations. The part relating to accounting of the Business Report and the supplementary statements that have been audited is the portion based on the accounting books and records of the matters set out therein. It is the management of the Company that bears the responsibility of compilation of these financial statements and their supplementary details, while our responsibility is to express an opinion on the financial statements and their supplementary details from an independent standpoint.

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. These auditing standards require us to gain a reasonable assurance whether these financial statements and their supplementary details are free of material misstatement. The auditing is conducted on a test basis, while including our examination of descriptions in the financial statements and their supplementary details as an entirety that includes the accounting policies and their application methods adopted by the corporate management, as well as our assessment of the estimation that was made by the management. As a result of our audit conducted in these ways, we believe that we have obtained a reasonable basis for our opinions. The auditing procedures included auditing procedures of certain subsidiaries that we considered to be necessary.

As a result of the audit, we are of the opinion that:

- (1) The Balance Sheet and the Statement of Income fairly present the financial position of the Company and the results of its operations in conformity with laws and ordinances and the Articles of Incorporation of the Company;  
As written in the change of accounting policies, the Company has applied "Japanese Accounting Standards for Impairment of Fixed Assets" (Opinion concerning the Setting of Accounting Standards for Impairment of Fixed Assets, August 9, 2002) and "Implementation Guidelines for the Accounting Standards for Impairment of Fixed Assets (Implementation Guidelines No. 6 for Business Accounting Standards issued by the Accounting Standards Board of Japan, October 31, 2003.)  
This change is acceptable as above standard and guideline is applied starting from the term ended March 31, 2006.
- (2) The Business Report (limited only to the part related to accounting) properly describes the situation of the Company in accordance with laws and ordinances and the Articles of Incorporation of the Company;
- (3) The Proposed Appropriation of Unappropriated Retained Earnings is in conformity with 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 the partners in charge has any interest in the Company as required to be disclosed herein under the provisions of the Certified Public Accountant Law.

**AUDIT REPORT**

May 9, 2006

We, 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 audit with respect to performance of duties by the Directors during the 60th fiscal period from April 1, 2005 to March 31, 2006, and our report is hereby made as follows:

**1. Overview of the audit method by the Corporate Auditors**

Each Corporate Auditor attended meetings of the Board of Directors and other important meetings, received reports from Directors and others about business activities, reviewed documents for important decisions, etc., investigated the condition of business activities and assets of the Company at its head office and principal business offices and, when necessary, asked for business reports from subsidiaries, in accordance with the auditing policy and allocation of responsibilities, etc., as stipulated by the Board of Corporate Auditors.

In addition, we received reports and explanations from the independent auditors of the Company, and reviewed the financial statements and supplementary statements.

In addition to the above auditing methods, we, when necessary, asked for reports from Directors and others and closely examined the transactions in connection with Directors' competing transactions, transactions involving conflict of interests between Directors and the Company, granting of benefits by the Company for free, unusual transactions with subsidiaries or shareholders, and purchases and disposals of treasury stock, and other matters.

**2. Results of Audit**

- (1) We certify that the auditing method of Ernst & Young ShinNihon and the results of its audit are proper and correct.
- (2) We certify that the Business Report fairly presents the situation of the Company in conformity with laws and ordinances and the Articles of Incorporation.
- (3) We find no matter to be pointed out with respect to the Proposed Appropriation of Unappropriated Retained Earnings in light of the condition of the Company's assets and other circumstances.
- (4) The supplementary statements fairly present the matters to be described, and we find no matter to be pointed out about them.
- (5) We find no unfair act or material fact in violation of laws and ordinances or the Articles of Incorporation with respect to the performance of duties by the Directors.

Furthermore, we find no violation of duties by Directors with respect to their competing transactions, transactions involving conflict of interests between Directors and the Company, granting of benefits by the Company for free, unusual transactions with subsidiaries or shareholders, and purchases and disposals of treasury stock, and other matters.

**Board of Corporate Auditors of Minebea Co., Ltd.**

Shinichi Mori (seal)  
Standing Corporate Auditor

Yoshinori Amano (seal)  
Standing Corporate Auditor

Tsukasa Oshima (seal)  
Standing Corporate Auditor

Isao Hiraide (seal)  
Corporate Auditor

*Note: Standing Corporate Auditor Tsukasa Oshima and Corporate Auditor Isao Hiraide are external Corporate Auditors as stipulated in Paragraph 1 of Article 18 of the Law for Special Exceptions to the Commercial Code Concerning Audit, etc., of Corporations.*

**Consolidated Balance Sheet**  
(As of March 31, 2006)

*(Unit: millions of yen)*

Assets	
Item	Amount
<b>Current Assets</b>	<b>153,564</b>
Cash and cash equivalents	24,385
Notes and accounts receivable	66,362
Inventories	48,914
Deferred tax assets	3,402
Others	10,784
Allowance for doubtful receivables	(285)
<b>Fixed Assets</b>	<b>196,216</b>
<b>Tangible fixed assets</b>	<b>165,759</b>
Building and structure	104,435
Machinery and transportation equipment	232,021
Tools, furniture and fixtures	51,705
Land	14,755
Construction in progress	1,517
Accumulated depreciation	(238,675)
<b>Intangible fixed assets</b>	<b>13,177</b>
Consolidation adjustments	9,794
Others	3,383
<b>Investments and other assets</b>	<b>17,279</b>
Investments in securities	10,963
Long-term loans receivable	46
Deferred tax assets	4,552
Others	1,772
Allowance for doubtful receivables	(55)
<b>Deferred Charges</b>	<b>81</b>
<b>Total Assets</b>	<b>349,862</b>

*Note: Amounts less than one million yen are omitted.*

<b>Liabilities</b>	
<b>Item</b>	<b>Amount</b>
<b>Current Liabilities</b>	<b>150,886</b>
Notes and accounts payable	26,683
Short-term loans payable	80,656
Current portion of long-term loans payable	8,115
Current portion of bonds	3,000
Accrued income taxes	3,045
Accrued bonuses	3,518
Allowance for business restructuring losses	3,286
Others	22,581
<b>Long-Term Liabilities</b>	<b>80,767</b>
Bonds	36,500
Long-term loans payable	43,000
Allowance for retirement benefits	641
Allowance for retirement benefits to executive officers	49
Others	576
<b>Total Liabilities</b>	<b>231,653</b>
<b>Minority Interest in Consolidated Subsidiaries</b>	<b>631</b>
<b>Shareholders' Equity</b>	
<b>Common stock</b>	<b>68,258</b>
<b>Additional paid-in capital</b>	<b>94,756</b>
<b>Retained earnings</b>	<b>6,983</b>
<b>Difference on revaluation of other marketable securities</b>	<b>4,428</b>
<b>Foreign currency translation adjustments</b>	<b>(56,784)</b>
<b>Treasury stock</b>	<b>(65)</b>
<b>Total Shareholders' Equity</b>	<b>117,577</b>
<b>Total Liabilities, Minority Interest in Consolidated Subsidiaries and Shareholders' Equity</b>	<b>349,862</b>

Note: Amounts less than one million yen are omitted.



		Item	Amount	
<b>Ordinary Income and Expenses</b>	<b>Operating income and expenses</b>	<b>Operating income</b>		<b>318,446</b>
		Net sales	318,466	
		<b>Operating expenses</b>		<b>299,177</b>
		Cost of sales	249,934	
		Selling, general and administrative expenses	49,242	
		<b>Operating income</b>		<b>19,269</b>
	<b>Other income and expenses</b>	<b>Other income</b>		<b>1,503</b>
		Interest income	258	
		Dividends income	71	
		Equity income of affiliates	5	
Others		1,167		
<b>Other expenses</b>			<b>6,177</b>	
Interest expenses		4,771		
	Foreign currency exchange loss	345		
	Others	1,060		
	<b>Ordinary income</b>		<b>14,595</b>	
<b>Extraordinary Income and Loss</b>	<b>Extraordinary income</b>		<b>1,054</b>	
	Gain on sales of fixed assets	415		
	Gain on sales of investments in securities	191		
	Gain on the reversal of preemptive rights	447		
	<b>Extraordinary loss</b>		<b>6,029</b>	
	Loss on sales of fixed assets	106		
	Loss on disposal of fixed assets	763		
	Impairment loss	967		
	Loss on sales of investments in securities	0		
	Loss on liquidation of affiliates	86		
	Loss for after-care of products	171		
Business restructuring loss	3,475			
	Retirement benefits to directors and corporate auditors	458		
<b>Income before income taxes and minority interest</b>			<b>9,620</b>	
Income taxes current (including enterprise tax)			5,567	
Adjustment of income taxes			1,574	
Total income taxes			7,141	
Minority interest in earnings of consolidated subsidiaries			(1,778)	
<b>Net income</b>			<b>4,257</b>	

Note: Amounts less than one million yen are omitted.

## Basis of presenting consolidated financial statements

### 1. Scope of consolidation and application of equity method

Number of consolidated companies -----43 companies

The same as (1) Principal subsidiaries in 7. **Principal consolidation of II . Overview of the Corporate Group and the Company** above.

Number of affiliated companies----- 1 company

of which equity method is applied to 1 company including Shonan Seiki Co., Ltd.

### 2. Scope of consolidation and application of equity method

#### (a) Changes in consolidated subsidiaries

Anew: None

Exclusion: Liquidation (3 companies)      Minebea Electronics Co., Ltd.  
NMB TRADING PTE. LTD.  
NMB PRECISION TOOL & DIE PTE. LTD.

Merger (1 company)      Kanto Seiko Co., Ltd.

#### (b) Changes of the companies subject to equity method

Anew: None

Exclusion: None

### 3. Closing date of consolidated subsidiaries

Consolidated subsidiaries whose closing dates are different from that of the Company adjusted their financial statements to the Company's closing date.

### 4. Accounting policies

#### (a) Valuation basis and method of significant assets

##### 1. Inventories

The Company and consolidated domestic subsidiaries state primarily at the moving-average cost. Consolidated overseas subsidiaries state at the lower of first-in, first-out cost or market, or at the lower of average cost or market.

##### 2. Other marketable securities

Securities with market value

The Company adopted the market value method based on market prices and other conditions at the end of the term. Also, the Company accounted for all valuation differences based on the direct capitalization method, and the sales costs are calculated by the moving-average method.

Securities without market value

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

#### (b) Method of Depreciation of significant depreciable assets

##### 1. Tangible fixed assets

The Company and consolidated domestic subsidiaries adopt the declining-balance method. The main useful life and the residual value reported here are as follows.

Building and structure	2-50 years
Machinery and equipment	2-15 years
Tools, furniture and fixtures	2-20 years

They also collectively show equal charges for small depreciable assets (whose acquisition values are not less than ¥100,000 and less than ¥200,000) over the three years each consolidated fiscal year. Consolidated overseas subsidiaries mainly adopt the straight-line method.

2. Intangible fixed assets

The Company and consolidated domestic subsidiaries mainly adopt the straight-line method. However, depreciation of software (for internal use) is computed on the straight-line method based on our expected useful period (5 years).

Consolidated overseas subsidiaries mainly adopt the straight-line method.

(c) Valuation basis of significant allowances

1. Allowance for doubtful receivables

The Company and consolidated domestic subsidiaries make the record in the amount required for the estimated uncollectible receivables based on actual losses of trade receivables and on collectibility of specific receivables with loss possibilities.

Consolidated overseas subsidiaries make the record in the amount required for the estimated uncollectible receivables based on the collectibility of each receivable for possible losses on the receivables.

2. Accrued bonuses

The Company and consolidated domestic subsidiaries make preparations for the payment of bonuses to employees, and accrued bonuses are shown based on the anticipated amounts of payment in the current term.

Consolidated overseas subsidiaries make the record on an accrual basis.

3. Allowance for retirement benefit

Regarding the Company and its consolidated domestic subsidiaries, the Company stated an amount estimated to accrue at the end of the current term to provide for employee retirement benefits, based on estimated retirement benefit debts and pension assets at the end of the term.

Over the 5 years within the average remaining length of employees' service, the Company will charge amortization of actuarial difference to expenses from the next term, in accordance with the straight-line method.

(Change of accounting policies)

From this business year, the Company has applied "Partial revision of accounting standards for retirement benefits" (Corporate Accounting Standard No. 3, March 16, 2005) and "Implementation Guidelines for Partial Revision of Accounting Standards for Retirement Benefits" (Corporate Accounting Standard Application Guideline No. 7, March 16, 2005). There will be no impact on our business results from this application.

Regarding the Company's consolidated overseas subsidiaries, each subsidiary stated an amount estimated to accrue at the end of the current term to provide for employee retirement benefits.

Over the 10 years within the average remaining length of employee's service, the Company will charge prior service liability to expenses, in accordance with the straight-line method.

Over the 10 years within the average remaining length of employees' service, the Company will charge amortization of actuarial difference to expenses from the next term, in accordance with the straight-line method.

4. Allowance for retirement benefits to executive officers

We posted retirement allowances to be required for payment at the end of the current consolidated fiscal year in accordance with company regulations.

5. Allowance for business restructuring losses

Based upon the decision of the structural reform plan for its PC keyboard business and other keyboard business, the Company has reported the reasonably estimated amounts of expenses that are expected to incur in the future.

(d) Translation of foreign currency assets and liabilities in financial statements of the Company and consolidated subsidiaries

The Company and consolidated domestic subsidiaries translate them into yen at the exchange rate on the balance sheet date (excluding the current financial receivables and payables that have already been translated at the contract exchange rate).

Consolidated overseas subsidiaries translate them at the exchange rate on the balance sheet date (excluding the current financial receivables and payables that have already been translated at the contract exchange rate).

(e) Accounting method of significant lease transactions

In accordance with the accounting method in reference to ordinary rental transactions, the Company and its consolidated domestic subsidiaries accounted for finance lease transactions, excluding those in which the ownership of leased property will be transferred to the lessees. The Company's consolidated overseas subsidiaries also used primarily the same accounting method.

(f) Accounting method of significant hedge transactions

The foreign currency-denominated monetary assets and liabilities that were hedged by forward exchange contracts are allocated to the periods.

Under the guidance of the Company's financial department, forward exchange contracts have been made to hedge the risks of fluctuations in foreign exchange rates relating to export and import transactions and others.

In concluding forward foreign exchange contracts, those contracts with the corresponding amounts and dates are respectively allocated (to the debts) in accordance with the risk management policy. Therefore the correlation between claims/debts and forward foreign exchange contracts arising from foreign exchange rate fluctuations is fully secured, and this judgment is substituted for the judgment of effective hedge.

(g) Accounting method of consumption tax and other

Consumption tax and other related taxes are excluded from revenue and purchases of the Company.

5. Evaluation of consolidated subsidiaries' assets and liabilities

The Company adopts the step fair value method as an evaluation method of consolidated subsidiaries' assets and liabilities.

6. Amortization of consolidation adjustments

The consolidation adjustments are equally amortized for 5-40 years conforming to the accounting customs of the consolidated companies' countries.

7. Appropriation of retained earnings

Regarding the appropriation of retained earnings are prepared based on the method provided in the provision of Article 8 of the regulation relating to terminology, form and methods of preparation of consolidated financial statements (advanced inclusion method).

(Change of accounting policies)

From this business year, the Company has applied "Japanese Accounting Standards for Impairment of Fixed Assets" (Opinion concerning the Setting of Accounting Standards for Impairment of Fixed Assets, August 9, 2002) and "Implementation Guidelines for the Accounting Standards for Impairment of Fixed Assets (Implementation Guidelines No. 6 for Business Accounting Standards issued by the Accounting Standards Board of Japan, October 31, 2003.)

This application reduced the profit before taxes by ¥967 million.

Regarding accumulated impairment losses, the Company deducted them directly from the amount of each relevant fixed asset.

(Change of presentation)

The Company included allowance for environment-related expenses (the balance of which was ¥743 million at the end of the period) in others of current liabilities due to the smallness of its amount.

**Notes to the Consolidated Statement of Income**

Net income per share	¥10.67
Note: Calculation basis for net income per share	
Net income on the Consolidated Statement of Income	¥4,257 million
Net income involving common stock	4,257
Amount that is not entitled to ordinary shareholders	
Not applicable	
Average number of common stocks during the fiscal year under review	399,052,181 shares

**AUDIT REPORT OF THE INDEPENDENT AUDITORS**

May 9, 2006

To: The Board of Directors  
Minebea Co., Ltd.

**Ernst & Young ShinNihon**

Hidenori Takahashi (seal)  
Designated and Engagement Partner  
Certified Public Accountant

Kiyokazu Tashiro (seal)  
Designated and Engagement Partner  
Certified Public Accountant

Kazumi Okamoto (seal)  
Designated and Engagement Partner  
Certified Public Accountant

We have audited the consolidated Financial Statements, which are the Consolidated Balance Sheet and the Consolidated Statement of Income of MINEBEA CO., LTD., for the 60th fiscal year from April 1, 2005 to March 31, 2006, pursuant to Paragraph 3, Article 19-2, of the Law for Special Exceptions to the Commercial Code Concerning Audit, etc., of Corporations. It is the management of the Company that bears the responsibility of compilation of the consolidated financial statements, while our responsibility is to express an opinion on the consolidated financial statements from an independent standpoint.

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. These auditing standards require us to gain a reasonable assurance whether these consolidated financial statements are free of material misstatement. The auditing is conducted on a test basis, while including our examination of descriptions in the consolidated financial statements as an entirety that includes the accounting policies and their application methods adopted by the corporate management, as well as our assessment of the estimation that was made by the management. As a result of our audit conducted in these ways, we believe that we have obtained a reasonable basis for our opinions. The auditing procedures included auditing procedures of certain subsidiaries that we considered to be necessary.

As a result of the audit, we are of the opinion that the above consolidated financial statements fairly present the financial position of the Company and its consolidated subsidiaries as a corporate group and the results of its operations in conformity with laws and ordinances and the Articles of Incorporation of the Company.

As written in the change of accounting policies, the Company has applied "Japanese Accounting Standards for Impairment of Fixed Assets" (Opinion concerning the Setting of Accounting Standards for Impairment of Fixed Assets, August 9, 2002) and "Implementation Guidelines for the Accounting Standards for Impairment of Fixed Assets (Implementation Guidelines No. 6 for Business Accounting Standards issued by the Accounting Standards Board of Japan, October 31, 2003.)

This change is acceptable as above standard and guideline is applied starting from the term ended March 31, 2006.

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

**AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

May 9, 2006

We, 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 audit with respect to the Consolidated Financial Statements (Consolidated Balance Sheet and Consolidated Statement of Income) during the 60th fiscal period from April 1, 2005 to March 31, 2006, and our report is hereby made as follows:

**1. Overview of the audit method by the Corporate Auditors**

Each Corporate Auditor received reports from Directors and others about Consolidated Financial Statements and, when necessary, investigated the condition of business activities and assets of subsidiaries by asking for accounting reports from the subsidiaries, in accordance with the auditing policy and allocation of responsibilities, etc., as stipulated by the Board of Corporate Auditors.

**2. Results of Audit**

We certify that the auditing method of Ernst & Young ShinNihon and the results of its audit are proper and correct.

**Board of Corporate Auditors of Minebea Co., Ltd.**

Shinichi Mori (seal)  
Standing Corporate Auditor

Yoshinori Amano (seal)  
Standing Corporate Auditor

Tsukasa Oshima (seal)  
Standing Corporate Auditor

Isao Hiraide (seal)  
Corporate Auditor

*Note: Standing Corporate Auditor Tsukasa Oshima and Corporate Auditor Isao Hiraide are external Corporate Auditors as stipulated in Paragraph 1 of Article 18 of the Former Law for Special Exceptions to the Commercial Code Concerning Audit, etc., of Corporations.*

**Proposals and related matters:****First Proposal:**

Approval of the Proposed Appropriation of Unappropriated Retained Earnings for the 60th business year

The details of the proposal are indicated on page 17 of the attachment.

During the 60th business year, we reported a large loss as a result of carrying out restructuring measures aimed at making our PC keyboard business profitable at an early stage. To account for this loss in the 60th business year without carrying it into the next business year, we propose reversal of a portion of general reserve for the loss.

Regarding dividends for the 60th business year, the payment of ¥7 per share is proposed to reward shareholders for their constant support and continue paying stable dividends.

Considering results for the 60th business year, bonuses to directors and corporate auditors are not recorded.

**Second Proposal:**

Partial Revision of the Articles of Incorporation

## 1. Reasons for the revision

- (1) The Company Act (Law No. 86 of 2005) and the Law concerning Development, etc. of Related Laws for Enforcement of the Company Act (Law No. 87 of 2005; the Development Law) were newly put into effect on May 1, 2006. Required changes to the provisions of our Articles of Incorporation are proposed, based on these Laws.
- (2) Convertible bonds were categorized into bonds with subscription rights attached under the Law for Partial Revision of the Commercial Code, etc. (Law No. 128 of 2001), put into effect on April 1, 2002. All of our convertible bonds issued were redeemed. Deletion of the provisions that provide for convertible bonds is proposed.
- (3) New creation of a provision is proposed to allow us to pay dividends (interim dividends) on September 30 of every year as a record date by resolution of our Board of Directors.
- (4) Other additions and alignment of the wording are proposed at the same time, as follows:
 

Other than changes based upon this Proposal, the Company's Articles of Incorporation is deemed to have the following provisions on May 1, 2006 in accordance with the provisions of interim measures provided for in the Development Law:

  - a) Interim measures related to the Board of Corporate Auditors and Independent Auditors (Article 52)  
The Company's Articles of Incorporation is deemed to have provisions in accordance with which the Board of Corporate Auditors and Independent Auditors shall be appointed.
  - b) Interim measures related to the Board of Directors and Corporate Auditors (Paragraph 2, Article 76)  
The Company's Articles of Incorporation is deemed to have provisions in accordance with which the Board of Directors and Corporate Auditors shall be appointed.
  - c) Interim measures related to the Articles of Incorporation unless provided in Articles of Incorporation that no stock certificates shall be issued (Paragraph 4, Article 76)  
The Company's Articles of Incorporation is deemed to have provisions in accordance with which stock certificates related to common stocks of the Company shall be issued.
  - d) Interim measures if provided in the Articles of Incorporation that a transfer agent of stocks and stock acquisition rights shall be appointed (Article 80)  
The Company's Articles of Incorporation is deemed to have provisions in accordance with which an agent to manage shareholders registry shall be appointed.

2. Substance of the revision  
 The substance of the revision is as shown below.

(The underlined parts show amendments.)

Present Articles of Incorporation	Proposed Revision
<p style="text-align: center;">CHAPTER I GENERAL PROVISIONS</p> <p>(New)</p> <p>Article 4. (Method of Public Notice) (Articles Omitted)</p>	<p style="text-align: center;">CHAPTER I GENERAL PROVISIONS</p> <p><u>Article 4. (Organization)</u>  <u>The Company will establish the following organizations additional to the General Shareholders Meeting and Directors.</u></p> <p style="padding-left: 40px;">(1) <u>Board of Directors</u>            (2) <u>Corporate Auditors</u>            (3) <u>Board of Corporate Auditors</u>            (4) <u>Independent Auditor</u></p> <p>Article 5. (Method of Public Notice) (Not Amended)</p>
<p style="text-align: center;">CHAPTER II SHARES</p> <p>Article 5. (Total Number of the Shares to Be Issued)</p> <p>The total number of the shares to be issued by the Company shall be one billion (1,000,000,000).</p>	<p style="text-align: center;">CHAPTER II SHARES</p> <p>Article 6. (Total Number of the Shares <u>Authorized</u> to Be Issued)</p> <p>The total number of the shares <u>authorized</u> to be issued by the Company shall be one billion (1,000,000,000).</p>
<p>(New)</p> <p>Article 6. (<u>Repurchase</u> of Treasury Stock)  <u>As stipulated by No. 2, Clause 1, Article 211-3, of the Commercial Code, the Company is able to repurchase its treasury stock by a resolution of its Board of Directors.</u></p>	<p><u>Article 7. (Issuance of Share Certificates)</u>  <u>The Company will issue share certificates concerning shares.</u></p> <p>Article 8. (<u>Acquisition</u> of Treasury Stock)  <u>The Company is able to acquire its treasury stock through market transactions by resolution of its Board of Directors.</u></p>
<p>Article 7. (Number of Shares Constituting One Unit of Shares; Non-issuance of a Share Certificate <u>Representing Shares of Less Than One Unit</u>)  <u>One thousand (1,000) shares of the Company shall constitute one unit of shares.</u>  <u>The Company will not issue a share certificate representing any number of shares of less than one unit (hereinafter referred to as "less-than-one-unit shares").</u></p>	<p>Article 9. (Number of Shares Constituting One Unit of Shares; Non-issuance of a Share Certificate <u>Constituting Shares of Less Than One Unit</u>)  <u>One thousand (1,000) shares of the Company shall constitute one unit of shares.</u>  <u>Notwithstanding the provisions in Article 7, the Company may decide not to issue a share certificate constituting shares of less than one unit.</u></p>
<p>Article 8. (Claim for Additional Purchase of the Shares <u>less Than One Unit</u>)  <u>A shareholder (including beneficial shareholder entered on or recorded in the register of beneficial shareholders; hereinafter the same) who owns such shares as their number counts less than one unit shall be entitled to claim to the Company to sell the number of shares that becomes one unit if added with such shares less than one unit now in hand.</u></p>	<p>Article 10. (Claim for Additional Purchase of the Shares <u>Less Than One Unit</u>)  <u>A shareholder (including beneficial shareholder entered on or recorded in the register of beneficial shareholders; hereinafter the same) who owns such shares as their number counts less than one unit shall be entitled to claim to the Company to sell the number of shares to become multiple units if added with such shares less than one unit now in hand.</u></p>



Article 9. (Transfer Agent)

The Company shall have a transfer agent concerning shares. The transfer agent and its business handling place shall be determined by a resolution of the Board of Directors.

The register of shareholders, the register of beneficial shareholders of the Company and registry of loss of share certificates shall be kept at the business handling place of the transfer agent, and the registration of transfer of shares, receipt of notices of beneficial shareholders, handling request of purchase of shares falling short of one unit of shares, sales of the number of shares that becomes one unit if added with such shares less than one unit now in hand and other business connected with the shares shall be handled by the transfer agent and not by the Company.

Article 10. (Share Handling Regulation)

The kind of share certificates of the Company and the procedures and fees relating to the registration of transfer of shares, receipt of notices of beneficial shareholders, handling request of purchase of shares falling short of one unit of shares, sales of the number of shares that becomes one unit if added with such shares less than one unit now in hand and other business connected with the shares shall be in accordance with the shares handling regulation as established by the Board of Directors.

Article 11. (Record Date)

Shareholders entered on or recorded in the register of shareholders as of each date for the settlement of accounts shall be deemed to be the shareholders entitled to vote at the ordinary general meeting of shareholders pertaining to such date for settlement of accounts. In addition to the preceding paragraph, in case of necessity, the Company may, by a resolution of the Board of Directors and giving prior public notice, deem that shareholders or registered pledgees entered on or recorded in the register of shareholders as of a specified date be those entitled to exercise their rights.

CHAPTER III  
GENERAL MEETINGS OF SHAREHOLDERS

Article 12.-13. (Articles Omitted)

(New)

Article 11. (Agent to Manage Shareholders Registry)

The Company shall have an agent to manage shareholders registry. The agent to manage shareholders registry and its business handling place shall be determined by resolution of the Board of Directors.

The preparation and retention of the register of shareholders of the Company (the register of beneficial shareholders is included, hereinafter the same), register of share warrants and registry of loss of share certificates and the other handling of register of shareholders, register of share warrants, registry of loss of share certificates shall be handled by the agent to manage shareholders registry and not by the Company.

Article 12. (Share Handling Regulation)

The handling and fees for shares of the Company shall be in accordance with the shares handling regulation as established by the Board of Directors.

Article 13. (Record Date)

Shareholders entered on or recorded in the register of shareholders as of the last day of the business year shall be deemed to be the shareholders entitled to vote at the ordinary general meeting of shareholders pertaining to such business year. In addition to the preceding paragraph, in case of necessity, the Company may, by resolution of the Board of Directors and giving prior public notice, deem that shareholders or registered pledgees entered on or recorded in the register of shareholders as of a specified date be those entitled to exercise their rights.

CHAPTER III  
GENERAL MEETINGS OF SHAREHOLDERS

Article 14.-15. (Not Amended)

Article 16. (Deemed Provision of Disclosure of Reference Material for General Meetings of Shareholders on the Internet)

When a General Meeting of Shareholders is convened, the Company is deemed to provide reference documents for the General Meeting of Shareholders, Business Report, information relevant to matters to be described or indicated on the Financial Documents and Consolidated Financial Documents to the shareholders by disclosing them using the Internet as stipulated in the Ministry of Justice Ordinance.

Present Articles of Incorporation	Proposed Revision
<p>Article <u>14</u>. (Exercise of Voting Rights by Proxy) A shareholder may exercise his voting right through a proxy who is a shareholder of the Company entitled to vote; provided, however, that the shareholder or the proxy shall file with the Company a document establishing his power of representation.</p> <p>Article <u>15</u>. (Method of Resolutions) Unless otherwise provided by law or <u>orders</u>, a resolution of the general meeting of shareholders shall be adopted by a majority of the votes of shareholders present. A resolution presented to a general meeting of shareholders of the Company as is stipulated by <u>Article 343 of the Commercial Code</u> shall be adopted in case the shareholders holding more than one-third of the voting rights held by total shareholders are present at the said meeting and the resolution is supported by the majority exceeding two-thirds of the voting rights of the shareholders <u>present</u>.</p>	<p>Article <u>17</u>. (Exercise of Voting Rights by Proxy) A shareholder may exercise his/her voting right of the <u>Company</u> through a proxy who is a shareholder of the Company entitled to vote; provided, however, that the shareholder or the proxy shall file with the Company a document establishing his/her power of representation <u>at each General Meeting of Shareholders</u>.</p> <p>Article <u>18</u>. (Method of Resolutions) Unless otherwise provided by laws or <u>ordinances or Articles of Incorporation</u>, resolution of the general meeting of shareholders shall be adopted by a majority of the votes of shareholders <u>with voting rights</u> present. A resolution presented to a general meeting of shareholders of the Company as being stipulated by <u>paragraph 2, Article 309 of the Company Act</u> shall be adopted in case the shareholders holding more than one-third (<u>1/3</u>) of the voting rights held by total shareholders <u>with voting rights</u> are present at the said meeting and the resolution is supported by the majority exceeding two-thirds (<u>2/3</u>) of the voting rights of the shareholders present.</p>
<p>CHAPTER IV DIRECTORS AND THE BOARD OF DIRECTORS</p>	<p>CHAPTER IV DIRECTORS AND THE BOARD OF DIRECTORS</p>
<p>Article <u>16</u>. (Articles Omitted)</p> <p>Article <u>17</u>. (Election of Directors) Directors shall be elected at a general meeting of shareholders attended by the shareholders who hold shares representing one-third (1/3) or more of the <u>total number of the</u> voting rights.</p>	<p>Article <u>19</u>. (Not Amended)</p> <p>Article <u>20</u>. (Election of Directors) Directors shall be elected at a general meeting of shareholders attended by the shareholders who hold shares representing one-third (1/3) or more of the <u>shareholders with voting rights and supported by the majority of the voting rights of the shareholders present</u>.</p>
<p>No cumulative voting shall be used for the election of Directors.</p>	<p>No cumulative voting shall be used for the election of Directors.</p>
<p>Article <u>18</u>. (Representative Directors and Executive Directors) By a resolution of the Board of Directors, there shall be elected a Representative Director or Representative Directors. By a resolution of the Board of Directors, there may be elected one (1) Chairman of the Board of Directors, one (1) Vice Chairman of the Board of Directors.</p>	<p>Article <u>21</u>. (Representative Directors and Executive Directors) By resolution of the Board of Directors, there shall be elected a Representative Director or Representative Directors. By resolution of the Board of Directors, there may be elected one (1) Chairman of the Board of Directors, one (1) Vice Chairman of the Board of Directors.</p>
<p>Article <u>19</u>. (Articles Omitted)</p> <p>Article <u>20</u>. (Term of Office of Directors) The term of office of Directors shall expire at the <u>close</u> of the ordinary general meeting of shareholders pertaining to the last <u>settlement of accounts</u> within two (2) years after their <u>assumption of office</u>. The term of office of a Director elected to fill a vacancy or due to an increase in the number of Directors shall <u>be the same as the remaining</u> term of other present <u>holders</u> of the office.</p>	<p>Article <u>22</u>. (Not Amended)</p> <p>Article <u>23</u>. (Term of Office of Directors) The term of office of Directors shall expire at the <u>conclusion</u> of the ordinary general meeting of shareholders pertaining to the last <u>business year</u> within two (2) years after their <u>election</u>. The term of office of a Director elected to fill a vacancy or due to an increase in the number of Directors shall <u>expire at the end of</u> term of other present <u>directors</u> of the office.</p>

Present Articles of Incorporation	Proposed Revision
<p>Article 21. (Remuneration for Directors) Remuneration <u>for Directors</u> shall be decided by a resolution of the general meeting of shareholders.</p>	<p>Article 24. (Remuneration, <u>etc.</u> for Directors) <u>Remuneration, bonus and other financial rewards for Directors paid as compensation for their duties</u> shall be decided by resolution of the general meeting of shareholders.</p>
<p>Article 22. (Articles Omitted)</p>	<p>Article 25. (Not Amended)</p>
<p>Article 23. (Method of the Resolutions of the Board of Directors) The resolution of the Board of Directors shall be made by vote of a majority of the Directors present who shall constitute a majority of all the Directors. (New)</p>	<p>Article 26. (Method of the Resolutions of the Board of Directors <u>and Omission of Resolutions</u>) The resolution of the Board of Directors shall be made by vote of a majority of the Directors present who shall constitute a majority of all the Directors. <u>Provided that the requirements listed in Article 370 of the Company Act are met, it will be considered to be resolved at the Board of Directors.</u></p>
<p>Article 24.-25. (Articles Omitted)</p>	<p>Article 27.-28. (Not Amended)</p>
<p>CHAPTER V CORPORATE AUDITORS AND THE BOARD OF CORPORATE AUDITORS</p>	<p>CHAPTER V CORPORATE AUDITORS AND THE BOARD OF CORPORATE AUDITORS</p>
<p>Article 26. (Articles Omitted)</p>	<p>Article 29. (Not Amended)</p>
<p>Article 27. (Election of Corporate Auditors) Corporate Auditors shall be elected at a general meeting of shareholders attended by the shareholders who hold shares representing one-third (1/3) or more of the <u>total number of the</u> voting rights.</p>	<p>Article 30. (Election of Corporate Auditors) Corporate Auditors shall be elected at a general meeting of shareholders attended by the shareholders who hold shares representing one-third (1/3) or more of the <u>shareholders with</u> voting rights, <u>and supported by the majority of the voting rights of the shareholders present.</u></p>
<p>Article 28. (Term of Office of Corporate Auditors) The term of office of Corporate Auditors shall expire at the close of the ordinary general meeting of shareholders pertaining to the last <u>settlement of accounts</u> within four (4) years after their <u>assumption of office.</u> The term of office of a Corporate Auditor elected to fill a vacancy shall be the same as the remaining term of office of the retiring Corporate Auditor.</p>	<p>Article 31. (Term of Office of Corporate Auditors) The term of office of Corporate Auditors shall expire at the <u>conclusion</u> of the ordinary general meeting of shareholders pertaining to the last <u>business year</u> within four (4) years after their <u>election.</u>  The term of office of a Corporate Auditor elected to fill a vacancy <u>for the retired Corporate Auditor who retired during his/her tenure</u> shall be the same as the remaining term of office of the retiring Corporate Auditor.</p>
<p>Article 29. (Remuneration for Corporate Auditors) Remuneration for Corporate Auditors shall be decided by a resolution of the general meeting of shareholders.</p>	<p>Article 32. (Remuneration, <u>etc.</u> for Corporate Auditors) <u>Remuneration, etc.</u> for Corporate Auditors shall be decided by resolution of the general meeting of shareholders.</p>
<p>Article 30. (Standing Corporate Auditors) Standing Corporate Auditors shall be elected by <u>mutual vote</u> of the Corporate Auditors.</p>	<p>Article 33. (Standing Corporate Auditors) Standing Corporate Auditors shall be elected by <u>resolution</u> of the <u>Board of</u> Corporate Auditors.</p>
<p>Article 31.-33. (Articles Omitted)</p>	<p>Article 34.-36. (Not Amended)</p>

Present Articles of Incorporation	Proposed Revision
<p style="text-align: center;"><b>CHAPTER VI ACCOUNTS</b></p> <p>Article 34. (Business Year <u>and the Date for the Settlement of Accounts</u>) The business year of the Company shall be from <u>the first day of April</u> of each year <u>through the thirty-first (31st) day of March</u> of the <u>following year</u>. <u>The date for the settlement of accounts shall be the thirty-first (31st) day of March.</u></p> <p>Article 35. (Dividends) <u>Dividends shall be paid to the shareholders or registered pledgees entered on or recorded in the register of shareholders as of each date for the settlement of accounts.</u></p> <p>(New)</p> <p><u>The first payment of dividends on the shares issued upon conversion of convertible notes or bonds shall be made as if the conversion had been made at the end of the business year immediately preceding the business year during which the conversion was actually made.</u> However, if a dividend remains unreceived after the expiry of three (3) years from the date of commencement of payment thereof, the dividend shall revert to the Company.</p>	<p style="text-align: center;"><b>CHAPTER VI ACCOUNTS</b></p> <p>Article 37. (Business Year) The business year of the Company shall be from <u>April 1</u> of each year <u>to March 31</u> of the <u>next year</u>.</p> <p>Article 38. (Distribution of surplus) <u>The Company shall make monetary distribution of surplus (hereinafter referred to as "dividends") to the final record of shareholders or registered pledgees on the register of shareholders as of March 31 of each year by resolution of the general meeting of shareholders. The Company may pay dividends to the final record of shareholders or registered pledgees on the register of shareholders as of September 30 of each year by resolution of the Board of Directors.</u> (Deleted)</p> <p>However, if a dividend remains unreceived after the expiry of three (3) years from the date of commencement of payment thereof, the dividend shall revert to the Company.</p>

**Third Proposal:**

Election of One (1) Corporate Auditor

We propose the increase of one (1) Corporate Auditor in order to reinforce and enhance the auditing system. We have obtained the consent of the Board of Corporate Auditors on this proposal.

The candidate is as follows:

Name (Date of Birth)	Career Summary and Status of Representation of Other Corporation	Number of shares held
Hiroataka Fujiwara (May 21, 1954)	1985 Apr. Admitted to bar in Japan (Member to Tokyo Dai-ni bar Association)  Entered Iijima Yamada Law and Patent Office  1995 Apr. Established Hikari Sogoh Law Offices (Present)  2006 Apr. Vice-President, Tokyo Dai-ni bar Association (Present)	—

- Notes: 1. There is no special interests between the Corporate Auditor candidate and the Company.  
2. Mr. Hiroataka Fujiwara is an external Corporate Auditor candidate.

**Fourth Proposal:**  
Amendment of Remuneration for Corporate Auditors

The remuneration for Corporate Auditors is currently not more than four million yen per month. We would like to amend the remuneration to not more than six million yen per month, subject to your approval of the Third Proposal pertaining to election of one (1) Corporate Auditor.

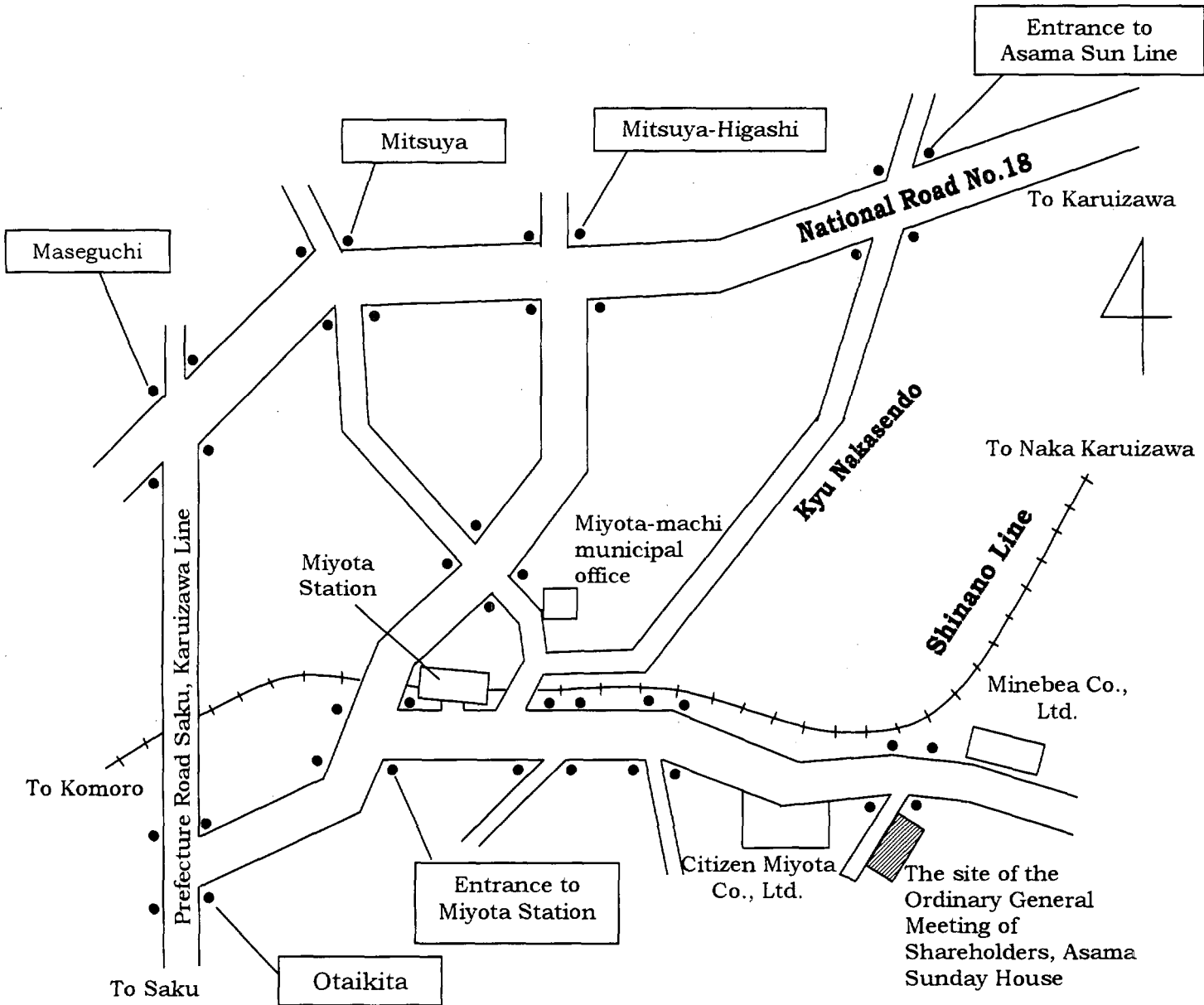
After approval of the Third Proposal, the number of Corporate Auditors will become five (5).

**ROUTE MAP**

Place: 1st floor of Asama Sunday House (New Building) at 4106-282, Oaza-Miyota, Miyota-machi, Kitasaku-gun, Nagano  
 Telephone: 0267-32-4022

Access: Shinano Line From Miyota Station, approx. five minutes by car.

Shinkansen bound for Nagano From Karuizawa Station, approx. 25 minutes by car.  
 From Sakudaira Station, approx. 20 minutes by car.



**【Transportation from Tokyo to Shareholders Meeting】**

If you travel using the following train, the person in charge will meet you at the ticket gate of JR Karuizawa Station and take you to the Shareholders Meeting by Company bus that will leave at 8:20 a.m.

Nagano Shinkansen, Asama 503 (Leaves from Track 23 of Tokyo station)

Station:	Departs Tokyo	→	Departs Takasaki	→	Arrives Karuizawa
Time:	6:52 a.m.		7:50 a.m.		8:12 a.m.



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OFFICE OF INTERNATIONAL  
CORPORATE FINANCE

**Press Release**  
(Translation)

Company Name : Minebea Co., Ltd.  
Representative : Takayuki Yamagishi  
Representative Director,  
President and Chief Executive Officer  
(Code No. 6479)  
Contact Person : Shunji Mase  
Managing Executive Officer,  
Head of Personnel & General Affairs Div.  
Naoyuki Kimura  
Deputy General Manager of  
Personnel & General Affairs Department  
Tel. 81-3-5434-8612  
Fax 81-3-5434-8601

June 5, 2006

**Managerial Assignments**

At its Board of Directors Meeting held on June 5, 2006, Minebea Co., Ltd. decided the following managerial assignments.

The assignments related to Minebea-Matsushita Motor Corporation, a joint venture with Matsushita Electric Industrial Co., Ltd., are subject to the approval of its Ordinary General Meeting of Shareholders to be held on June 26, 2006, and of its Board of Directors Meeting subsequent to the General Meeting of Shareholders.

Effective June 26, 2006

<u>New Assignment</u>	<u>Former Assignment</u>	<u>Post to be Retained</u>
<u>Yoshihisa Kainuma, Mr.</u>		
Head of Information Motor Business Unit, Representative Director and President of Minebea-Matsushita Motor Corporation	Chief of Operations Headquarters, Head of Legal Division	Director, Senior Managing Executive Officer



Tosei Takenaka, Mr.

Chief of Operations  
Headquarters, Head of Legal  
Division

Head of Information Motor  
Business Unit,  
Representative Director  
and President of  
Minebea-Matsushita Motor  
Corporation

Director, Senior Managing  
Executive Officer

Masayoshi Yamanaka, Mr.

Deputy Chief of Operations  
Headquarters, Head of  
Corporate Planning Division

General Manager of  
Regional Affairs for South  
East Asia

Managing Executive Officer

Morihiro Iijima, Mr.

General Manager of Regional  
Affairs for South East Asia

Deputy Chief of  
Operations Headquarters,  
Head of Corporate  
Planning Division

Executive Officer

Mamoru Kamigaki, Mr.

Deputy Head of Information  
Motor Business Unit, Senior  
Managing Director of  
Minebea-Matsushita Motor  
Corporation

Head of Procurement  
Division

Executive Officer

Effective June 29, 2006

New Assignment

Former Assignment

Post to be Retained

Gary Yomantas, Mr.

Executive Officer

General Manager of Regional  
Affairs for North and South  
America, President of NMB (USA)  
Inc., President of New Hampshire  
Ball Bearings, Inc.

The following new Directors and Officers of Minebea-Matsushita Motor Corporation are subject to the approval of its Ordinary General Meeting of Shareholders to be held on June 26, 2006, and of its Board of Directors Meeting subsequent to the General Meeting of Shareholders.

Minebea-Matsushita Motor Corporation's new management  
Effective June 26, 2006

<u>Name</u>	<u>Assignment</u>
Yoshihisa Kainuma	Representative Director and President (Newly assigned)
Tatsuyoshi Oka	Representative Director and Vice President (Currently Director, Home Appliance & Automotive Motor Division, Motor Company, Matsushita Electric Industrial Co., Ltd.) (Newly assigned)
Mamoru Kamigaki	Senior Managing Director (Newly assigned)
Kaoru Matsumoto	Director
Shuji Uehara	Director
Tsugumitsu Suehiro	Director (Currently Senior Auditor, Motor Company, Matsushita Electric Industrial Co., Ltd.) (Newly assigned)
Kengo Katsuki	Director
Yugen Ota	Director
Eiichi Kobayashi	Absentee Director
Ikuo Miyamoto	Absentee Director
Tomihiko Maruta	Standing Corporate Auditor
Masaaki Katagiri	Corporate Auditor
Takeshi Hosomi	Corporate Auditor

Retiring Directors effective June 26, 2006

Tosei Takenaka  
(Now Representative Director and President)

Miyuki Furuya  
(Now Representative Director and Vice President)

Kunitake Matsushita  
(Now Director)

Kazuhisa Takahashi  
(Now Director)

\* \* \* \* \*