

# NIDEC CORPORATION

Tokyo Stock Exchange code: 6594



**Nidec**  
All for dreams

## The **45th** Regular General Meeting of Shareholders for the Fiscal Year 2017 Ended March 31, 2018



10:00 a.m. on Wednesday, June 20, 2018  
(Japan time)

Time & Date The reception will start at 09:30 a.m.



Venue

Shunju-no-Ma (Hall of Spring and Autumn), Second Floor, RIHGA Royal Hotel Kyoto  
1 Taimatsu-cho, Shiokoji-sagaru, Higashi horikawadori, Shimogyo-ku, Kyoto, 600-8237, Japan



Proposals

1. Partial Amendments to the Articles of Incorporation
2. Election of nine candidates to the Board of Directors
3. Election of one candidate to the Audit & Supervisory Board
4. Decision on Amount and Content of Performance-Linked Remuneration, etc. for Members of the Board of Directors, etc.

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Deadline for exercising voting rights by mail or the Internet, etc.

5:30 p.m. on Tuesday, June 19, 2018 (Japan time)

※ See pages 2 and 3 for more detail.



Website for Nidec's IR info  
<http://www.nidec.com/en-Global>

## To Our Shareholders

Thank you for your continued support and for confidence that you have placed in us. Please be cordially invited to the Regular General Meeting of Shareholders of Nidec Corporation for the Fiscal Year Ended March 31, 2018.

Since its foundation in 1973, under the mission to manufacture “everything that spins and moves,” Nidec has been consistently seeking to create drive technologies that meet the society’s needs. Now, as the world’s leading manufacturer of comprehensive motor and motor drive systems with more than 300 group companies operating in various countries in the world, the Group posted a record high in consolidated net sales of 1,488.1 billion yen and consolidated operating profit of 167.6 billion yen for the fiscal year ended March 31, 2018.

I firmly believe that the reasons that the Group has been able to grow rapidly in such a short period of time is not only that we hold lofty goals such as those in our mission statement, but also that our management and employees have worked united and overcome various challenges with the support of our shareholders, convinced to become No. 1 and the world’s leading company as stated in the basic management principles.

We will never stop moving forward. Our ultimate goal is to become a global entity truly desired by people and society. Our mid-term growth initiative “Vision 2020,” which seeks to attain net sales of two trillion yen and consolidated operating profit ratio of 15% in the fiscal year 2020, will serve as a solid stepping-stone toward achieving this end.



Representative Director, Chairman of the Board,  
President and Chief Executive Officer

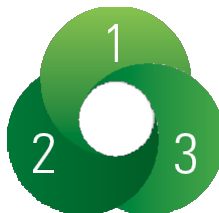
A handwritten signature in black ink that reads "S. Nagami".

### Mission Statement

Nidec Corporation's mission is to contribute to the development of society and well-being of people by providing excellent products and services through a sincere and enthusiastic dedication to the fusion of science, technology and manufacturing expertise.

### Basic Management Principles

Provide employment opportunities based on healthy business growth.



Supply universally desired, indispensable products for the common good.

Pursue the No. 1 position in all that we undertake.

### Corporate Mottos

Passion, Enthusiasm and Tenacity

Intelligent Hard Working

Do it now, Do it without fail, Do it until it's completed.

To: All Shareholders with Voting Rights

## NIDEC CORPORATION

Shigenobu Nagamori  
Representative Director, Chairman of the Board,  
President and Chief Executive Officer  
Nidec Corporation  
338 Tonoshiro-cho, Kuze, Minami-ku,  
Kyoto, 601-8205, Japan

### The 45th Regular General Meeting of Shareholders for the Fiscal Year 2017 Ended March 31, 2018

Notice is hereby given that the 45th Regular General Meeting of Shareholders (the “Meeting”) of Nidec Corporation (“Nidec” or the “Company,” together with its subsidiaries, the “Group”) will be held in accordance with the following details.

If you are unable to attend the Meeting, you can exercise your voting rights in writing, via the Internet, or by alternative means. Please refer to the Reference Document for the General Meeting of Shareholders, and exercise your voting rights by 5:30 p.m. on Tuesday, June 19, 2018, Japan time, following the instructions described hereinafter.

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Time & Date	10:00 a.m. on Wednesday, June 20, 2018 (Japan time) <b>(The reception will start at 9:30 a.m.)</b>
Venue	Shunju-no- Ma (Hall of Spring and Autumn), Second Floor, RIHGA Royal Hotel Kyoto 1 Taimatsu-cho, Shiokoji-sagaru, Higashi horikawa-dori, Shimogyo-ku, Kyoto, 600-8237, Japan
Agenda	<b>Reports</b> 1. Business report, consolidated financial statements, and audit reports regarding the consolidated financial statements by the Accounting Auditor and the Audit & Supervisory Board for the fiscal year 2017 ended March 31, 2018 2. Non-consolidated financial statements for the fiscal year 2017 ended March 31, 2018
	<b>Proposals</b> 1. Partial Amendments to the Articles of Incorporation 2. Election of Nine Candidates to the Board of Directors 3. Election of One Candidate to the Audit & Supervisory Board 4. Decision on Amount and Content of Performance-Linked Remuneration, etc. for Members of the Board of Directors, etc.

# Exercising voting rights

## ▼ Voting at the Meeting of Shareholders



Please bring this convocation notice and the enclosed Voting Instruction Card, and submit the form to the reception (There is no need to affix a seal on the form).

\* Those who are not entitled to vote, including proxies of shareholders or people accompanying them, may not enter the hall (with the exception of people accompanying physically handicapped shareholders).

### Time & Date

10:00 a.m. on Wednesday, June 20, 2018 (Japan time)

(The reception will start at 09:30 a.m.)

## ▼ Voting via mail



Please indicate your approval or disapproval for each item listed on the enclosed Voting Instruction Card and return it to us.

### Deadline

05:30 p.m. on Tuesday, June 19, 2018 (Japan time)

## ▼ Voting via the Internet and others



Please see the notes for online voting on page 3, access our designated voting site, <https://www.web54.net>, and enter your approval or disapproval for each item. If you are a nominee shareholder of a management trust bank or other financial institutions, please see the information on the platform to exercise your voting right electronically at the bottom section of page 3.

### Deadline

05:30 p.m. on Tuesday, June 19, 2018 (Japan time)

If you wish to vote online, please note the following information in advance.

- If voting is conducted both in writing and online, the online vote will be regarded as effective. exercised voting rights.
  - If voting is conducted the same way in duplicate, the most recent vote will be regarded as effective.
- If neither approval nor disapproval is indicated, it will be regarded as approval.

### Notes:

1. Any changes to the Reference Document for the General Meeting of Shareholders, business report, consolidated financial statements and non-consolidated financial statements made up to the day preceding the Meeting will be announced on our website.
2. Of the documents to be provided to our shareholders with this notice, “Notes to Consolidated Financial Statements” and “Notes to Non-consolidated Financial Statements” are deemed to have been provided to our shareholders by posting on the Company’s website in accordance with applicable laws and regulations and Article 15 of the Company’s Articles of Incorporation. These notes are parts of the consolidated and non-consolidated financial statements audited by Members of the Audit & Supervisory Board and the Accounting Auditor for preparing audit reports.



If you wish to vote online, please note the following information in advance

## 1. Voting website

Exercising voting rights online is possible only through the following voting website assigned by the Company. The site can also be accessed by mobile phones.

URL for voting website <https://www.web54.net>



With a barcode-reading mobile phone, access to the website is possible by reading the QR code® on the left. Please see the instructions for your mobile phone for details on bar code reading.

(QR code is a registered trademark of Denso Wave Inc.)

### (1) Exercising voting rights

- (i) If you wish to exercise your voting rights online, please use the voting code and password detailed on the Voting Instruction Card enclosed and follow the screen instructions to enter your approval or disapproval for the proposals.
- (ii) You can exercise your voting rights on the Internet until 05:30p.m. on Tuesday, June 19, 2018. However, in light of the need to tally all voting results, we respectfully ask that you conduct your voting early enough.
- (iii) If voting is conducted both in writing and online, the online vote will be regarded as effective.
- (iv) If voting is conducted multiple times, or if voting is conducted both by PC and by mobile phone, the most recent vote will be regarded as effective.

### (2) Cost for accessing the voting website

The payment for the telephone and other fees to connect to your Internet provider and to communicate with the communications company to use the Company's website to exercise your voting rights will be the responsibility of the shareholder.

#### For inquiries on exercising voting rights on the Internet

Please address any inquiries concerning exercising voting rights on the Internet to any of the following numbers:

List of shareholders administered by:  
Stock Transfer Agency Department,  
the Sumitomo Mitsui Trust Bank,  
Ltd.

For Inquiries



0120 – 652 – 031 (09:00 a.m. - 09:00 p.m., JST)



0120 – 782 – 031 (09:00 a.m. - 05:00 p.m. on weekdays, JST)

## 2. The platform to exercise voting rights electronically

In addition to the aforementioned online method to exercise voting rights electronically for the Company's General Meeting of Shareholders, nominee shareholders such as management trust banks (including their standing proxies) can, upon prior application, use the platform for exercising voting rights operated by ICJ, Inc., a joint venture established by the Tokyo Stock Exchange, Inc. and other companies.

## Proposal 1      **Partial Amendments to the Articles of Incorporation**

### 1. Reasons for the Amendments

In order to ensure flexible convocation and operation of the General Meeting of Shareholders and the meeting of the Board of Directors, the Company proposes to add the Chairman of the Board to provisions shown below and make necessary changes to the wording of the Articles of Incorporation accordingly.

### 2. The details of the Amendments

The details of the amendments are as follows.

(The underlines indicate the changed portions)

Current Articles of Incorporation	Proposed Amendments
(Person to <u>convene</u> meeting and chairman of meeting)	(Person authorized to <u>convene</u> meeting and chairman of meeting)
<b>Article 13.</b> 1) Unless otherwise provided in laws, a general meeting of shareholders shall be convened by <u>the President</u> , who shall act as chairman of such meeting.  2) If <u>the President</u> is unable to act, another Director shall act in his place as previously by the Board of Directors.	<b>Article 13.</b> 1) Unless otherwise provided in laws, a general meeting of shareholders shall be convened by <u>the Chairman of the Board or the President</u> , who shall act as chairman of such meeting.  2) If <u>the Chairman of the Board and the President</u> are unable to act, another Director shall act in their places as previously by the Board of Directors.
<b>Article 14. to Article 20.</b> (Omitted) (Person to convene the Board of Directors and chairman of meeting)	<b>Article 14. to Article 20.</b> (Unchanged) ( <u>Person authorized to convene</u> the Board of Directors and chairman of meeting)
<b>Article 21.</b> 1) Unless otherwise provided in laws, the Board of Directors shall be convened by <u>the President</u> who shall be chairman of the meeting.  2) If the President is unable to act, another Director shall act in his place as previously by the Board of Directors.	<b>Article 21.</b> 1) Unless otherwise provided in laws, the Board of Directors shall be convened by <u>the Chairman of the Board or the President</u> , who shall be chairman of the meeting.  2) If <u>the Chairman of the Board and the President</u> are unable to act, another Director shall act in their places as previously by the Board of Directors.
<b>Article 22. to Article 34.</b> <b>(Omitted)</b>	<b>Article 22. to Article 34.</b> <b>(Unchanged)</b>

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## Proposal 2 Election of nine candidates to the Board of Directors

As the terms of all of the current nine members of the Board of Directors will expire at the end of this General Meeting of Shareholders, shareholders are requested to elect nine candidates as the members of the Company's Board of Directors.

The candidates for the position of the Company's Board of Directors are as follows:

Candidate number	Name		Current positions in the Company
01	Shigenobu Nagamori	Re-nominated	Representative Director Chairman of the Board, President and Chief Executive Officer (CEO)
02	Hiroshi Kobe	Re-nominated	Representative Director and Vice Chairman
03	Mikio Katayama	Re-nominated	Representative Director and Vice Chairman
04	Hiroyuki Yoshimoto	Re-nominated	Representative Director, and Executive Vice President
05	Akira Sato	Re-nominated	Member of the Board of Directors and Executive Vice President
06	Toshihiko Miyabe	Re-nominated	Member of the Board of Directors and Executive Vice President
07	Tetsuo Onishi	Re-nominated	Member of the Board of Directors and Executive Vice President
08	Teiichi Sato	Newly nominated	<div style="display: flex; align-items: center;"> <div style="background-color: #808080; color: white; padding: 2px 5px; margin-right: 5px;">Outside</div> <div style="background-color: #c06030; color: white; padding: 2px 5px; margin-right: 5px;">Independent Director</div> <div style="margin-left: 20px;">—</div> </div>
09	Osamu Shimizu	Newly nominated	<div style="display: flex; align-items: center;"> <div style="background-color: #808080; color: white; padding: 2px 5px; margin-right: 5px;">Outside</div> <div style="background-color: #c06030; color: white; padding: 2px 5px; margin-right: 5px;">Independent Director</div> <div style="margin-left: 20px;">—</div> </div>



Candidate number

01

Re-nominated

## Shigenobu Nagamori

Date of birth: August 28, 1944

Number of the Company's shares in possession 24,736,866 shares

### Reason for selecting as a candidate

We nominate Mr. Nagamori as a candidate for the Company's Board of Directors. We believe that Mr. Nagamori, who has served as Chief Executive Officer since he founded the Company and led the Nidec Group to become a one trillion-yen enterprise in a short period of time, is qualified to assume the position of the member of the Company's Board of Directors for the Group's further growth and development.



Candidate number

02

Re-nominated

## Hiroshi Kobe

Date of birth: March 28, 1949

Number of the Company's shares in possession 473,930 shares

### Reason for selecting as a candidate

Mr. Kobe is a founding member of the Company, who has served as its Chief Operating Officer (COO) and is currently the Company's Chief Sales Officer (CSO), possessing abundant experience, achievement, and expertise in the area of sales. We nominate Mr. Kobe as a candidate for the Company's Board of Directors because we believe that he will be able to suitably perform his duty as a member of the Company's Board of Directors in the area of planning and promotion of the Nidec Group's sales strategy.

### Past experience, positions and responsibilities (Significant concurrent positions)

- July 1973 Founded Nidec Corporation  
Representative Director, Chairman of the Board, President & Chief Executive Officer (CEO)
- October 2014 Representative Director, Chairman of the Board, President and Chief Executive Officer (CEO) (current position)

### Significant concurrent positions

- Member of the Board of Directors and Chairman:  
Nidec Sankyo Corporation  
Nidec Elesys Corporation  
Nidec-Shimpo Corporation
- Chairman of the Board of Trustees, Kyoto Gakuen Educational Foundation

### Past experience, positions and responsibilities (Significant concurrent positions)

- July 1973 Participated in the foundation of Nidec Corporation.
- March 1982 General Manager, Sales
- November 1984 Member of the Board of Directors
- November 1991 Member of the Board of Directors and Senior Vice President
- April 1996 Member of the Board of Directors and First Senior Vice President
- April 2000 Member of the Board of Directors and Executive Vice President
- April 2005 Chief Operating Officer (COO) President Representative
- June 2006 Representative Director and Executive Vice President
- June 2008 Representative Director and Executive Vice President
- June 2015 Representative Director and Vice Chairman (current position)  
Chief Sales Officer (CSO) (current position)

### Significant concurrent positions

- Representative Director and Chairman:  
Nidec Servo Corporation  
Nidec Global Service Corporation





Candidate number

03

Re-nominated

**Mikio Katayama**

Date of birth: December 12, 1957

Number of the Company's shares in possession **1,922 shares****Reason for selecting as a candidate**

Mr. Katayama has served as Chairman and President of another company prior to joining Nidec, and is currently the Company's Chief Technology Officer (CTO), possessing abundant experience, achievement and expertise in a wide range of areas including R&D. We nominate Mr. Katayama as a candidate for the Company's Board of Directors because we believe that he will be able to suitably perform his duty as a member of the Company's Board of Directors in the area of planning and promotion of the Nidec Group's technological strategies.



Candidate number

04

Re-nominated

**Hiroyuki Yoshimoto**

Date of birth: October 28, 1967

Number of the Company's shares in possession **867 shares****Reason for selecting as a candidate**

Mr. Yoshimoto has served as Chairman and President of the Nidec Group's affiliated companies and is currently the Company's Chief Operating Officer (COO) and the Executive General Manager of Automotive Motor & Electronic Control (AMEC) Business Unit, possessing abundant experience, achievement and expertise in a wide range of areas including automotive motor & electric control business. We nominate Mr. Yoshimoto as a candidate for the Company's Board of Directors because we believe that he will be able to suitably perform his duty as a member of the Company's Board of Directors.

**Past experience, positions and responsibilities (Significant concurrent positions)**

July 1981	Sharp Corporation
April 2006	Representative Director and First Senior Vice President
April 2007	Representative Director and President
April 2012	Member of the Board of Directors and Chairman
September 2014	Executive Consultant, Nidec Corporation
October 2014	Vice Chairman Chief Technology Officer (CTO) (current position)
June 2015	Representative Director and Vice Chairman (current position)

**Significant concurrent positions**

Representative Director and Chairman, Nidec Techno Motor Corporation

**Past experience, positions and responsibilities (Significant concurrent positions)**

April 1991	Nissho Iwai Corporation (currently Sojitz Corporation)
February 2008	Calsonic Kasei Corporation
April 2010	Executive Vice President
April 2012	Nissan Motor Co., Ltd.
January 2014	Representative Director and President, Nissan Motor Thailand Co., Ltd.
March 2015	Executive Consultant, Nidec Corporation
May 2015	Representative Director and President, Nidec Tosok Corporation
November 2016	Executive Vice President
June 2017	Member of the Board of Directors and Executive Vice President
April 2018	Representative Director and Executive Vice President (current position) Chief Operating Officer (COO) (current position)

**Significant concurrent positions**

Member of the Board of Directors and Chairman:  
Nidec (Dalian) Limited  
Nidec Automotive Motor (Zhejiang) Corporation  
Nidec India Private Limited  
Representative Director and Chairman:  
Nidec Tosok Corporation  
Nidec Copal Corporation  
Nidec Seimitsu Corporation  
Chairman, Nidec Automotive Motor Americas, LLC



Candidate number

05

Re-nominated

## Akira Sato

Date of birth: November 02, 1954

Number of the Company's shares in possession 3,888 shares

### Reason for selecting as a candidate

Mr. Sato supervises the Nidec Group's accounting and finance departments, and is currently serving as the Company's Chief Financial Officer (CFO), possessing abundant experience, achievement, and expertise in the area of finance. We nominate Mr. Sato as a candidate for the Company's Board of Directors because we believe that he will be able to suitably perform his duty as a member of the Company's Board of Directors in the area of planning and promoting the Nidec Group's financial and management strategies.



Candidate number

06

Re-nominated

## Toshihiko Miyabe

Date of birth: June 16, 1958

Number of the Company's shares in possession 9,748 shares

### Reason for selecting as a candidate

Mr. Miyabe has served as Chairman and President of the Nidec Group's overseas subsidiaries, and is currently the Executive General Manager of Small Precision Motor & Solutions (SPMS) Business Unit, possessing abundant experience, achievement and expertise in the area of small precision motor business. We nominate Mr. Miyabe as a candidate for the Company's Board of Directors because we believe that he will be able to suitably perform his duty as a member of the Company's Board of Directors.

### Past experience, positions and responsibilities (Significant concurrent positions)

April 1977	Nissan Motor Co., Ltd.
April 2002	Vice President
January 2012	First Senior Vice President, Nidec Corporation
June 2012	Member of the Board of Directors and First Senior Vice President
April 2013	Member of the Board of Directors and Executive Vice President (current position)
May 2016	Chief Financial Officer (CFO) (current position)

### Significant concurrent positions

Member of the Board of Directors and Chairman:  
Nidec Management Shanghai Corporation  
Nidec Americas Holding Corporation  
Member of the Board of Directors and President, Green Sun Insurance, Inc.

### Past experience, positions and responsibilities (Significant concurrent positions)

April 1983	Nidec Corporation
April 2006	Representative Director and President, Nidec Philippines Corporation
June 2008	Vice President
April 2011	Senior Vice President
June 2012	Member of the Board of Directors and Senior Vice President
June 2013	Senior Vice President
June 2014	Member of the Board of Directors and First Senior Vice President
June 2015	Member of the Board of Directors and Executive Vice President (current position)

### Significant concurrent positions

Member of the Board of Directors and Chairman:  
Nidec (Zhejiang) Corporation  
Nidec Philippines Corporation



Candidate number

07

Re-nominated

## Tetsuo Onishi

Date of birth: June 18, 1954

Number of the Company's shares in possession 191 shares

### Reason for selecting as a candidate

Mr. Onishi has experience in the management of another company prior to joining Nidec, and is currently serving as the Executive General Manager of Appliance, Commercial & Industrial Motor (ACIM) Business Unit, possessing abundant experience, achievement and expertise in a wide range of areas including the appliance, commercial & industrial motor business. We nominate Mr. Onishi as a candidate for the Company's Board of Directors because we believe that he will be able to suitably perform his duty as a member of the Company's Board of Directors.

### Past experience, positions and responsibilities (Significant concurrent positions)

April 1979	Sharp Corporation
April 2014	Representative Director and Executive Vice President
May 2016	Executive Consultant, Nidec Corporation
June 2016	Executive Vice President
June 2017	Member of the Board of Directors and Executive Vice President (current position)

### Significant concurrent positions

Representative Director and Chairman, Nidec Motor Holdings Corporation  
Member of the Board of Directors and Chairman: Nidec ASI S.p.A.  
Nidec Motor Corporation



Candidate number

08

Newly nominated

Outside

Independent Director

## Teiichi Sato

Date of birth: October 15, 1941

Number of the Company's shares in possession 0 shares

### Reason for selecting as a candidate

We nominate Mr. Teiichi Sato as an outside member of the Company's Board of Directors because we believe that Mr. Sato, who has held prominent posts at the Ministry of Education, Culture, Sports, Science and Technology of Japan and other organizations, with his high-level expertise, will be able to provide the Company with advice on the Company's overall business matters, and that such advice will further enhance the Company's corporate governance function.

### Past experience, positions and responsibilities (Significant concurrent positions)

April 1964	The Ministry of Education, Science, Sports and Culture of Japan (currently the Ministry of Education, Culture, Sports, Science and Technology of Japan)
July 1990	Deputy Director-General (Higher Education Bureau)
July 1992	Deputy Commissioner for Cultural Affairs
July 1993	Director-General, Science and International Affairs Bureau
July 1994	Director-General, Minister's Secretariat
July 1997	Vice Minister of Education, Science, Sports and Culture of Japan
July 2000	Director-General, the Japan Society for the Promotion of Science
January 2003	Ambassador Extraordinary and Plenipotentiary, Permanent Delegation of Japan to the UNESCO
April 2007	Executive Director, Tokyo National Museum
October 2009	Professor, Graduate School of International University of Health and Welfare
June 2015	Member of the Board of Directors, NHK Promotions Inc. (current position)

### Significant concurrent positions

Member of the Board of Directors, NHK Promotions Inc.



Candidate number 09

Newly nominated

Outside Independent Director

## Osamu Shimizu

Date of birth: September 21, 1953

Number of the Company's shares in possession 0 shares

### Reason for selecting as a candidate

We nominate Mr. Osamu Shimizu as an outside member of the Company's Board of Directors because we believe that Mr. Shimizu, who has held prominent posts at the Ministry of Finance of Japan and other organizations, with his high-level expertise, will be able to provide the Company with advice on the Company's overall business matters, and that such advice will further enhance the Company's corporate governance function.

### Past experience, positions and responsibilities (Significant concurrent positions)

April 1976	The Ministry of Finance of Japan
June 1984	Executive Director, African Development Bank
November 1996	Personal Secretary to the Minister of Finance of Japan
January 1998	Director for Inter-Division Affairs, Budget Bureau
July 1999	Director, Income Tax and Corporation Tax Policy Division, Tax Bureau
July 2001	Director, Planning and Administration Division, Tax Bureau
July 2003	Director-General, Fukuoka Regional Taxation Bureau, National Tax Agency
July 2004	Deputy Director-General of the Minister's Secretariat (Local Administrative and Financial Reform), the Ministry of Internal Affairs and Communications of Japan
July 2006	Deputy Director-General (International Bureau, Tax Bureau and Minister's Secretariat), the Ministry of Finance of Japan
January 2007	Director-General, Okinawa Development and Promotion Bureau, the Cabinet Office
July 2010	Director-General (Okinawa Affair), the Cabinet Office
January 2012	Vice-Minister for Policy Coordination, the Cabinet Office
April 2014	Professor, Graduate School of Public Management, Waseda University (current position)

### Significant concurrent positions

Professor, Graduate School of Public Management, Waseda University

#### Notes:

- 1.No special relationship exists between any of these candidates to the Board of Directors and the Company.
- 2.Mr. Shigenobu Nagamori and Mr. Hiroyuki Yoshimoto are expected to assume the positions of the Representative Director, Chairman and Representative Director and President, respectively, subject to approval at the 45th Regular General Meeting of Shareholders to be held on June 20, 2018 and the subsequent meeting of the Board of Directors to be held on the same day.
- 3.The information on the candidates to the positions as outside members of the Company's Board of Directors is as follows:
  - (1) Mr. Teiichi Sato and Ms. Osamu Shimizu are the candidates to the positions of outside members of the Company's Board of Directors who meet the requirements for independent directors for the position in accordance with the regulations of the Tokyo Stock Exchange.
  - (2) Contract for limitation of liability  
The Company has executed a contract for limitation of liability with Mr. Teiichi Sato and Mr. Osamu Shimizu, and intends to extend this contract if the appointment of each candidate is approved. The contract's outlines are as follows:  
-The maximum amount of liability that any outside members of the Board of Directors is held accountable against the Company as a result of his/her negligence to perform his/her duty shall be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act of Japan.  
-The aforementioned liability limitation shall be applicable only if the duty that resulted in any outside members of the Board of Directors being held accountable was executed under good will, and if no material negligence is identified in such duty.

## Proposal 3

### Election of one candidate to the Audit & Supervisory Board

This proposal is, as Mr. Osamu Narumiya retires at the end of this General Meeting of Shareholders, to select the following one candidate as the member of the Audit & Supervisory Board.

The consent of the Company's Audit & Supervisory Board has already been granted concerning this Proposal.

The candidate for the position of the Company's Audit & Supervisory Board is as follows:



Candidate number **10**

Newly nominated

**Hiroyuki Ochiai**

Date of birth: July 3, 1959

Number of the Company's shares in possession **318 shares**

#### Reason for selecting as a candidate

We nominate Mr. Hiroyuki Ochiai as a member of the Company's Audit & Supervisory Board because we believe that Mr. Ochiai, who has held prominent posts at the Ministry of Economy, Trade and Industry of Japan and other organizations, with his abundant experience and expertise, will be able to advise the Company to enhance its auditing and corporate governance functions.

#### Past experience, positions and responsibilities (Significant concurrent positions)

April 1983	The Ministry of International Trade and Industry of Japan (currently the Ministry of Economy, Trade and Industry of Japan(METI))
July 2000	Director, Foreign Exchange and Trade Finance Division, Trade Bureau
July 2002	Director-General, International Cooperation Department, New Energy and Industrial Technology Development Organization (currently National Research and Development Agency-New Energy and Industrial Technology Development Organization)
July 2003	Director, Personnel Division, Japan Patent Office
October 2005	Director, Trade Promotion Division, Trade and Economic Cooperation Bureau
August 2006	Counsellor, Minister's Secretariat, the Ministry of Agriculture, Forestry and Fisheries of Japan
July 2008	Counsellor, Cabinet Secretariat, (Assistant Chief Cabinet Secretary)
August 2010	Seconded to Nidec Corporation
August 2012	Returned to METI. Director-General, Training Institute of Economy, Trade and Industry
December 2012	Left METI
March 2013	General Manager, General Affairs Department, Nidec Corporation (current position)

Note:

No special relationship exists between the candidate to the Audit & Supervisory Board and the Company.

**(Reference)**

When this Proposal is approved, the Company's Audit & Supervisory Board will consist of the following members.

Candidate for proposal	Name		Current positions in the Company
—	Ryuichi Tanabe	Current position Outside Independent Director	Fulltime Member of the Audit & Supervisory Board
—	Kazuya Murakami	Current position	Fulltime Member of the Audit & Supervisory Board
●	Hiroyuki Ochiai	Newly nominated	Fulltime Member of the Audit & Supervisory Board
—	Eisuke Nagatomo	Current position Outside Independent Director	Member of Audit & Supervisory Board
—	Junko Watanabe	Current position Outside Independent Director	Member of Audit & Supervisory Board

## Proposal 4 **Decision on Amount and Content of Performance-Linked Remuneration, etc. for Members of the Board of Directors, etc.**

### 1. Reasons for the Proposal and Reasons that Such Remuneration is Deemed Reasonable

The remuneration of the Members of the Board of Directors (excluding Outside Members of the Board of Directors, hereinafter the same shall apply in this proposal) consists of “Base Salary.” However, the Company proposes the adoption of a new performance-linked and share based incentive plan (the “Plan”) in which the Company’s shares will be granted to Members of the Board of Directors, Executive Officers, and individuals who have the equivalent status (the “Members of the Board of Directors, etc.”) of the Company according to their executive position and degree of achievement of performance targets.

The purpose of the adoption of the Plan is to clarify the linkage between remuneration for the Members of the Board of Directors, etc. covered by the Plan and the Company’s stock value to heighten their motivation to attain performance targets specified in our medium-term management plan “Vision 2020” and medium- and long-term corporate value expansion. In addition, the Plan is intended to further motivate the Members of the Board of Directors, etc. covered by the Plan to contribute to sustainably enhancing corporate value (stock value) through their ownership of the Company’s share. Considering these, the adoption of the Plan is deemed to be reasonable. This proposal seeks approval for paying stock-related remuneration to the Members of the Board of Directors, etc., separately from the limitation of remuneration for Members of the Board of Directors (1,000 million yen per year, excluding payment for the part of employees’ duty out of the remuneration) that was approved at the 34th Regular General Meeting of Shareholders held on June 22, 2007. If Proposal No. 2 “Election of nine candidates to the Board of Directors” is approved as originally proposed, the number of Members of the Board of Directors of the Company covered by the Plan will be seven (the number of Executive Officers who do not serve concurrently as Members of the Board of Directors and individuals who have the equivalent status covered by the Plan will be 29).

As described above, the Plan also covers Executive Officers and individuals who have the equivalent status, and the remuneration under the Plan includes the remuneration for such Executive Officers, etc. However, given the possibility that such Executive Officers, etc. will newly assume the position of Members of the Board of Directors during the period covered by the Plan, the Company proposes the amount and content of the overall remuneration based on the Plan as remuneration, etc. for the Members of the Board of Directors, etc.

### 2. The Amount and Content, etc. of Remuneration, etc. under the Plan

#### (1) Overview of the Plan

The Plan is a share-based incentive plan wherein shares of the Company stock will be acquired through a trust using the amount of remuneration for the Members of the Board of Directors, etc. contributed by the Company as the fund, and the Company’s shares and cash equivalent to the amount of the converted value of such shares (the “Company’s shares, etc.”) will be granted and paid (the “grant, etc.” or “granted, etc.”) to the Members of the Board of Directors, etc. (the details are as described below in (2) onwards).

1) Persons eligible for the grant, etc. of the Company’s shares, etc. covered by the Plan	Members of the Board of Directors (excluding Outside Members of the Board of Directors), Executive Officers and individuals who have the equivalent status of the Company
2) The upper limit of cash to be contributed by the Company to acquire the Company’s shares to be granted, etc. to the Members of the Board of Directors, etc. (as described in (2) below)	The upper limit will be the amount obtained by multiplying 0.37 billion yen by the number of years of the period covered by the Plan, and the upper limit for the initially covered period of three fiscal years will be 1.11 billion yen. (The initial covered period shall be from the fiscal year ending March 31, 2019 to the fiscal year ending March 31, 2021.)

<p>3) The maximum total number of the Company's shares, etc. to be granted, etc. to the Members of the Board of Directors, etc. (as described in (3) below) and the method to acquire the Company's shares (as described in (2) below)</p>	<ul style="list-style-type: none"> <li>• The upper limit will be calculated by multiplying 22,300 shares by the number of years of the trust period, and the upper limit of the number of the Company's shares, etc. to be granted, etc. to the Company's Members of the Board of Directors, etc. during the initially covered period of three fiscal years will be 66,900 shares (if one unit shall be equivalent to one share of the Company).</li> <li>• The ratio of the upper limit of the number of the Company's shares, etc. of 22,300 shares to be granted, etc. to the Members of the Board of Directors, etc. each fiscal year to the total number of the Company's shares issued and outstanding (as of March 31, 2018, excluding treasury stocks) will be about 0.01%.</li> </ul> <p>The Company's shares will be acquired from the Company (through disposal of treasury stocks) or the stock market, and the trust (as provided in (2) below), to be established in FY2018, will acquire the Company's shares from the stock market. Accordingly, there will be no share dilution resulting from the Plan.</p>
<p>4) Details of performance target conditions (as described in (3) below)</p>	<ul style="list-style-type: none"> <li>• The number of the Company's shares to be granted, etc. will fluctuate within the range of 0% to 200%, determined by the degree of achievement of performance targets for a single fiscal year or those specified in the medium-term management plan.</li> </ul> <p>The performance target indicators used for the initial covered period will be consolidated sales amount and consolidated operating profit</p>
<p>5) Timing for granting, etc. the Company's shares, etc. (as described in (4) below)</p>	<p>At the time of retirement of the Members of the Board of Directors, etc. of the Company in principle</p>

(2) Upper Limit of Cash to be Contributed by the Company

The Plan shall cover the three fiscal years covered by the Company's medium-term management plan (the initial covered period will be from the fiscal year ending March 31, 2019 to the fiscal year ending March 31, 2021, which is the remaining period of Vision 2020, our current medium-term management plan; provided, however, that in case where the trust period is extended as described below, the period covered by the Plan shall be the fiscal years corresponding to subsequent respective medium-term management plans (the "Covered period").

The Company shall contribute trust cash up to the amount calculated by multiplying 0.37 billion yen by the number of years of the Covered period (1.11 billion yen for the initial Covered Period of three fiscal years) as remuneration for the Members of the Board of Directors, etc. of the Company during the said Covered period, and establish a trust (the "Trust") for the period equivalent to the Covered period wherein the Members of the Board of Directors, etc. who meet the beneficiary requirements are beneficiaries. The Trust will acquire the Company's shares from the Company (through disposal of treasury stocks) or the stock market using the cash entrusted as the fund, in accordance with the instructions of the trust administrator. The Company shall award units to the Members of the Board of Directors, etc. (as described in (3) below), and the Company's shares, etc. will be granted, etc. by the Trust corresponding to the units awarded during a certain period determined in advance.

Upon expiry of the trust period, the Company may continue the Trust under the Plan or the Trust as a share-based incentive plan similar to the Plan by making amendments to the Trust Agreement and making additional contributions to the Trust. In such a case, the trust period will be extended further with respect to the number of years corresponding to the subsequent medium-term management plan, established at that time. The Company will make additional contributions to the Trust within the above-mentioned upper limit of trust cash, and will continue awarding units to the Members of the Board of Directors, etc. as remuneration to the Members of the Board of Directors, etc. of the Company during such new trust period. In the event where such additional contributions are to be made when there are any Company's shares (excluding the Company's shares, etc. equivalent to units granted to the Members of the Board of Directors, etc. that are yet to be granted, etc.) and cash remaining in the trust property (the "residual shares, etc.") at the last day of the trust period prior to the extension, then the sum of the amount of such residual shares, etc. and additional trust cash to be contributed by the Company shall be within the upper limit of trust cash to be entrusted to the Trust during such new trust period. Such an extension of the trust period will not be limited to one time only, and the trust period may subsequently be re-extended in the same manner.



If the Members of the Board of Directors, etc. covered by the Plan who may meet the beneficiary requirements remain in office in the event where no amendments to the Trust Agreement and additional contributions to the trust are made at the expiry of the trust period, the Company will not award units to the Members of the Board of Directors, etc. However, the trust period may be extended until the said Members of the Board of Directors, etc. retire and the grant, etc. of the Company's shares, etc. to the said Members of the Board of Directors, etc. is completed.

(3) Method of Calculating the Number of the Company's Shares, etc. to be granted, etc. to the Members of the Board of Directors, etc. and the Upper Limit Thereof

The Company's shares will be granted, etc. according to the number of units awarded to each Member of the Board of Directors, etc. covered by the Plan. The units are calculated by the following formulas. One unit shall be equivalent to one share of the Company. If, however, the number of the Company's shares under the Trust increases or decreases because the Company's share is subject to a share split, allotment of shares without contribution, or share consolidation, etc., the Company will adjust the number of the Company's shares, etc. to be granted, etc. for each unit according to the percentage of increase or decrease of the Company's shares, and the upper limit of the number of the Company's shares to be delivered as stated below.

(Unit calculation formula for the initial covered period)

(a) Short-term performance-linked portion

The units calculated by dividing the individual remuneration amount, which has been determined in advance with respect to each executive position by the share price at the time when the Trust acquired the Company's shares, will serve as the base (the "base units"). Based on the base units, single fiscal-year units will be calculated by the following formula, and awarded to the Members of the Board of Directors, etc. covered by the Plan who hold office on the last day of each fiscal year of the covered period. And then multiply the performance-linked coefficient that is determined by the degree of achievement of performance targets specified in the single year management plan.

Calculation formula for Single fiscal year units	Base unit x 60%
Calculation formula for Short-term	Single fiscal year unit x Performance-linked coefficient concerning single year management plan (*1) (*2)

(b) Medium-term performance-linked portion

Based on the base unit, single fiscal year units will be calculated by the following formula, and awarded to Members of the Board of Directors, etc. covered by the Plan who hold office on the last day of each fiscal year of the covered period. After the end of the covered period, the number of medium-term performance-linked unit is calculated by adding up single fiscal-year units awarded to Members of the Board of Directors, etc. covered by the Plan, and then multiplying the cumulative total by the performance-linked coefficient that is determined by the degree of achievement of performance targets specified in the medium-term management plan.

Calculation formula for single fiscal year units	Base unit x 40%
Calculation formula for Medium-term performance-linked units	The cumulative total amount of fiscal year unit during the covered period x Performance-linked coefficient concerning medium-term management plan (*1) (*2)

(\*1) The performance-linked coefficient varies between 0% to 200% depending on the degree of achieving target of consolidated net sales and consolidated operating profit, etc. of single year management plan and medium-term management plan.

(\*2) The granting units to eligibility who will be ineligible for the Plan by leaving office, etc. during the covered period, will make adjustment based on the incumbency, etc.

The upper limit of the number of units to be awarded to the Members of the Board of Directors, etc. during each Covered period is calculated by multiplying 22,300 units by the number of years of the said covered period, and the upper limit of the number of the Company's shares, etc. to be granted, etc. to the Members of the Board of Directors, etc. from the Trust during the said Covered period will be equivalent to such upper limit of the number of units (the "upper limit of the number of shares to be granted"). Therefore, the upper limit of the number of shares to be granted for the initial covered period (three fiscal years) will be 66,900 shares. Taking into account the upper limit of cash to be contributed by the Company as stated in (2) above, the Company determines the upper limit of the number of shares to be granted with reference to the most recent stock price, etc. If the Company continues the Trust described in paragraph 3 in (2) above, the upper limit of the number of shares to be granted during the new trust period will be 22,300 shares multiplied by the number of years of the said new trust period.

#### (4) Timing and Method for Grant, etc. of the Company's Shares, etc. to the Members of the Board of Directors, etc.

The Members of the Board of Directors, etc. covered by the Plan who meet beneficiary requirements will receive the Company's shares corresponding to 50% of the cumulative number of their short-term performance-linked units and medium-term performance-linked units (odd-shares will be rounded off) at their retirements calculated based on (3) above, and receive cash equivalent to the Company's shares corresponding to the number of remaining performance-linked units that are converted into cash under the Trust. However, a Member of the Board of Directors, etc. who does not own a securities brokerage account handling Japanese stocks, he or she shall receive cash equivalent to the Company's shares corresponding to the cumulative numbers of units that are converted into cash under the Trust. In the event that an incumbent Member of the Board of Directors, etc. covered by the Plan who meets beneficiary requirements has died, the legal heir(s) of the said Member of the Board of Directors, etc. shall receive cash equivalent to the Company's shares corresponding to the cumulative number of units until the said Member of the Board of Directors, etc. passed away that are converted into cash under the Trust.

If a Member of the Board of Directors, etc. is transferred to overseas, he or she shall receive cash equivalent to the Company's shares corresponding to the cumulative numbers of units that are converted into cash under the Trust while in office.

If the trust period is extended as described in the paragraph 4 in (2) above, and at the timing when the extended trust period ends, the Members of the Board of Directors, etc. covered by the Plan are still in office, the Trust will terminate and the said Members of the Board of Directors, etc. will be granted, etc. the Company's shares, etc. while in office.

#### (5) Voting Rights Related to the Company's Shares

To ensure the neutrality for the Company's management, voting rights shall not be exercised for the Company's shares held in the Trust during the trust period.

(6) Treatment of Dividends of Surplus Related to the Company's Shares

Dividends related to the Company's shares under the Trust will be paid to the Trust, and allocated to trust fees and trust expenses. If, after the allocation to trust fees and expenses, residual assets remain at the expiry of the Trust, such assets will be donated to organizations with no interest in the Company.

If the Company continues to use the Trust, such residual assets will be applied to the acquisition of shares.

(7) Other Content of the Plan

Other content of the Plan will be determined at the meeting of the Board of Directors when the Trust is established and each time the Trust Agreement is amended and additional contributions are made to the Trust.

(Reference)

The Company will introduce a similar plan for the Members of the Board of Directors, etc. of the Nidec Corporation's group companies, in addition to its Members of the Board of Directors, etc., and also contribute cash to acquire the Company's shares to be granted, etc. to the Members of the Board of Directors, etc. of the Nidec Corporation's group companies. The Company's shares under the Trust will be managed according to the amount of trust cash of each group company.

For more details, please refer to "Notice Regarding Adoption of New Performance Share Plan for Members of the Board of Directors, etc." dated April 24, 2018.

(URL: <http://www.nidec.com/en-Global/ir/news/2018/news0424-05/>)

# Current circumstances of the Nidec Group

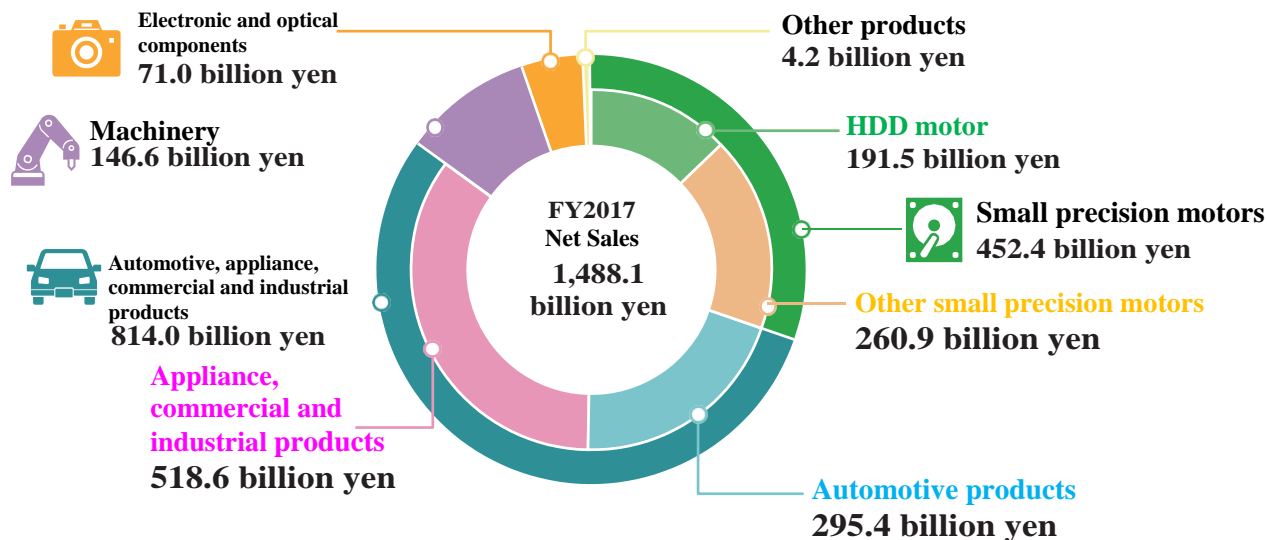
## 1. Current circumstances and results of business operations

### (1) Overview of business environment in the fiscal year 2017 ended March 31, 2018

During the year ended March 31, 2018 the global economy saw the U.S. economy continue its moderate expansion, and China continue its high-level economic growth, while the trade conflict between the two countries became increasingly serious, due to China's retaliatory measures against the U.S.'s economic sanctions on the world's second largest economy. In the meantime, the European economy, the euro zone in particular, maintained its broad expansion, while Japan intended to achieve the longest postwar economic recovery, though the recent appreciation of the yen is feared to cause a decline in corporate profitability.

It was under such an environment that the Nidec Group continued to pursue our targets for the fiscal year ending March 31, 2021 of consolidated net sales of ¥2 trillion and an operating profit ratio of 15% based on our mid-term strategic goal, "Vision 2020." Compared to the previous fiscal year, consolidated net sales increased 24.1% to ¥1,488,090 million, operating profit increased 20.3% to ¥167,637 million, profit before income taxes increased 16.4% to ¥164,460 million, and profit attributable to owners of parent increased 18.4% to ¥131,434 million, in the fiscal year ended March 31, 2018. This translates into the highest sales and profits for the period in the Company's history.

### (2) Operating results by product category for the fiscal year 2017



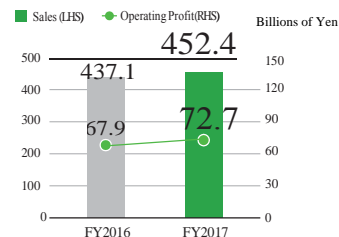
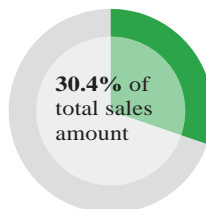


## Small precision motors

HDD motor, brushless motor, fan motor, vibration motor, brushed motor, motor-applied product, etc.

**Net sales**      **¥452,376 million**  
+3.5%     

**Operating profit**      **¥72,714 million**  
+7.0%     



Net sales of this category increased 3.5% to ¥452,376 million for the fiscal year 2017 compared to the previous fiscal year. The fluctuations of the foreign currency exchange rates had a positive effect on net sales of small precision motors of approximately ¥9,000 million for the fiscal year 2017 compared to the previous fiscal year.

Net sales of spindle motors for HDDs, for the fiscal year 2017 increased 0.2% to ¥191,497 million compared to the previous fiscal year. Although the number of units sold of spindle motors for HDDs decreased approximately 8% compared to the previous fiscal year, there was the increase in sales due to a positive effect of the foreign currency exchange rate fluctuations.

Net sales of other small precision motors for the fiscal year 2017 increased 6.0% to ¥260,879 million compared to the previous fiscal year. This increase was mainly due to an increase in sales of DC motors and fan motors.

Operating profit of this category increased 7.0% to ¥72,714 million for fiscal year 2017 compared to the previous fiscal year. The fluctuations of the foreign currency exchange rates had a negative effect on operating profit of small precision motors of approximately ¥900 million compared to the previous fiscal year.



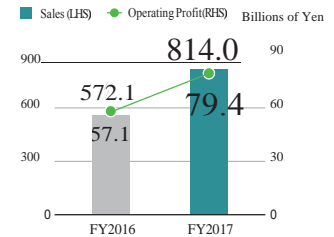
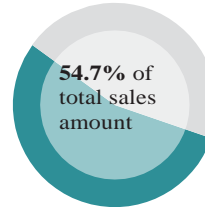


## Automotive, appliance, commercial and industrial products

Automotive motor and automobile components, and appliance, commercial and industrial products

**Net sales**      **¥814,002 million**  
+42.3%

**Operating profit**      **¥79,386 million**  
+39.0%



Net sales of this category increased 42.3% to ¥814,002 million for the fiscal year 2017 compared to the previous fiscal year. The fluctuations of the foreign currency exchange rates had a positive effect on net sales of automotive, appliance, commercial and industrial products of approximately ¥25,100 million for the fiscal year 2017 compared to the previous fiscal year.

Net sales of appliance, commercial and industrial products for fiscal year 2017 increased 66.8% compared to the previous fiscal year. This increase was primarily due to newly consolidated subsidiaries acquired in the three months ended March 31, 2017 and the three months ended September 30, 2017 and other factors.

Net sales of automotive products for the fiscal year 2017 increased 13.1% compared to the previous fiscal year. This increase was primarily due to positive effect of foreign currency exchange rate fluctuations, in addition to increases in sales for electric power steering motors and products of control valves at Nidec Tosok Corporation.

Operating profit of this category increased 39.0% to ¥79,386 million for the fiscal year 2017 compared to the previous fiscal year mainly due to the increase in sales.

The fluctuations of the foreign currency exchange rates had a positive effect on our operating profit of automotive, appliance, commercial and industrial products of approximately ¥4,400 million for the fiscal year 2017 compared to the previous fiscal year.

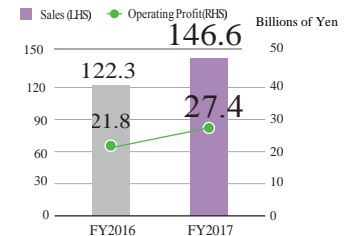
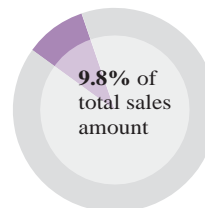


## Machinery

Industrial robot, card reader, inspection equipment, pressing machine, power transmission equipment, etc.

**Net sales**      **¥146,561 million**  
+19.8%

**Operating profit**      **¥27,419 million**  
+25.8%



Net sales of this category increased 19.8% to ¥146,561 million for the fiscal year 2017 compared to the previous fiscal year due to the newly consolidated subsidiaries, an increase in sales of press machines, speed reducers and LCD panel handling robots and other factors.

Operating profit of this category increased 25.8% to ¥27,419 million for the fiscal year 2017 compared to the previous fiscal year due to increase in sales.



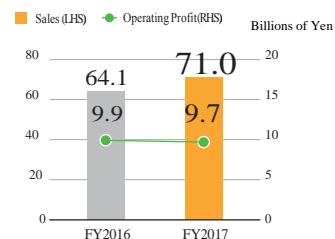
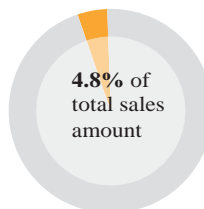


## Electronic and optical components

Switch, trimmer potentiometer, lens unit, camera shutter, etc.

**Net sales** **¥70,976 million**  
+10.8%

**Operating profit** **¥9,720 million**  
-1.4%



Net sales of this category increased 10.8% to ¥70,976 million, and operating profit of this category decreased 1.4% to ¥9,720 million, for the fiscal year 2017 compared to the previous fiscal year.

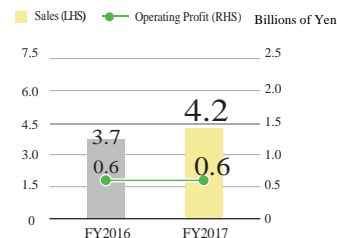
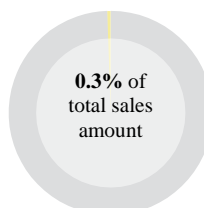


## Other products

## Service

**Net sales** **¥4,175 million**  
+12.6%

**Operating profit** **¥574 million**  
+2.7%



Net sales of this category increased 12.6% to ¥4,175 million, and operating profit of this category increased 2.7% to ¥574 million, for the fiscal year 2017 compared to the previous fiscal year.



## 2. Financing and capital investment

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### (1) Financing

During the fiscal year ended March 31, 2018, to use as repayment of short term borrowings and to fund the redemption of our corporate bonds, we issued sixth series unsecured bonds ( a total of ¥50,000 million) in May 2017, and seventh series unsecured bonds (a total of ¥65,000 million) in August 2017. Furthermore, we procured US\$750 million by taking out loans from financial institutions as part of the funds for M&As.

With regard to our subsidiaries, we in principle do not procure funds from financial institutions, but use the cash management systems, etc. of management companies within our group to promote the consolidation of fund procurement sources and efficient use of funds.

The total amount of the loans and corporate bonds as of the end of the fiscal year ended March 31, 2018 is ¥344,806 million.

### (2) Capital investment

The total capital investment in property, plant and equipment for the year ended March 31, 2018 was ¥90,841 million. This mainly consists of capital

investment to strengthen domestic R&D and increase production capacity of overseas subsidiaries.

In addition, Nidec Center for Industrial Science was completed for enhancing the group-wide product development capabilities and production technologies.



### 3. Assets, profits and losses for the past three fiscal years

#### (1) Assets, profits, and losses of the Nidec Group

#### [International Financial Reporting Standards (IFRS)]

		FY2015	FY2016	FY2017
Net sales	(yen in millions)	1,178,290	1,199,311	1,488,090
Operating profit	(yen in millions)	117,662	139,366	167,637
Profit attributable to owners of the parent	(yen in millions)	89,945	111,007	131,434
Earnings per share attributable to owners of the parent - Basic	(yen)	303.04	374.27	443.94
Total assets	(yen in millions)	1,376,636	1,678,997	1,768,747
Total equity attributable to owners of the parent	(yen in millions)	763,023	846,572	933,088
Total equity per share attributable to owners of the parent	(yen)	2,572.56	2,854.28	3,152.75

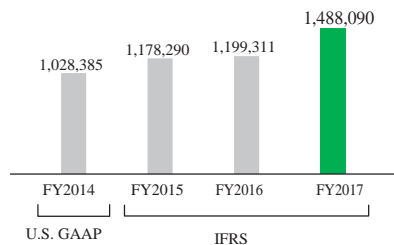
#### [U.S. GAAP]

		FY2014	FY2015
Net sales	(yen in millions)	1,028,385	1,178,290
Operating income	(yen in millions)	110,939	124,538
Net income attributable to Nidec Corporation	(yen in millions)	76,015	91,810
Net income attributable to Nidec Corporation per share-basic	(yen)	271.61	309.32
Total assets	(yen in millions)	1,357,340	1,384,472
Nidec Corporation shareholders' equity (yen in millions)		744,972	764,221
Nidec Corporation shareholders' equity per share (yen)		2,533.07	2,576.59

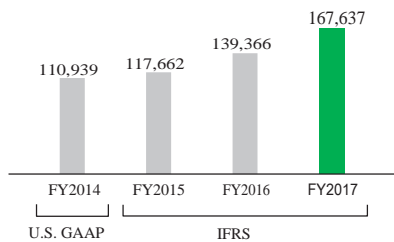
#### Notes:

1. Figures shown in yen in millions are rounded off to the nearest one million.
2. "Net sales" do not include consumption taxes.
3. From fiscal year 2016, we prepare the consolidated financial statements based on IFRS in accordance with the provisions of Article 120, Paragraph 1 of Corporate Accounting Rules. The figures for the fiscal year 2015 based on IFRS are also stated for reference purpose.
4. "Earnings per share attributable to owners of the parent - basic" have been calculated based on figures of "Profit attributable to owners of the parent."
5. "Earnings per share attributable to owners of the parent - basic" and "Net income attributable to Nidec Corporation per share-basic" are calculated based on the average total number of the Company's shares issued and outstanding (excluding treasury stocks) during each fiscal year. "Total equity per share attributable to owners of the parent" and "Nidec Corporation shareholders' equity per share" are calculated based on the total number of shares issued and outstanding (excluding treasury stocks) as of the end of the each fiscal year.
6. Nidec Corporation has finalized the provisional accounting treatment for the business combination in the fiscal year ended March 31, 2018. Consolidated financial statements for the fiscal year ended March 31, 2017 reflect the revision of the initially allocated amounts of acquisition price as Nidec Corporation finalized the provisional accounting treatment for the business combination.

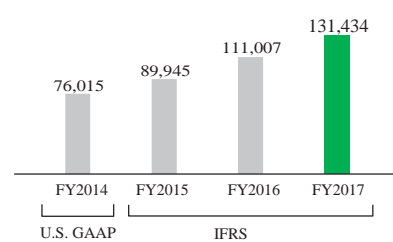
Net sales (Yen in millions)



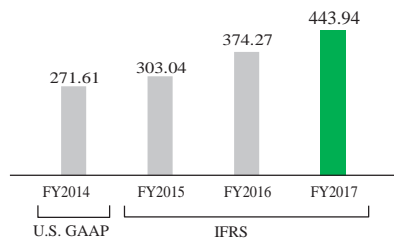
Operating profit (Yen in millions)



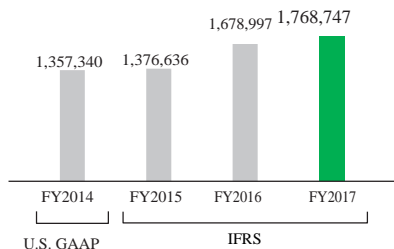
Profit attributable to owners of the parent (Yen in millions)



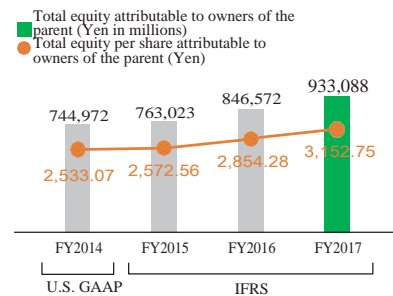
Earnings per share attributable to owners of the Parent-Basic (Yen)



Total assets (Yen in millions)



Total equity attributable to owners of the parent / Total equity per share attributable to owners of the parent



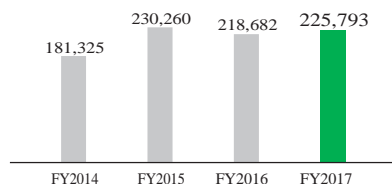
## (2) Assets, profits and losses of the Nidec Corporation

		FY2014	FY2015	FY2016	FY2017
Net Sales	(Yen in millions)	181,325	230,260	218,682	225,793
Ordinary profit	(Yen in millions)	27,111	20,657	10,558	16,947
Net income	(Yen in millions)	25,217	17,658	7,808	16,715
Net income per share	(Yen)	90.08	59.49	26.32	56.46
Total assets	(Yen in millions)	690,302	702,471	867,645	906,332
Net assets	(Yen in millions)	347,531	348,457	334,814	318,857
Net assets per share	(Yen)	1,181.64	1,174.83	1,128.85	1,077.36

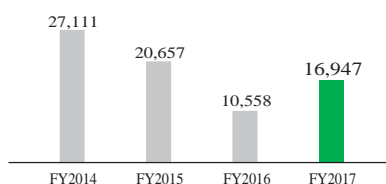
### Notes:

1. Figures shown in yen in millions are rounded to the nearest million.
2. "Net sales" do not include consumption taxes.
3. "Net income per share" is calculated based on the total average number of shares issued and outstanding (excluding treasury stocks) during each fiscal year. "Net assets per share" are calculated based on the total number of shares issued and outstanding (excluding treasury stocks) as of the end of the each fiscal year.

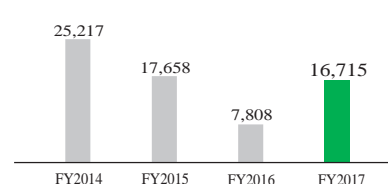
Net sales (Yen in millions)



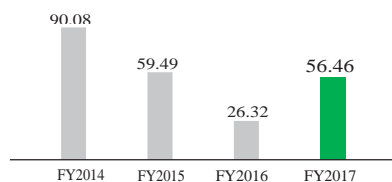
Ordinary profit (Yen in millions)



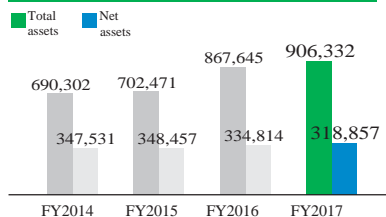
Net income (Yen in millions)



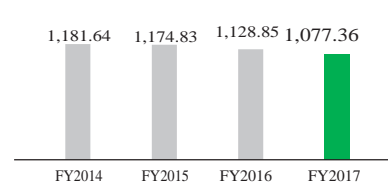
Net income per share-Basic (Yen)



Total assets / Net assets (Yen in millions)



Net assets per share (Yen)



#### **4. Nidec Group's Challenges**

##### **(1) Enhancing the Corporate Governance System**

For this fiscal year ending March 31, 2019, Nidec Group plans to have three independent outside members of the Audit and Supervisory Board and two independent outside members of the Board of Directors, five individuals in total, who will contribute to the carrying out of more lively discussions in the Meetings of the Board of Directors. With this system in the Meetings of the Board of Directors as a prime example, Nidec Group is striving to further enhance corporate governance.

##### **(2) Building and Strengthening Global Management Infrastructure**

Nidec Group as a global company will further enhance its group's business management, accounting and financial reporting, and business information disclosure systems in accordance with global standards.

To secure a global sustainable growth and accelerate the pace of the post-merger integration (PMI) process of companies purchased overseas, we are building a "five-pronged global matrix-based business management system" intended to strengthen the foundation of our growth strategy. Specific actions include the establishment and functional expansion of regional management companies, which will be tasked to improve management quality (in the areas of governance, compliance, and internal control), secure good management efficiency (providing high-quality, low-cost shared services for individual regions), and actively support PMI.

We previously maintained a "federate-style" management system, under which individual group companies maintained a high degree of independence and autonomy in their business operations; however, to address globalization needs, we are shifting towards a "unified group management" increasingly quickly.

Nidec Group's Corporate Administration & Internal Audit Department, which is responsible for group-wide internal controls, has in place a global auditing system to strengthen auditing of the sphere related to prevention of improprieties as a response to strengthening the global management system. Nidec Group is striving to further strengthen internal controls based on the experience and know-how gained through the past audits of our financial statements and the implementation of measures to comply with the U.S. Sarbanes-Oxley Act of 2002. We also seek to improve our information disclosure system and policy through enhanced cooperation between a committee responsible for information disclosure and other relevant specialized departments.

Such specialized departments and offices, including the Compliance Office, the Risk Management Office, and the Investor relations & CSR Promotion Department, also collaborate with one another and other departments as appropriate. We seek to find ways to create and maintain jobs and otherwise contribute to society based on our basic management policy as a good corporate citizen.

## 5. Main businesses of the Nidec Group (as of March 31, 2018)

The Nidec Group mainly manufactures and sells spindle motors for hard disk drives (HDD motors), small precision motors for PCs' peripheral devices, OA (office automation) equipment/devices, and home appliances, etc., and mid-large size motors for home appliance, commercial and industrial motors and related products. Also, we manufacture and sell automotive motors and components, machinery, electronic and optical components, as well as providing related services.

The group's business categories are as follows:

Product Group	Products
Small precision motors	HDD motors, brushless motors, fan motors, vibration motors, brush motors and motor applications
Automotive, appliance, commercial and industrial products	Automotive motors and components, home appliance, commercial and industrial motors and related products
Machinery	Industrial robots, card readers, test systems, press machines and power transmission drives
Electronic and optical components	Switches, trimmer potentiometers, lens units and camera shutters
Others	Services

## 6. Major business sites, plants, and employees of Nidec Group (as of March 31, 2018)

### (1) Major business sites and plants

Head office	Minami-ku, Kyoto, Japan
Sales offices and product development sites	Kyoto, Tokyo, Shiga, Nagano, and Kawasaki, Japan
Other sites	Nidec Electronics (Thailand) Co., Ltd. Nidec Singapore Pte. Ltd. Nidec (H.K.) Co., Ltd Nidec Sankyo Corporation (Nagano) Nidec Copal Corporation (Tokyo) Nidec Techno Motor Corporation (Kyoto) Nidec Motor Corporation (U.S.A) Nidec Motors & Actuators (Germany) GmbH

### (2) Employees of the Nidec Group

#### (i) The Nidec Group

Category	Number of Employees	Increase (decrease) from the end of previous fiscal year
Total	107,554	492

Note: In addition to the above employees, 27,657 people are working as temporary staff.

#### (ii) Nidec Corporation

Category	Number of Employees	Increase (decrease) from the end of previous fiscal year	Average age	Average years of employment
Total	2,576	184	39.5	9.4

Note: In addition to the above employees, 253 people are working as temporary staff.

## 7. Important parent companies and subsidiaries

### (1) Important subsidiaries (as of March 31, 2018)

Subsidiaries	Capital or investment	Ratio of voting rights	Principal business
Nidec Electronics (Thailand) Co., Ltd.	USD 231,657 thousand	99.9%	Manufacturing and sales of small precision motors
Nidec Singapore Pte. Ltd.	USD 4,656 thousand	100.0%	Sales of small precision motors
Nidec (H.K.) Co., Ltd.	HKD 2,352 thousand	100.0%	Sales of small precision motors
Nidec Sankyo Corporation	JPY 35,270 million	100.0%	Manufacturing and sales of small precision motors, automotive products, machinery and electronic components
Nidec Copal Corporation	JPY 11,080 million	100.0%	Manufacturing and sales of small precision motors, machinery and electronic and optical components
Nidec Techno Motor Corporation	JPY 2,500 million	100.0%	Manufacturing and sales of commercial and industrial products
Nidec Motor Corporation	USD 1,410,523 thousand	100.0% (100.0%)	Manufacturing and sales of appliance, commercial and industrial products
Nidec Motors & Actuators (Germany) GmbH	EUR 25 thousand	100.0%	Manufacturing and sales of automotive products

- Notes: 1. Figures are rounded off to the minimum unit in the capitals.  
2. The percentages within the parentheses in the "Ratio of voting rights" column indicate the ratios of the voting rights owned by the Company's subsidiaries and other institutions.

### (2) Business combinations

We acquired four companies, Secop Holding GmbH (currently, Nidec Global Appliance Compressors), Secop s.r.o. (currently, Nidec Global Appliance Slovakia), Secop Compressors (Tianjin) Co. Ltd. (currently, Nidec Compressors (Tianjin) Co., Ltd.), and Secop Inc. (currently, Nidec Global Appliance USA), from Secop Beteiligungs GmbH on July 31, 2017 (Germany time) and converted them into our subsidiaries.

## 8. Major financial lenders and amounts borrowed (as of March 31, 2018)

Lenders	Amounts borrowed (yen in millions)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	63,087
Sumitomo Mitsui Banking Corporation	38,950

## 9. Dividend Policy

From the standpoint of upholding shareholder-oriented management, we strive to make the efforts mandated by our shareholders; namely, we aim to maintain and improve over the long term our dynamic growth, large revenues, high share price, advanced technology, and generous treatment of our workers. We also strive to present a vision for the future that is reflective of our constant and vigilant attention to the changing times. Fundamental to this stance of ours is our untiring and enduring commitment to growth. In our policy on profit distribution as well, we place importance on maintaining stable dividends, targeting a dividend payout ratio to around 30% of our consolidated profit for the year, and strive to improve dividends while keeping them commensurate with consolidated profit for the year.

At the same time, we work to improve revenues by utilizing internal reserves to further strengthen our operational structure and invest in business expansion.

- 10. Other important matters concerning the current business circumstances of the Nidec Group**  
N/A

## II. Matters concerning shares of the Company (as of March 31, 2018)

1. Total number of shares authorized to be issued: 960,000,000

2. Total number of issued shares: 298,142,234

3. Number of shareholders: 62,947

### 4. Ten major shareholders (excluding treasury stocks):

Shareholders	Shares owned (in thousands)	Shareholding ratio (%)
Shigenobu Nagamori	24,736	8.35
Japan Trustee Services Bank, Ltd. (trust account)	17,598	5.94
The Master Trust Bank of Japan, Ltd. (trust account)	14,658	4.95
The Bank of Kyoto, Ltd.	12,399	4.18
S.N. Kosan, Ltd.	11,122	3.75
STATE STREET BANK AND TRUST COMPANY	7,965	2.69
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,425	2.50
Nippon Life Insurance Company	6,579	2.22
Meiji Yasuda Life Insurance Company	6,402	2.16
JPMC OPPENHEIMER JASDEC LENDING ACCOUNT	5,289	1.78

- Notes: 1. The numbers of shares owned has been rounded down to the nearest 1,000 shares.  
2. The shareholding ratio was calculated excluding treasury stocks (2,182,209 shares).



**III. Matters concerning the Company's share warrant**  
N/A

#### IV. Matters concerning the members of the Board of Directors and the Audit & Supervisory Board of the Company

##### 1. Members of the Board of Directors and the Audit & Supervisory Board (as of March 31, 2018)

Position	Name	Job description and concurrent positions at other corporations
Representative Director, Chairman of the Board, President & CEO	Shigenobu Nagamori	Chief Executive Officer, Nidec Corporation; Member of the Board of Directors and Chairman, Nidec Sankyo Corporation, Nidec Elesys Corporation, Nidec-Shimpo Corporation and Nidec-Read Corporation; and Chairman of the Board of Trustees, Kyoto Gakuen Educational Foundation
Representative Director and Vice Chairman	Hiroshi Kobe	Chief Sales Officer, Adviser to President (in the area of Global Business Promotion & Marketing Division, Global Centralized Purchasing Division, Secretarial Office, Corporate Administration & Internal Audit Dept., Compliance Office, Risk Management Office, Corporate Planning Dept., Public Relations & Advertising Dept., Legal Dept., General Affairs Dept., Human Resources Dept., Human Resource Planning Dept., Information Systems Dept., International Business Administration Dept., Sales Administration & Service Dept. and 3Q6S), Nidec Corporation; and Representative Director and Chairman, Nidec Servo Corporation and Nidec Global Service Corporation
Representative Director and Vice Chairman	Mikio Katayama	Chief Technology Officer, Adviser to President (in the area of New Business Development Unit, Nidec Research and Development Center, Japan, Nidec Center for Industrial Science, Global Production Engineering Division and Intellectual Property Dept.), Nidec Corporation; Member of the Board of Directors and Chairman, Nidec India Private Limited; and Representative Director and Chairman, Nidec Techno Motor Corporation, Nidec Copal Corporation and Nidec Seimitsu Corporation
Member of the Board of Directors and Executive Vice President	Akira Sato	Chief Financial Officer, Adviser to President (in the area of Global PMI Promotion Division, Corporate Strategy Office, Group Companies Management Dept. and Finance Dept.), in charge of managing CFO Strategy Dept., Accounting Dept., Global Tax Planning Dept., and CSR Promotion Office, Nidec Corporation; Member of the Board of Directors and Chairman, Nidec Management Shanghai Corporation and Nidec Americas Holding Corporation; and Member of the Board of Directors and President, Green Sun Insurance, Inc.
Member of the Board of Directors and Executive Vice President	Toshihiko Miyabe	Executive General Manager, Small Precision Motor & Solutions Business Unit, BU-wide Business Planning and First Senior General Manager, General Application Motor & Solutions Business Group, Nidec Corporation; and Member of the Board of Directors and Chairman, Nidec (Zhejiang)

		Corporation and Nidec Philippines Corporation
Member of the Board of Directors and Executive Vice President	Hiroyuki Yoshimoto	Adviser to President (in the area of Advanced System Research and Development Center), Executive General Manager, Automotive Motor & Electronic Control Business Unit, Nidec Corporation; Member of the Board of Directors and Chairman, Nidec (Dalian) Limited and Nidec Automotive Motor (Zhejiang) Corporation; Representative Director and Chairman, Nidec Tosok Corporation; and Chairman, Nidec Automotive Motor Americas, LLC
Member of the Board of Directors and Executive Vice President	Tetsuo Onishi	Executive General Manager, Appliance, Commercial & Industrial Motor Business Unit, Nidec Corporation; Representative Director and Chairman, Nidec Motor Holdings Corporation; and Member of the Board of Directors and Chairman, Nidec ASI S.p.A. and Nidec Motor Corporation
Member of the Board of Directors	Kiyoto Ido	Vice Chairman, the Institute for International Economic Studies (IIES); and Director, Kyoto Gakuen Educational Foundation
Member of the Board of Directors	Noriko Ishida	Chairperson, Lion Bashi Law Firm; and Director, Kyoto Gakuen Educational Foundation
Fulltime Member of the Audit & Supervisory Board	Ryuichi Tanabe	Member of the Audit & Supervisory Board, Nidec-Read Corporation
Fulltime Member of the Audit & Supervisory Board	Osamu Narumiya	
Fulltime Member of the Audit & Supervisory Board	Kazuya Murakami	
Member of the Audit & Supervisory Board	Eisuke Nagatomo	Representative Director and Member of the Board of Directors, EN associates, Co., Ltd.; Visiting Professor, Graduate School of Commerce, Waseda University; and Outside Member of the Board of Directors, Miroku Jyoho Service Co., Ltd. and Nikkiso Co., Ltd.
Member of the Audit & Supervisory Board	Junko Watanabe	Professor, Graduate School of Economics and Faculty of Economics, Kyoto University

- Notes:
1. Mr. Kiyoto Ido and Ms. Noriko Ishida, outside members of the Board of Directors, have been appointed as Independent Directors who the Company believes have the capacity to fully perform their roles including the supervision of the execution of duties of the Company from an independent position, meeting the requirements for independent candidates for the position in accordance with the regulations of Tokyo Stock Exchange.
  2. Messrs. Ryuichi Tanabe and Eisuke Nagatomo and Ms. Junko Watanabe, outside members of the Audit & Supervisory Board, have been appointed as Independent Auditors who the Company believes have the capacity to fully perform their roles including the supervision of the execution of duties of the Company from an independent position, meeting the requirements for independent candidates for the position in accordance with the regulations of Tokyo Stock Exchange.
  3. Appointments and transfers of members of the Board of Directors and the Audit & Supervisory Board during the fiscal year 2017 were as follows:
    - (i) During the 44th Regular General Meeting of Shareholders held on June 16, 2017, Messrs. Hiroyuki Yoshimoto and Tetsuo Onishi were newly elected and assumed office as members of the Board of Directors.
    - (ii) During the 44th Regular General Meeting of Shareholders held on June 16, 2017, Mr. Kazuya Murakami was newly elected and assumed office as a member of the Audit & Supervisory Board.
    - (iii) Mr. Tetsuo Inoue, a member of the Audit & Supervisory Board, retired from the post at the end of the 44th Regular General Meeting of Shareholders held on June 16, 2017.

4. Mr. Kiyoto Ido, a member of the Board of Directors, has held prominent posts at the Ministry of Finance of Japan and other organizations, and possesses sufficient knowledge and expertise on finance and accounting. No special relationship exists between Nidec Corporation and his concurrently held posts.
5. Ms. Noriko Ishida, a member of the Board of Directors, is a qualified attorney-at-law, and possesses sufficient knowledge and expertise on law. No special relationship exists between Nidec Corporation and her concurrently held posts.
6. Mr. Ryuichi Tanabe, a member of the Audit & Supervisory Board, has worked globally as a diplomat, and possesses broad international perspectives and knowledge. Nidec-Read Corporation, for which Mr. Tanabe works as a member of the Audit & Supervisory Board, is Nidec Corporation's subsidiary.
7. Mr. Osamu Narumiya, a member of the Audit & Supervisory Board, has long been involved in risk management and corporate administration and internal audit services, and possesses sufficient knowledge and expertise on finance and accounting.
8. Mr. Kazuya Murakami, a member of the Audit & Supervisory Board, has held prominent posts at the Ministry of Finance of Japan and other organizations, and possesses sufficient knowledge and expertise on finance and accounting.
9. Mr. Eisuke Nagatomo, a member of the Audit & Supervisory Board, has held prominent posts at Tokyo Stock Exchange and other corporations, and possesses sufficient knowledge and expertise on finance and accounting. No special relationship exists between Nidec Corporation and his concurrently held posts.
10. Ms. Junko Watanabe, a member of the Audit & Supervisory Board, has abundant experience and high-level expertise as a university professor. We made a donation to Kyoto University to support its educational and research activities during the fiscal year 2017; however, the amount of the donation was insignificant.
11. Changes in positions and concurrent positions. The following changes were made as of April 01, 2018:

Position	Name	Job description and concurrent positions at other corporations
Representative Director, Chairman of the Board, President & CEO	Shigenobu Nagamori	Chief Executive Officer, Nidec Corporation; Member of the Board of Directors and Chairman, Nidec Sankyo Corporation, Nidec Elesys Corporation, and Nidec-Shimpo Corporation; and Chairman of the Board of Trustees, Kyoto Gakuen Educational Foundation
Representative Director and Vice Chairman	Mikio Katayama	Chief Technology Officer, Adviser to President (in the area of Nidec Research and Development Center, Japan, Nidec Center for Industrial Science, Global Production Engineering Division and Intellectual Property Dept.), Nidec Corporation; and Representative Director and Chairman, Nidec Techno Motor Corporation
Representative Director and Executive Vice President	Hiroyuki Yoshimoto	Chief Operating Officer, Adviser to President (in the area of Advanced System Research and Development Center), Executive General Manager, Automotive Motor & Electronic Control Business Unit, Nidec Corporation; Member of the Board of Directors and Chairman, Nidec (Dalian) Limited, Nidec Automotive Motor (Zhejiang) Corporation and Nidec India Private Limited; and Representative Director and Chairman, Nidec Tosok Corporation, Nidec Copal Corporation and Nidec Seimitsu Corporation; and Chairman, Nidec Automotive Motor Americas, LLC
Member of the Board of Directors and Executive Vice President	Akira Sato	Chief Financial Officer, Adviser to President (in the area of Global PMI Promotion Division, Corporate Strategy Office, Group Companies Management Dept., Accounting Dept. and Finance Dept.), in charge of managing Investor Relations & CSR Promotion Dept. and Global Tax Planning Dept., Nidec Corporation; Member of the Board of Directors and Chairman, Nidec Management

		Shanghai Corporation and Nidec Americas Holding Corporation; and Member of the Board of Directors and President, Green Sun Insurance, Inc.
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## 2. Compensation, etc., for members of the Board of Directors and members of the Audit & Supervisory Board

Category	Number of persons	Total amount of compensation, etc.	Description
Members of the Board of Directors	9	¥381 million	Including ¥12 million for two Outside Members of the Board of Directors
Members of the Audit & Supervisory Board	6	¥58 million	Including ¥28 million for three Outside Members of the Audit & Supervisory Board
Total	15	¥439 million	

Note: The above information includes the compensation, etc. for one member of the Audit & Supervisory Board who retired during the fiscal year under review.

## 3. Major activities of outside members of the Board of Directors

### (1) Attendance and statements made by outside members of the Board of Directors at the meetings of the Board of Directors

Name	Attendance (number of times)		Statement
	Meeting of the Board of Directors		
Kiyoto Ido	23		Business management-related statements based on a professional viewpoint
Noriko Ishida	23		Expertise-based statements as an attorney

Note: During the fiscal year 2017, the Meetings of the Board of Directors were held 25 times.

### (2) Attendance and statements made by outside members of the Audit & Supervisory Board at the meetings of the Board of Directors and the meetings of the Audit & Supervisory Board

Name	Attendance (number of times)		Statement
	Meeting of the Board of Directors	Meeting of the Audit & Supervisory Board	
Ryuichi Tanabe	24	14	Business management-related statements based on a professional viewpoint
Eisuke Nagatomo	25	14	Business management-related statements based on a professional viewpoint
Junko Watanabe	24	14	Business management-related statements based on a professional viewpoint

Note: During the fiscal year 2017, the meetings of the Board of Directors were held 25 times, and the meetings of the Audit & Supervisory Board were held 14 times.

### (3) Overview of Limited Liability Agreement

Nidec Corporation has a limit liability contract with Mr. Kiyoto Ido and Ms. Noriko Ishida (outside members of the Board of Directors), and with Messrs. Ryuichi Tanabe and Eisuke Nagatomo and Ms. Junko Watanabe (outside members of the Audit & Supervisory Board). The contract's overview is as follows:

- The maximum amount of liability that any outside members of the Board of Directors or any outside members of the Audit & Supervisory Board is held accountable against the Company as a result of his/her negligence to perform his/her duty shall be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act of Japan.
- The aforementioned liability limitation shall be applicable only if the duty that resulted in

any outside members of the Board of Directors or any outside members of the Audit & Supervisory Board being held accountable was executed under good will, and if no material negligence is identified in such duty.

## V. Matters concerning the accounting auditor

### 1. Name of the accounting auditor

PricewaterhouseCoopers Kyoto

### 2. Fees paid to the accounting auditor

Category	Amount Paid
(1) Total amount of fees to be paid by the Company	¥226 million
(2) Total amount of money and other asset-type profit to be paid by the Company and its subsidiaries	¥558 million

- Notes:
1. The amount in (1) above shows the total of all audit fees combined because, in the audit contracts between the Company and its accounting auditor, the audit fees for Companies Act-based audits and Financial Instruments and Exchange Law-based audits are not distinguished, nor could they be distinguished in substance.
  2. The Company consigns and pays consideration to the accounting auditor for services concerning the preparation of comfort letters, which are non-audit services outside the scope of Article 2, Paragraph 1 of Certified Public Accountants Act of Japan.
  3. Of the Company's important subsidiaries, Nidec Motor Corporation and other four companies undergo audits (limited to the audits subject to Companies Act or Financial Instruments and Exchange Act of Japan (including laws and regulations that are equivalent to these laws) by certified public accountants or auditing firms other than the Company's accounting auditor (including those with overseas qualifications equivalent to those of such accountants or firms).
  4. The Audit & Supervisory Board obtained necessary documents, and received and discussed reports, from the members of the Board of Directors, concerned departments of the Company, and the accounting auditor, and, determined and reached consensus that the basis of the calculation of the remuneration, etc. estimated based on the audit plan and audits executed during the previous fiscal year and on the audit time and personnel allocation plan for the fiscal year 2017 audit plan is correct, based on the detailed and clear relationship between the audit work and the remuneration.

### 3. Policy to decide to dismiss or decline the re-appointment of an accounting auditor

The Audit & Supervisory Board will dismiss the accounting auditor if any inevitable event arises pursuant to the provisions of the laws and regulations, subject to unanimous approval of the Audit & Supervisory Board members. If an event arises which severely hinders the accounting auditor from continuing to perform its audit duties, the Audit & Supervisory Board shall decide the content of a proposal on dismissal or non-reappointment of the said accounting auditor, which will be submitted to the General Meeting of Shareholders.

## **VI. The system to secure proper business performance and its operation**

### **1. Overview of decisions regarding the system to secure proper business performance**

In accordance with the Companies Act of Japan and Ordinance for Enforcement of the Companies Act, the Company has in place the following system to ensure proper business operations by the Company and its subsidiaries:

#### **(1) System to ensure the execution of duties by the Company's and its subsidiaries' members of the Board of Directors and employees comply with laws and regulations and the Articles of Incorporation**

The Company has in place the following compliance system to obtain social trust by complying with laws and regulations, relevant rules, internal rules and standards, social ethics codes, etc. while enhancing the ethical awareness of the officers and employees, and to establish corporate integrity:

- (i) The Company has established "Compliance Regulations" to put in place the basic notions, the organization and operational methods for compliance throughout the Nidec Group, and establish a compliance system and promote total awareness of this system through properly executing business operations based on laws and regulations, and by continuously checking and improving the process of executing such business operations.
- (ii) The Company has a Compliance Committee under its Board of Directors, establishes basic compliance policies, and monitors Nidec Group's compliance status.
- (iii) The Company establishes specific compliance-related action guidelines, i.e., "the Nidec Group Compliance Code of Conduct," and ensures that all Nidec Group's officers and employees understand and act on them.
- (iv) As part of its compliance promotion activity, the Company holds compliance seminars for individual Nidec companies to help raise their officers' and employees' awareness on compliance.
- (v) To spread compliance throughout Nidec Group, the Company has in place a Nidec Group-wide internal reporting system, "Nidec Global Compliance Hotline," to encourage Nidec Group's employees to make reports and point out problems regarding violations of laws and regulations, and internal rules, and to protect whistleblowers of such problems.
- (vi) To promote the aforementioned activity, the Company's Compliance Office works with Nidec Group's regional compliance officers in the Americas, China, Europe and Southeast Asia to secure compliance in individual Nidec companies, forming a global compliance system.
- (vii) To address compliance violations, the Company tries to prevent their recurrence by performing investigations based on reports, notifications, etc., made to its Compliance Office or internal point of contact for such notifications. The Company tries hard to prevent, in particular, fraud by a business leader, employee, or third party that causes misstatements in financial statements. The Company deliberates compliance violations in a meeting of an internal disciplinary committee and the Board of Directors to decide on penalties.
- (viii) To exercise its corporate governance Nidec Group-wide, the Company has its head office departments provide the entire Nidec Group with internal control system-related instructions and support, and manage and audit Nidec companies to ensure legal, proper, and efficient business operations.
- (ix) The internal audit departments of the Company and its subsidiaries conduct internal audits on individual Nidec companies to provide them with instruction, support, and advice for better business operations.

#### **(2) System to store and manage information concerning the execution of duties by the members of the Company's Board of Directors**

The Company organizes and stores documents concerning the execution of duties by the members of its Board of Directors and Vice Presidents by a certain number of years based on "Document Regulations," and the members of the Company's Audit & Supervisory Board may view those documents at any time.

#### **(3) Regulations and other systems to manage risks of loss concerning the Company and its subsidiaries**

- (i) The Company established "Risk Management Regulations" to have in place a Nidec Group-wide risk management system, as well as a Risk Management Committee and Risk Management Office. Risk Management Committee, supervised by the Company's Board of Directors, decides the Company's risk management policies each fiscal year, while the Company's individual department



- general managers and Nidec companies work under the committee to make and implement the annual plan in order to encourage thorough risk management, response, and reporting. Risk Management Office supports such actions and collects information on those actions' statuses, while Corporate Administration & Internal Audit Department audits Nidec companies on the design of their risk management systems.
- (ii) In addition to "Risk Management Regulations," which are intended to manage daily risks, the company adopts Nidec Group-wide "Crisis Management Regulations" to prepare for a situation in which a risk is actualized and must be handled in reality.
- (4) System to ensure an efficient execution of duties by the members of the Company's and its subsidiaries' Boards of Directors
- (i) As the basis of the "system to ensure an efficient execution of duties by the members of the Company's Board of Directors," the Company adopts a vice president system to empower its Vice Presidents with authorities to execute business operations. The Company's Board of Directors makes decisions on material matters concerning the Company's business policies, management strategies, etc., appoints and dismisses Vice Presidents, and supervises the execution of business operations.
- (ii) Nidec Group establishes a mid-term business plan to realize its long-term vision that was set as a specific numerical and qualitative target, uses it as the basis of its annual business plans. When making the mid-term business plan, the Company identifies, deliberates and makes decisions based on analysis of the feasibility of accomplishing the mid-term goals, the compatibility with the long-term vision, and the issues and risks that must be overcome to successfully achieve the plan. The Company regularly reviews and rolls the plan based on changes in the market and the status of progress against the plan.
- (iii) The Company and Nidec companies have in place "Approval Request (*Ringi*) Regulations," which covers matters that require approval requests and approval request procedures, to define clearly the authorities to make judgments and decision on business operations and to improve business management efficiency and transparency.
- (iv) The Company and Nidec companies hold a risk management meeting daily to promptly report and share material information, and the minutes of the meeting is sent to each department general manager every day for daily business operations, while, as necessary such important issues are discussed widely and shared among participants in the Executive Management Meeting with Senior Vice Presidents and Above (*Jomu-kai*) and the Executive Management Meeting (*Keiei-kaigi*).
- (5) Matters concerning reports to the Company regarding the execution of duties by the members of the Board of Directors of the Company's subsidiaries
- (i) The members of the Board of Directors and Vice Presidents of the Company serve as members of the Board of Directors and Vice Presidents of Nidec companies as well, attend their Executive Management Meetings (*Keiei-kaigi*), hold a Nidec Group-wide CEO Conference quarterly, and take other actions to efficiently share policies and information, and communicate instructions and requests within Nidec Group.
- (ii) The administrative departments responsible for individual Nidec companies' business operations work to improve collaboration with those companies, and request them to submit reports, documents, etc. as necessary to understand their management status accurately.
- (6) Matters concerning the Company's employees and their independency from the members of Company's Board of Directors when the members of the Company's Audit & Supervisory Board request the Company to appoint employees to support the work of the members of the Company's Audit & Supervisory Board
- (i) In accordance with the Audit & Supervisory Board's requests, the Corporate Administration & Internal Audit Department audits matters that the members of Audit & Supervisory Board request to be audited, and reports the audit's result to the Audit & Supervisory Board.
- (ii) During such an audit, support is provided for performing the audit if ordered or requested by the members of Audit & Supervisory Board. The members of the Board of Directors or Vice Presidents of the Company pose no improper restrictions on such reports.

(7) System for the members of the Board of Directors and employees of the Company to report to the members of the Audit & Supervisory Board and other systems concerning reports to the members of the Audit & Supervisory Board

The members of the Board of Directors, Vice Presidents and employees of the Company promptly report to the Audit & Supervisory Board, in addition to statutory matters, matters that materially affect the entire Nidec Group, the progress of internal audit, the status of whistle blowing based on the internal whistle blowing system, and subjects reported by whistle blowing. The method for reporting is based on the decision made following discussion between the members of the Board of Directors and Vice Presidents, and the Audit & Supervisory Board.

(8) System for a member of the Board of Directors or the Audit & Supervisory Board, an employee who executes any business operation, an employee of any of the Company's subsidiaries, or someone who has received a report from any of these people, to report to the members of the Company's Audit & Supervisory Board, and to protect whistleblowers

- (i) The Company's Corporate Administration & Internal Audit Department holds a meeting to report matters to the Company's members of the Audit & Supervisory Board on a regular basis, and reports the internal audit results at Nidec companies.
- (ii) The Company's Compliance Office reports the status of whistle blowing by Nidec Group's officers and employees to the members of the Company's Audit & Supervisory Board on a regular basis.
- (iii) Nidec Group protects whistleblowers so that they will not be affected negatively after whistle blowing based on the Nidec Group-wide internal whistle blowing system, Nidec Global Compliance Hotline.

(9) Matters concerning the policy for handling advanced payments of the cost incurred due to the execution of duties by the members of the Company's Audit & Supervisory Board, for handling procedures for reimbursement, and for handling the cost or liability incurred due to the execution of any other duties by the members of the Company's Audit & Supervisory Board

In accordance with the Company's Audit & Supervisory Board Regulations and the standards for audit by the members of the Audit & Supervisory Board, the Company's Audit & Supervisory Board is entitled to independently deliberate matters, such as budget for auditing expenses, that the members of the Audit & Supervisory Board deem necessary to execute their duties, and may request the Company to redeem urgently or temporarily incurred costs at a later date.

(10) Other systems to ensure an effective audit by the members of the Audit & Supervisory Board

- (i) The members of the Audit & Supervisory Board exchange their opinions with the Company's executives.
- (ii) The members of the Audit & Supervisory Board prepare each month's activities in an audit report, and submit it to the Company's Board of Directors.
- (iii) The members of the Audit & Supervisory Board visit individual Nidec companies onsite to conduct audits on operations.

## **2. Overview of the operation of the system to secure proper business performance**

The Company, based on the above system, has implemented the following specific actions:

### **(1) Compliance system**

As part of the Company's efforts to ensure regulatory compliance, the Compliance Office held compliance seminars for the purpose of raising awareness among the executives and employees of the Company and its consolidated subsidiaries on the importance of adhering to guidelines regarding compliance issues. Additionally, the Company's Chairman of the Board, President & CEO addressed himself to compliance issues and raised awareness at the meetings with the Company's consolidated subsidiaries.

Furthermore, the Company's Compliance Committee worked to secure a compliance system in the Company and other individual NIDEC Group companies by monitoring their status of compliance.

### **(2) Risk management system**

The Company's Risk Management Office collected and assessed, in a consolidated and comprehensive manner, the risk assessment & survey sheets, risk management activity plans and the reports on the previous fiscal year's executed plans and risks materialized, which were submitted from the Company and other NIDEC Group companies, and identified and addressed important risks to the NIDEC Group in the Office's attempt for comprehensive risk management.

### **(3) Systems to secure efficient work execution**

The Company submitted for deliberation important work execution-related matters to the Management Meeting and above prior to submitting such matters to the Board of Directors, discussed and deliberated the appropriateness of the execution of the work, the possible presence of risks in the work etc., and thus aimed to improve the efficiency of work execution.

### **(4) System of auditing by the members of the Audit & Supervisory Board**

The members of the Company's Audit & Supervisory Board all attended the meetings of the Board of Directors, and monitored them to confirm that the Company's decisions are made after sufficient discussion. The members of the Company's Audit & Supervisory Board also shared information and exchanged their opinions with Corporate Administration & Internal Audit Department and the accounting auditor of the Company, while obtaining information from the Risk Management Meeting, etc. as necessary, and reported to the Board of Directors, as necessary, important issues and other matters obtained from such information.

Furthermore, the members of the Company's Audit & Supervisory Board invited the Company's accounting auditor to the meetings of the Audit & Supervisory Board a total of six times during this fiscal year, and closely exchanged their information with the accounting auditor.

### **(5) Internal audit system**

Based on its internal audit plan, the Company's Corporate Administration & Internal Audit Department conducted internal audit to the Company and other NIDEC Group companies, and, as necessary, reported and explained to the Company's executives and at the Risk Management Meeting, etc. the issues and problems identified in relation to internal audit and other matters to ensure that all departments concerned will progress on those matters. Corporate Administration & Internal Audit Department also held report meetings with the members of the Company's Audit & Supervisory Board as necessary, and reported the results of internal audits at individual NIDEC Group companies.

## Consolidated Financial Statements for the Fiscal Year 2017

(April 1, 2017 – March 31, 2018)

### Consolidated Statement of Financial Position

(As of March 31, 2018)

(Yen in millions)

Title	Amount	Title	Amount
Assets		Liabilities	
Current assets	918,063	Current liabilities	447,635
Cash and cash equivalents	265,947	Short term borrowings	1,657
Trade and other receivables	388,741	Long term debt due within one year	29,538
Other financial assets	1,718	Trade and other payables	317,031
Income tax receivables	2,402	Other financial liabilities	1,557
Inventories	227,792	Income tax payables	7,583
Other current assets	31,463	Provisions	28,498
Non-current assets	850,684	Other current liabilities	61,771
Property, plant and equipment	447,323	Non-current liabilities	378,134
Goodwill	234,116	Long term debt	314,602
Intangible assets	122,723	Other financial liabilities	2,373
Investments accounted for using the equity method	1,112	Retirement benefit liabilities	24,195
Other investments	22,295	Provisions	4,544
Other financial assets	5,464	Deferred tax liabilities	29,496
Deferred tax assets	10,923	Other non-current liabilities	2,924
Other non-current assets	6,728	Total liabilities	825,769
		Common stock	87,784
		Additional paid-in capital	118,136
		Retained earnings	823,189
		Other components of equity	(76,870)
		Treasury stock	(19,151)
		Total equity attributable to owners of the parent	933,088
		Non-controlling interests	9,890
		Total equity	942,978
Total assets	1,768,747	Total liabilities and equity	1,768,747

## Consolidated Statement of Income

(For the year ended March 31, 2018)

(Yen in millions)

Title	Amount
Net sales	1,488,090
Cost of sales	(1,130,926)
Gross profit	357,164
Selling, general and administrative expenses	(134,089)
Research and development expenses	(55,438)
Operating profit	167,637
Financial income	6,577
Financial expenses	(7,007)
Derivative loss	(275)
Foreign exchange differences	(2,590)
Share of net profit from associate accounting using the equity method	118
Profit before income taxes	164,460
Income tax expenses	(32,339)
Profit for the year	132,121
Profit for the year attributable to:	
Owners of the parent	131,434
Non-controlling interests	687
Profit for the year	132,121

## Consolidated Statement of Changes in Equity

For the year ended March 31, 2018

(Yen in millions)

	Total equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common Stock	Additional paid-in capital	Retained earnings	Other components of equity	Treasury stock	Total		
As of April 1, 2017	87,784	118,340	715,911	(63,320)	(12,143)	846,572	9,234	855,806
Comprehensive income								
Profit for the year			131,434			131,434	687	132,121
Other comprehensive income				(11,035)		(11,035)	55	(10,980)
Total comprehensive income						120,399	742	121,141
Transactions with owners directly recognized in equity:								
Purchase of treasury stock					(7,008)	(7,008)	-	(7,008)
Dividends paid to the owners of the parent			(26,670)			(26,670)	-	(26,670)
Dividends paid to non-controlling interests						-	(39)	(39)
Transfer to retained earnings			2,514	(2,514)		-	-	-
Other		(204)		(1)		(205)	(47)	(252)
As of March 31, 2018	87,784	118,136	823,189	(76,870)	(19,151)	933,088	9,890	942,978

## Financial Statements

### Non-consolidated Balance Sheet

(As of March 31, 2018)

(Yen in millions)

Title	Amount	Title	Amount
[Assets]		[Liabilities and equity]	
Current assets	166,124	Current liabilities	272,196
Cash and cash equivalents	36,191	Accounts payable	43,684
Notes receivable	18	Electronically recorded obligations-operating	1,321
Electronically recorded monetary claim	463	Short term borrowing	145,496
Trade receivable	66,954	Long term debt current portion due within one year	28,570
Finished products	4,072	Other accounts payable	14,328
Work in progress	445	Accrued expenses	869
Raw materials and supplies and other	796	Deposits received	35,420
Prepaid expenses	1,104	Unearned revenue	22
Deferred tax assets	1,442	Provision for bonuses	2,474
Short term loans receivable from subsidiaries and affiliates	44,818	Other	12
Long term loans receivable from subsidiaries and affiliates redeemable within one year	956	Noncurrent liabilities	315,280
Other accounts receivable	6,679	Corporate bonds	200,001
Corporate tax receivable, etc.	1,857	Long term debt	111,846
Other	580	Deferred tax liabilities	2,150
Allowance for doubtful accounts	(251)	Other	1,283
Noncurrent assets	740,208	<b>Total liabilities</b>	<b>587,476</b>
Property, plant and equipment	43,644	Shareholder's equity	314,354
Buildings	25,153	Common stock	87,784
Structures	645	Additional paid-in capital	147,930
Machinery and equipment	960	Capital reserve	92,005
Tools, furniture and fixtures	2,439	Other additional paid-in capital	55,925
Land	14,315	Retained earnings	97,791
Construction in progress	125	Legal reserve	721
Other	7	Other legal reserve earnings	97,070
Intangible assets	4,494	General reserve	57,650
Patent right	28	Retained earnings brought forward	39,420
Software	3,443	Treasury stock	(19,151)
Software in progress	957	Total valuation and translation adjustments	4,503
Other	66	Valuation difference on available-for-sale securities	4,833
Investments and other assets	692,070	Revaluation reserve for land	(331)
Investment securities	14,183		
Stocks of subsidiaries and affiliates	615,713		

Investments in capital of subsidiaries and affiliates	31,783		
Title	Amount	Title	Amount
Long term loans receivable from subsidiaries and affiliates	26,260		
Claims provable in bankruptcy, claims provable in rehabilitation and other	445		
Long term prepaid expenses	648		
Prepaid pension expenses	1,315		
Other	2,194		
Allowance for doubtful accounts	(471)	Total net assets	318,857
Total assets	906,332	Total liabilities and net assets	906,332



## Non-Consolidated Statement of Income

(For the year ended March 31, 2018)

(Yen in millions)

Title	Amount	
Net sales		225,793
Cost of sales		176,659
Gross profit		49,134
Selling, general and administrative expenses		45,321
Operating profit		3,813
Non-operating income		
Interest income	2,946	
Dividend income	12,455	
Foreign exchange gains	2,978	
Other	2,871	21,250
Non-operating expenses		
Interest expenses	5,155	
Corporate bond expenses	439	
Other	2,522	8,116
Ordinary profit		16,947
Extraordinary income		
Gain on sales of investment securities	180	180
Extraordinary losses		
Loss on disposal of noncurrent assets	6	6
Income before income taxes and other		17,121
Income taxes - current	1,520	
Income taxes - deferred	(1,114)	406
Net income		16,715

## Non-Consolidated Statement of Shareholders' Equity

(For the year ended March 31, 2018)

(Yen in millions)

	Shareholders' equity							
	Capital stock	Additional paid-in capital		Legal reserve	Retained earnings		Treasury stock	Total shareholders' equity
		Capital reserve	Other additional paid-in capital		Other retained earnings			
					General reserve	Retained earnings carried forward		
Balance at the end of previous period	87,784	92,005	55,925	721	89,650	17,376	(12,144)	331,317
Total changes of items during the period								
Dividends from surplus						(26,670)		(26,670)
Reversal of general reserve					(32,000)	32,000		-
Net income						16,715		16,715
Purchase of treasury stock							(7,008)	(7,008)
Net changes of items other than shareholders' equity								
Total changes of items during the period	-	-	-	-	(32,000)	22,045	(7,008)	(16,963)
Balance at the end of the period	87,784	92,005	55,925	721	57,650	39,420	(19,151)	314,354

	Valuation and translation adjustments		Total net assets
	Valuation difference on available for-sale securities	Revaluation reserve for land	
Balance at the end of previous period	3,828	(331)	334,814
Total changes of items during the period			
Dividends from surplus			(26,670)
Reversal of general reserve			-
Net income			16,715
Purchase of treasury stock			(7,008)
Net changes of items other than shareholders' equity	1,005		1,005
Total changes of items during the period	1,005	-	(15,958)
Balance at the end of the period	4,833	(331)	318,857

## Audit Reports

### Audit Report by Accounting Auditor regarding Consolidated Financial Statements

#### Audit Report from Independent Auditors

May 14, 2018

To The Board of Directors  
Nidec Corporation

PricewaterhouseCoopers Kyoto

Designated Partner			
Engagement Partner	Yukihiro	C.P.A.	Seal
Matsunaga			
Designated Partner			
Engagement Partner	Tsuyoshi	C.P.A.	Seal
Yamamoto			

We, PricewaterhouseCoopers Kyoto, audited Nidec Corporation's consolidated financial statements (i.e., consolidated statements of financial position, consolidated statements of income, consolidated statements of changes in equity, and consolidated notes on consolidated statements) for its consolidated fiscal year (April 1, 2017 – March 31, 2018) based on Article 444, Paragraph 4 of the Companies Act of Japan

#### Management's responsibility for consolidated financial statements

It is the management's responsibility to prepare and properly present consolidated financial statements in accordance with the latter part of Article 120, Paragraph 1 of Corporate Accounting Rules, which permits partial deletion of items to be disclosed based on the requirement of the designated international financial reporting standards. This task includes establishing and operating internal controls that the management determines to be necessary to prepare and properly present consolidated financial statements that are free of material misstatements due to fraud or error.

#### Accounting auditor's responsibility

It is PricewaterhouseCoopers Kyoto's responsibility to express its opinions on consolidated financial statements from an independent point of view based on the audit that it has performed. PricewaterhouseCoopers Kyoto has performed an audit based on an audit standard that is generally considered acceptable in Japan. The audit standard requires to prepare an audit plan and perform an audit based thereon in order to obtain reasonable guarantee on whether or not any material misstatement exists in consolidated financial statements.

During the course of the audit, a procedure is executed to obtain audit evidence of the amount of, and the disclosure of, consolidated financial statements. The audit procedure is selected and applied based on PricewaterhouseCoopers Kyoto's decision, on the basis of the risk assessment of presenting material misstatements in consolidated financial statements due to fraud or error. The purpose of the audit is not to represent any opinion on an internal control's effectiveness; however, the accounting auditor discusses internal controls related to preparing consolidated financial statements and proper presentation thereof in order to propose a proper audit procedure based on the circumstances. In addition, an audit includes discussion on presenting consolidated financial statements as a whole, including the assessment of the accounting policy and adopting method of the accounting policy introduced by the management as well as of the estimate performed by the management.

It is PricewaterhouseCoopers Kyoto's belief that it has obtained sufficient and proper audit evidence based on which it can express its opinions.

#### Opinion on the audit

PricewaterhouseCoopers Kyoto acknowledges that the aforementioned consolidated financial statements, made with partial omission of the items to be disclosed based on the designated international financial reporting standards in accordance with the latter part of Article 120, Paragraph 1 of Corporate Accounting Rules, which properly describes, in all important points, the assets, profit, and income of such consolidated financial statements of the corporate group consisting of Nidec Corporation and its consolidated subsidiaries.

#### Emphasis of matter

As stated in VII. Notes to events after reporting period, 1. under the Notes to the consolidated financial statements, Nidec Corporation agreed to acquire, from Whirlpool Corporation (hereinafter, "Whirlpool"), Embraco, the compressor business of Whirlpool. For this purpose, Nidec Corporation entered into a stock transfer agreement on April 24, 2018.

These events do not affect our audit opinion.

#### Conflict of interest

No conflict of interest exists between the company and us, PricewaterhouseCoopers Kyoto, that is required by the Certified Public Accountant Law to be described.

Audit Report from Independent Auditors

May 14, 2018

To The Board of Directors  
Nidec Corporation

PricewaterhouseCoopers Kyoto

Designated Partner			
Engagement Partner	Yukihiro	C.P.A.	Seal
Matsunaga			
Designated Partner			
Engagement Partner	Tsuyoshi	C.P.A.	Seal
Yamamoto			

We, PricewaterhouseCoopers Kyoto, audited Nidec Corporation's financial statements (i.e., consolidated balance sheet, profit and loss statement, statements on shareholders' equity, and notes on statements) for its 45th fiscal year (April 1, 2017 – March 31, 2018) based on Article 436, Paragraph 2, Item 1 of the Companies Act of Japan.

Management's responsibility for financial statements

It is the management's responsibility to prepare and properly present financial statements and their schedules in accordance with generally accepted accounting standards in Japan. This task includes establishing and operating internal controls that the management determines to be necessary to prepare and properly present financial statements and their schedules that are free of material misstatements due to fraud or error.

Accounting auditor's responsibility

It is PricewaterhouseCoopers Kyoto's responsibility to express its opinions on financial statements and their schedules from an independent point of view based on the audit that it has performed. PricewaterhouseCoopers Kyoto has performed an audit based on an audit standard that is generally considered acceptable in Japan. The audit standard requires to prepare an audit plan and perform an audit based thereon in order to obtain reasonable guarantee on whether or not any material misstatement exists in financial statements and their schedules.

During the course of the audit, a procedure is executed to obtain audit evidence of the amount of, and the disclosure of, financial statements and their schedules. The audit procedure is selected and applied based on PricewaterhouseCoopers Kyoto's decision, on the basis of the risk assessment of presenting material misstatements in financial statements and their schedules due to fraud or error. The purpose of the audit is not to represent any opinion on an internal control's effectiveness; however, the accounting auditor discusses internal controls related to preparing financial statements and their schedules and proper presentation thereof in order to propose a proper audit procedure based on the circumstances. In addition, an audit includes discussion on presenting financial statements and their schedules as a whole, including the assessment of the accounting policy and adopting method of the accounting policy introduced by the management as well as of the estimate performed by the management.

It is PricewaterhouseCoopers Kyoto's belief that it has obtained sufficient and proper audit evidence based on which it can express its opinions.

#### Opinion on the audit

PricewaterhouseCoopers Kyoto acknowledges that the aforementioned financial statements and their schedules comply with the corporate accounting standards that are generally accepted in Japan, and properly describes, in all important points, the assets, profit, and loss of the period of such financial statements and their schedules.

#### Emphasis of matter

As stated in VIII. Notes to events after reporting period, 1. under the Notes to the financial statements, Nidec Corporation agreed to acquire, from Whirlpool Corporation (hereinafter, "Whirlpool"), Embraco, the compressor business of Whirlpool. For this purpose, Nidec Corporation entered into a stock transfer agreement on April 24, 2018.

These events do not affect our audit opinion.

#### Conflict of interest

No conflict of interest exists between the company and us, PricewaterhouseCoopers Kyoto, that is required by the Certified Public Accountant Law to be described.

## **Audit Report**

The Audit & Supervisory Board deliberated and prepared this audit report on the execution of the duties of the members to the Board of Directors for the 45th financial year (April 1, 2017 - March 31, 2018) based on the audit reports prepared by each Auditor, and reports as follows:

1. Auditing method of and audits by Auditors and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board established auditing policies and an audit plan for the fiscal year, received reports from Audit & Supervisory Board members on the status and the result of audits and reports from the members to the Board of Directors, Important Employees, etc., and the Accounting Auditor on the execution of their duties, and requested an explanation as necessary.
- (2) Each Audit & Supervisory Board member, in compliance with the auditor's audit standard and audit policies and plan, communicated with members to the Board of Directors and employees, etc. of internal auditing and other departments, gathered information, tried to establish appropriate environments, and conducted audit based on the following methods:
  - (i) Each Audit & Supervisory Board member also attended Meetings of the Board of Directors and other important meetings, received reports from members to the Board of Directors, employees, and others on the execution of their duties, requested an explanation as necessary, viewed important approval requests and other documents, and investigated the statuses of work and assets at the Company's head office and its main offices, while communicating and exchanging information with the members of the Board of Directors and of Audit & Advisory Board, etc. of the Company's subsidiaries, and receiving business reports from those subsidiaries as necessary.
  - (ii) In addition, each Audit & Supervisory Board member regularly received a report from members to the Board of Directors, important employees, etc., requested an explanation as necessary, and expressed opinions on, the status of the establishment and the operation of the system (the internal control system) established based on the contents of a resolution from a meeting of the Board of Directors and the resolution itself concerning the creation of a system stipulated in Article 100, Paragraph 1 and 3 of the Enforcement Regulations of the Companies Act as something necessary to ensure the proper execution of a business group comprising a corporation and its subsidiaries.
  - (iii) Each Audit & Supervisory Board member also supervised and inspected if the Accounting Auditors maintain their independence and perform audits properly, received reports from the Accounting Auditors on the execution of their duties, and requested an explanation as necessary. In addition, each Audit & Supervisory Board member received the notice from the Accounting Auditors that "A system that ensures proper execution of duties" (stipulated in each section of Article 131 of the Corporate Calculation Regulations) is in place based on "the quality control standard on audit" (based on the Business Accounting Council's decision on October 28, 2005) and other standards, and requested an explanation as necessary.

Then each Audit & Supervisory Board member deliberated the business reports and their annexed detailed statements, the financial statements (the balance sheet, the profit and loss statement, the statements on shareholders' equity, and the notes on the statements), and their annexed detailed statements as well as the consolidated financial statements (the consolidated statements of financial position, consolidated statements of income, consolidated statements of changes in equity, and consolidated notes on consolidated statements) for the fiscal year based on the aforementioned methods

## 2. Audit result

### (1) Business report and other documents

- (i) The Audit & Supervisory Board certifies that the business report and its annexed detailed statements are in accordance with laws, regulations, and the Articles of Incorporation, and that these documents exhibit the Company's business condition properly.
- (ii) The Audit & Supervisory Board identified no material facts on either improper act concerning the execution of the duties of the members to the Board of Directors, or violation of any laws, regulations or the Articles of Incorporation.
- (iii) The Audit & Supervisory Board certifies that the resolutions from the meeting of the Board of Directors concerning an internal control system are appropriate. Also, the Audit & Supervisory Board has no issues to point out on the content of the business report and the execution of the duties of the members to the Board of Directors concerning the said internal control system.

### (2) Financial statement and annexed detailed statements

The Audit & Supervisory Board certifies that the auditing method and the audit result of the Company's Accounting Auditor, PricewaterhouseCoopers Kyoto, are appropriate.

### (3) Consolidated financial statements

The Audit & Supervisory Board certifies that the auditing method and the audit result of the Company's Accounting Auditor, PricewaterhouseCoopers Kyoto, are appropriate.

May 15, 2018

The Audit & Supervisory Board, Nidec Corporation

Ryuichi Tanabe	Fulltime outside member of the Audit & Supervisory Board	Seal
Osamu Narumiya	Fulltime member of the Audit & Supervisory Board	Seal
Kazuya Murakami	Fulltime member of the Audit & Supervisory Board	Seal
Eisuke Nagatomo	Outside member of the Audit & Supervisory Board	Seal
Junko Watanabe	Outside member of the Audit & Supervisory Board	Seal