
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 20-F

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
- OR
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended March 31, 2013
- OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
- OR
- SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 333-13896

Nihon Densan Kabushiki Kaisha

(Exact name of Registrant as specified in its charter)

NIDEC CORPORATION

(Translation of Registrant's name into English)

Japan (Jurisdiction of incorporation or organization)	338 Kuzetonoshiro-cho, Minami-ku, Kyoto 601-8205 Japan (Address of principal executive offices)
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Masahiro Nagayasu, +81-75-935-6140, ir@jp.nidec.com, address is same as above
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common Stock* American Depositary Shares each representing one-fourth of one share of common stock	New York Stock Exchange New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

As of March 31, 2013, 145,075,080 shares of common stock were outstanding, including 809,133 shares represented by 3,236,532 American Depositary Shares and 10,393,522 shares held in treasury.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Note - Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

* Not for trading, but only in connection with the listing of the American Depositary Shares.

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As used in this annual report, unless otherwise specified, references to “Nidec” are to Nidec Corporation, and references to “we,” “our” and “us” are to Nidec Corporation and, except as the context otherwise requires, its consolidated subsidiaries.

As used in this annual report, “U.S. dollar” or “\$” means the lawful currency of the United States of America, “yen” or “¥” means the lawful currency of Japan, “Euro,” “EUR” or “€” means the lawful currency of those member states of the European Union which are participating in the European Economic and Monetary Union pursuant to the Treaty of the European Union, “peso” or “MXN” means the lawful currency of the United Mexican States, “yuan” means the lawful currency of People’s Republic of China, and “forint” or “HUF” means the lawful currency of Hungary.

As used in this annual report, “U.S. GAAP” means accounting principles generally accepted in the United States, and “Japanese GAAP” means accounting principles generally accepted in Japan.

As used in this annual report, “ADS” means an American Depositary Share, and “ADR” means an American Depositary Receipt.

In tables appearing in this annual report, figures may not add up to totals due to rounding.

Special Note Regarding Forward-looking Statements

This annual report contains forward-looking statements that are based on our current expectations, assumptions, estimates and projections about our business, our industry and capital and financial markets around the world. These forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “anticipate,” “estimate,” “plan,” “intend” or similar words. These statements discuss future expectations, identify strategies, contain projections of results of operations or of our financial condition, or state other forward-looking information. Known and unknown risks, uncertainties and other factors could cause the actual results to differ materially from those contained in any forward-looking statement. We cannot promise that our expectations expressed in these forward-looking statements will turn out to be correct. Our actual results could be materially different from and worse than our expectations. Important risks and factors that could cause our actual results to be materially different from our expectations are set forth in “Item 3.D. Key Information—Risk Factors” and elsewhere in this annual report and include, but are not limited to:

- general economic conditions in the computer, information storage and communication technology, home appliance, industrial and commercial machinery and equipment, automobile and related product markets, particularly levels of consumer spending and capital expenditures by companies,
- our ability to design, develop, mass produce and win acceptance of our products, particularly those that use the hard disk spindle motor technology, which are offered in highly competitive markets characterized by continual new product introductions, rapid technological development and shifts in use,
- abrupt changes in our customers’ market position, particularly as a result of mergers and acquisitions,
- the effectiveness of our measures designed to streamline our business structure and the impact of expenses relating to streamlining our business structure,
- our ability to acquire and successfully integrate companies with complementary technologies and product lines,
- any negative impact on our businesses of natural or human-caused disasters and other incidents beyond our control in the countries where our manufacturing and research and development operations are concentrated, including Japan, Thailand and China,
- increase in raw material and labor costs,
- exchange rate fluctuations, particularly between the Japanese yen and the U.S. dollar and other currencies in which we make significant sales or in which our assets and liabilities are denominated,
- fluctuations in interest rates, and

- any failure to comply with applicable laws and regulations, including due to adverse changes in laws, regulations or economic policies in any of the countries where we have manufacturing or other operations.

PART I

Item 1. Identity of Directors, Senior Management and Advisers.

Not applicable.

Item 2. Offer Statistics and Expected Timetable.

Not applicable.

Item 3. Key Information.

A. Selected Financial Data.

The following table includes selected historical financial data for the fiscal years ended March 31, 2009 through 2013 derived from our audited consolidated financial statements prepared in accordance with U.S. GAAP. You should read the selected financial data below in conjunction with Item 5 of this annual report and our audited consolidated financial statements which are included elsewhere in this annual report.

Selected Financial Data

	Year ended March 31,				
	2009 ⁽¹⁾	2010 ⁽¹⁾	2011 ⁽¹⁾	2012 ⁽¹⁾	2013
(Yen in millions, except number of shares outstanding and per share amounts)					
Income statement data:					
Net sales	¥592,794	¥571,552	¥675,988	¥682,320	¥709,270
Cost of products sold	462,974	421,190	500,034	523,729	572,605
Selling, general and administrative expenses	50,524	46,809	55,348	55,471	84,760
Operating income	52,773	79,282	92,869	73,070	17,627
Income from continuing operations before income taxes	48,018	75,971	81,966	70,856	13,427
Net income attributable to Nidec Corporation	28,353	51,961	52,333	40,731	7,998
Balance sheet data (period end):					
Total assets	¥702,884	¥692,791	¥748,205	¥800,401	¥1,004,852
Short-term borrowings	221,342	115,467	52,018	86,608	32,798
Current portion of long-term debt	1,883	1,497	1,124	674	133,628
Long-term debt	2,578	1,745	101,819	101,236	146,271
Total Nidec Corporation shareholders' equity	297,148	340,309	355,250	370,182	415,502
Common stock	66,551	66,551	66,551	66,551	66,551
Number of shares outstanding	145,075,080	145,075,080	145,075,080	145,075,080	145,075,080
Per share data:					
Income from continuing operations per share-basic	¥217.39	¥384.91	¥406.10	¥336.33	¥59.37
Loss on discontinued operations per share-basic	(19.97)	(11.87)	(30.19)	(40.08)	-
Net income attributable to Nidec Corporation per share-basic	197.42	373.04	375.91	296.25	59.37
Income from continuing operations per share-diluted	213.79	384.91	391.96	314.41	55.07
Loss on discontinued operations per share-diluted	(19.67)	(11.87)	(29.16)	(37.52)	-
Net income attributable to Nidec Corporation per share-diluted	194.12	373.04	362.80	276.89	55.07
Cash dividends declared per share	¥60.00	¥65.00	¥85.00	¥90.00	¥85.00
Cash dividends declared per share ⁽²⁾	\$0.61	\$0.70	\$1.02	\$1.10	\$0.90

Notes:

(1) As of March 31, 2011, we discontinued our specialty lens unit, or SLU, business which had previously been included in the "electronic and optical components" category. As of March 31, 2012, we discontinued our lens actuator, or LAC, business, which had previously been included in the "other small precision brushless DC motors" product category. As of the same date, we also discontinued our tape drive and disk drive mechanism, or PGN, business, and our compact digital camera lens unit,

CLU, business, both of which had previously been included in the "electronic and optical components" product category. The operating results of the SME, SLU, LAC, PGN and CLU businesses and exit costs with related taxes were recorded as "net loss on discontinued operations" in our audited consolidated statements of income in accordance with ASC 205-20 "Presentation of Financial Statements-Discontinued Operations" (formerly SFAS No.144, "Accounting for the impairment or disposal of Long-Lived Assets"). All prior period, SME, SLU, LAC, PGN and CLU amounts in the above table, except for the balance sheet data, have also been so reclassified as to enable comparisons between the relevant amounts for the fiscal years ended March 31, 2009 through 2013.

(2) U.S. dollar amounts for dividends are translated from the respective Japanese yen amounts for convenience at the exchange rate as of the end of each period.

Fluctuations in exchange rates between the Japanese yen and the U.S. dollar and other currencies will affect the U.S. dollar and other currency equivalents of the yen price of our shares and ADSs and the U.S. dollar amounts received on conversion of cash dividends. The following table presents the noon buying rates for Japanese yen per \$1.00 in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York for and as of the end of each period indicated.

	High	Low	Average	Period-end
Year ended March 31,				
2009	110.48	87.80	100.85	99.15
2010	100.71	86.12	92.49	93.40
2011	94.68	78.74	85.00	82.76
2012	85.26	75.72	78.82	82.41
2013	96.16	77.41	83.26	94.16
Calendar period				
January 2013	91.28	86.92	89.06	91.28
February 2013	93.64	91.38	93.00	92.36
March 2013	96.16	93.32	94.77	94.16
April 2013	99.61	92.96	97.76	97.52
May 2013	103.52	97.28	100.92	100.83
June 2013	100.15	94.29	97.24	99.21

As of July 12, 2013, the noon buying rate was ¥99.39 per \$1.00.

B. Capitalization and Indebtedness.

Not applicable.

C. Reasons for the Offer and Use of Proceeds.

Not applicable.

D. Risk Factors.

If any of the risks described below actually occurs, our business, financial condition or results of operations could be adversely affected.

We derive a substantial portion of our net sales from sales of spindle motors for hard disc drives, and a decrease in demand for, or prices of, HDDs could harm our business.

Net sales of spindle motors for HDDs in computers, and digital home appliances, such as DVD recorders, were 29.0%, 25.9% and 23.3% of our total net sales in the fiscal years ended March 31, 2011, 2012, and 2013, respectively. Reduced demand for, or lower prices of, HDDs could result in a decrease in our net sales, adversely affecting our results of operations.

During an economic downturn, manufacturers of HDDs may suspend or reduce purchases of additional inventory from suppliers such as us. The rate of decline in average selling price accelerates when manufacturers lower prices to absorb excess capacity, liquidate excess inventories, restructure or attempt to increase their market share.

Many of our customers implement a just-in-time inventory control system. Accordingly, we generally maintain inventory at or near our customers' production facilities based on estimated demand. A substantial amount of capital and cost is required to maintain inventory sufficient to meet orders from our customers in a timely manner. In addition, our estimates of future customer demand may prove excessive, exposing us to the risk of unsold inventory becoming obsolete and prices of our products being reduced.

Demand for HDDs declined in recent periods and may further decline as a result of a shift in the computer industry to alternative storage technologies, such as solid-state drives, or SSDs. For example, demand for HDDs may further decline if the trend continues or accelerates where small portable PCs using HDDs are replaced by smart phones, tablet devices and other products, using SSDs, with functions overlapping with those of PCs. If the price per memory capacity for SSDs or other alternative technologies is reduced in the future to a level competitive with that for HDDs, demand for HDDs could decline, which in turn could result in reduced sales of our spindle motors.

HDD manufacturers recently did, and may in the future, merge or otherwise restructure their operations and, as part of their restructurings, may seek to reduce costs and inventories. Such restructurings may result in increasing downward pressure on spindle motor prices, which could reduce our margins. Our customers may also re-allocate their procurement orders to our competitors, which could reduce our sales volumes. Such restructurings or similar moves by HDD manufacturers could have a material negative impact on our results of operations.

Because of our dependence on the information storage and communication industry, our business may be adversely affected by a decline in the market.

A substantial portion of our net sales depends on sales of information storage and communication equipment and peripherals that incorporate our products, including small precision motors. Although we have been diversifying our products and entering into new markets, such as motors for use in home appliances and automobiles, we expect to continue to derive a significant portion of our revenues from the sale of products for use in information storage and communication equipment and peripherals. For example, our net sales were negatively affected in the fiscal year ended March 31, 2013 as the markets for HDDs and optical disk drives experienced a significant slowdown due to weaker consumer spending and decreasing demand for traditional disk drive products. The markets for information storage and communication equipment and peripherals may be further affected by:

- rapid technological change,
- emergence of new processes for or approaches to data storage,
- frequent new product introductions and short product life cycles,
- significant price competition and price erosion,
- fluctuating inventory levels,
- over-capacity or capacity constraints due, in part, to cyclical and seasonal market patterns,
- variations in manufacturing costs and yields, and
- significant expenditures for manufacturing equipment and product development.

If any of the foregoing factors leads to a decline in the market for information storage and communication equipment and peripherals, our net sales could decrease, and our results of operations could be materially and adversely affected.

Our customer base is highly concentrated, and our sales would suffer if one or more of our significant customers substantially reduce or cancel orders for our products.

We are dependent on a limited number of large customers for a substantial portion of our net sales. Sales to our largest customer, Western Digital Corporation, including sales to Hitachi Global Storage Technologies, which Western Digital acquired in March 2012, were approximately 13%, 12% and 11% of our total net sales for the fiscal years ended March 31, 2011, 2012 and 2013, respectively. Sales to our second largest customer, Seagate Technology LLC, including sales to the hard disk drive, or HDD, business of Samsung Electronics Co., Ltd., which Seagate Technology acquired in December 2011, were approximately 11%, 10% and 9% of total net sales for the fiscal years ended March 31, 2011, 2012 and 2013, respectively. Our sales to the two largest customers relate to motors used in HDDs for the computer market, which has experienced a significant slowdown due to weaker consumer spending and decreasing demand for traditional disk drive products in recent periods. As a result of customer concentration, our net sales could be significantly impacted in the event of:

- a significant reduction, delay or cancellation of orders from one or more of our significant customers,
- a decision by one or more of our significant customers to select products manufactured or technologies developed by a competitor, or its own internally developed components, for inclusion in future product generations, or
- operating or financial difficulties affecting one or more of our significant customers.

We expect that, for the foreseeable future, sales to a limited number of customers will continue to account for a high percentage of our net sales. If current customers do not continue to place orders, we may not be able to replace those orders with orders from new customers, and this would significantly impact our business, operating results and financial condition.

In addition, because there are only a limited number of hard disk drive manufacturers in the world, if one or more of our customers merge with or are otherwise acquired by another hard disk drive manufacturer, our business could be adversely affected to the extent that the downward pricing pressure increases or actual or potential sales are lost as a result of the surviving manufacturer's decision not to purchase our products.

Because our facilities are concentrated in a limited number of locations, disruptions in one or more of those locations could have a material adverse impact on our business operations.

Our headquarters and key research and development facilities are located in Japan, and our major manufacturing facilities are located in a few countries and regions, including Thailand and China. A large number of companies in the information technology industry, including many of our customers and other companies in our and our customers' supply chains as well as ourselves, are concentrated in those countries and regions, particularly where local governments have implemented policies designed to encourage information technology companies to relocate to their respective jurisdictions. A large-scale natural disaster or political unrest occurring in or affecting those countries or regions or other limitations of those regions could have a material adverse impact on us or the information technology industry on a global basis. The flooding that occurred in Thailand in October 2011, for example, severely disrupted our operations as well as those of our customers and other companies in the supply chains of computer and other information technology products worldwide. Due to the geographic concentration of our facilities, our business is vulnerable to similar events and disruptions, which could have a material adverse impact on our results of operations and financial condition.

We are facing downward pricing pressure in all markets where we provide our products, and price declines could reduce our revenues and gross margins.

We expect downward pricing pressure to continue in all markets where we provide our products. The hard disk drive industry, where competition is particularly harsh, is characterized by rapidly declining selling prices over the life of a product even for those products which are competitive and timely to market. For example, the average unit price of our spindle motors for HDDs on a Japanese yen basis decreased approximately 8% and 7% during the fiscal years ended March 31, 2011 and 2012, respectively, and increased approximately 11% during the fiscal year ended March 31, 2013. On a U.S. dollar basis, the average unit price of our spindle motors for HDDs decreased approximately 1% during the fiscal year ended March 31, 2011, and increased approximately 1% and 5% during the fiscal year ended March 31, 2012 and 2013, respectively. In general, the selling price of a spindle motor decreases over time as the supply of such products increases and as the existing technology becomes obsolete. Also, intense price competition among customers may pressure us to lower the prices of our products while the price of raw materials used in our products may increase due to rising demand for such raw materials in emerging economies, which may make it difficult for us to maintain the current level of profitability. If we are not able to achieve cost reductions, or develop new products with lower production costs, our business, financial condition and results of operations could be adversely impacted.

Also, the general purchaser preference particularly in the computer market is steadily shifting from higher-priced end-products to lower-priced end-products. If this trend further accelerates, or if the trend continues significantly longer than our expectation, there may be additional downward pricing pressure on our products, and our results of operations may be adversely affected.

If raw materials or components for our products are not available in quantities or at prices that we expect, our production could be significantly harmed.

We rely on third party suppliers for some of the raw materials, such as aluminum and rare earth materials, and some of the components, such as connectors, electric circuits, magnets and other unit assemblies, used in our manufacturing processes. Our production capacity will be limited if one or more of these materials or components become unavailable or available in reduced quantities due to increased prices for such materials. Financial or operational disruptions or slowdowns suffered by our principal suppliers or shippers may negatively affect the availability of raw materials or components. In addition, governmental action that adds conditions to the use of raw materials or components or imposes additional disclosure or other regulatory compliance requirements relating to such materials or components may also affect their availability. For example, regulatory developments imposing due diligence and disclosure requirements regarding the use of “conflict” minerals mined from the Democratic Republic of Congo and adjoining countries may limit the pool of suppliers that can provide us with “conflict-free” materials and components or may result in reputational challenges with our customers and other stakeholders if we are unable to sufficiently verify the origins of the minerals used in our products.

If the sources or availability of materials or components necessary for our products becomes limited, we may have to devote significant resources to secure alternative suppliers or shippers, find substitutes for such materials or components, or develop designs and technologies that reduce or eliminate the need for such materials or components. If our sources of materials and supplies are unavailable for a significant period of time without any such substitute, design or technology, our operating results will be adversely affected.

We face aggressive competition both in the markets where we supply our main products and in the markets into which we are attempting to expand our business, which could have a material adverse effect on our business and results of operations.

In the markets where we supply our main products, including small precision motors, we are under intensive price competitive pressure to reduce our prices as our competitors attempt to expand their market shares. In the markets in which we are attempting to expand our market share, including the home appliances and automobile parts markets, we compete with competitors that may have larger financial, research and development, manufacturing, sales, marketing and service capabilities and sources of support than we do, and that may also have established market recognition and long-standing customer relationships. In emerging markets, including those for electric and hybrid vehicle control systems, we also face severe competition with other new market entrants as they seek to expand their market share.

To maintain our competitiveness in the markets where we supply our main products, and to enhance our competitiveness in the markets into which we are attempting to expand our business, we believe that we should maintain, or may need to increase, our substantial level of investment in research and development, expand our production, sales and marketing capabilities, enhance services and support, timely develop new products, and further improve our existing products.

We may not be able to successfully compete in all or some of our markets in the future if:

- any of our markets develops faster than our expectations due to rapidly increasing demand or otherwise, causing our market share to decline relative to our competitors who are able to better meet increasing demand or otherwise cope with developing markets;
- we are unable to achieve technological advancement necessary for our products to meet stricter environmental and other regulatory standards and to be accepted in the markets;

- our competitors' competitive efforts result in technological innovations, improved manufacturing efficiencies or enhanced research and developmental capabilities, rendering our products and technologies obsolete or uncompetitive;
- mergers or consolidations among our competitors result in a relative decline in our competitive position; or
- we are unable to obtain financial, technological, human and other resources necessary to maintain or enhance our investments.

Our failure to maintain or enhance our competitive position could result in reduced profitability.

We may be unable to commercialize customized products that satisfy customers' needs, or our customers may be unable to commercialize products that incorporate our products, which could damage our reputation and reduce sales.

Our customers generally require us to provide customized products within a set delivery timetable. If we are unable to commercialize new product lines including design, manufacture and delivery of customized products, we will not be able to meet our customers' needs. Our customers are increasingly demanding that we provide them with more complex products on a shorter timetable. Any future failure to meet significant customer requirements could damage our reputation, result in a decline in our market share and reduction of our sales and profit ratio, and impede the business development of these new products and the expansion of the products' markets.

In addition, if a customer fails to successfully commercialize or sell products that incorporate in them any customized product which we have invested significant resources to develop, our business and results of operations would be materially adversely affected.

If any defect is discovered in our products, or if any of the end-products in which our products are incorporated malfunctions, our reputation and results of operations may suffer by lost sales or costs associated with recalls or management distraction.

We manufacture complex, state-of-the-art motors and other electronic products and, as a result, are exposed to potential warranty and product liability claims arising from alleged or actual defects in our products in the normal course of business. In particular, widespread malfunction of any end-product in which our products are incorporated may lead to consumer dissatisfaction, recalls and, potentially, lawsuits. In the automobile motor and other parts markets, where we seek to expand our business, strict safety standards are imposed by applicable regulations and demanded by the public as malfunctioning vehicles could result in serious property damage, personal injuries and even death. If such malfunction is caused by or attributed or alleged to be attributed to defects in our products, our brand image could be damaged, we might be subject to adverse regulatory action or drawn into disputes with our customers, or our results of operations might be adversely affected by lost sales or costs associated with recalls. In addition, significant financial and human resources might be incurred, and management's attention might be diverted, if we are required to defend ourselves against legal claims.

We generally maintain insurance against product liability claims, but our insurance coverage may not be adequate for any potential liability ultimately incurred. In addition, insurance could become unavailable in the future on terms acceptable to us. A successful claim that exceeds our available insurance coverage or a significant product recall could have a material adverse impact on our financial condition and results of operations.

We rely to a large extent on production and sales in developing countries which may become politically or economically unstable and face risks resulting from unanticipated developments in those countries.

We manufacture and sell a large percentage of our products at locations in developing countries such as China, Thailand, the Philippines, Vietnam, Malaysia, Mexico and Indonesia, in order to take advantage of more competitive production and sales costs and develop new markets for our products. We also seek to expand our operations into other developing markets, including India and Brazil, where we have little or no prior experience. These countries and markets are still in the process of developing their economic, social and other infrastructures and are susceptible to various uncertainties. The political, social and economic situations of these countries may not continue to provide an environment in which we can continue to manufacture our products cost-efficiently in proximity to our customers. The governmental authorities of those countries may impose regulations or restrictions that would make it difficult, impractical or impossible, whether economically, legally or otherwise, for us to conduct our business there.

Furthermore, business activities overseas exposes us to the following various risks related to foreign business transactions, and these risks may adversely affect our business, operating results, and financial condition:

- economic slowdown or downturn in the relevant industries in foreign markets,
- international currency fluctuations,
- general strikes or other disruptions in working conditions,
- labor shortage and the labor cost increase, especially in China and Thailand,
- political instability,
- changes in trade restrictions and tariffs,
- the difficulties associated with staffing and managing international operations,
- generally longer receivables collection periods,
- unexpected changes in or imposition of new legislative or regulatory requirements,
- relatively limited protection for intellectual property rights in some countries,
- potentially adverse taxes,
- cultural and trade differences,
- additional cost of products exported overseas, including tariffs, shipping costs, and other duties and impositions, which may make our products less competitive in terms of price, and
- significant time and capital required for expanding overseas businesses before achieving capital return.

Our business structure streamlining measures may fail to achieve their intended goals and may result in significantly increased costs and expenses.

We experienced rapid and significant declines in demand for some of our major products, including components for personal computers, digital cameras and LCD panel manufacturing equipment, in the year ended March 31, 2012, particularly starting in November 2012, due to declining spending and decreasing demand for traditional disk drive products. As a result, sales of these products decreased, and the utilization rate of some of our manufacturing facilities declined to below previous levels. In response, we implemented several measures to streamline our business structure designed to improve our profitability, and incurred restructuring charges during the fiscal year ended March 31, 2013.

We may incur significantly more costs and expenses in connection with any additional business structure streamlining measures than expected, which costs and expenses may exceed the targeted streamlining benefits. Moreover, even if the intended benefits of our business structure streamlining measures are realized, we may not be able to achieve the targeted level of profitability due to other risk factors discussed in this annual report. For example, further declines in demand for our products or cancellations of orders for our products in large volumes may result in inventory valuation losses. If our manufacturing capabilities remain under-utilized and fail to generate sufficient cash flows, impairment losses on relevant assets may also need to be recognized. In addition, if we are unable to improve our profitability as expected and, as a result, the fair value of any of our reporting units declines below the fair value of related assets net of liabilities, we may be required to record impairment losses relating to goodwill in future periods. Restructuring charges are recorded primarily in cost of sales, selling, general and administrative expenses, and other operating expense, and thus adversely affect our operating income and net income, in addition to our financial condition.

Our quarterly operating results do not necessarily indicate a trend of our future operating results.

We have experienced, and expect to continue to experience, fluctuations in sales and operating results from one quarter to the next. As a result, we believe that quarter-to-quarter comparisons of our operating results are not necessarily meaningful, and that such comparisons cannot be relied upon as indicators of future performance. Our operating results may be subject to significant quarterly fluctuations as a result of the various factors, including:

- fluctuations in product demand as a result of the cyclical and seasonal nature of the industries in which our products are sold and used, including the computer industry,
- translation effect of exchange rate fluctuations on the results of our overseas subsidiaries and monetary assets and liabilities denominated in foreign currencies,
- the availability and extent of utilization of our manufacturing capacity,
- changes in our product, customer, or competitor mix, which can occur on short notice,
- cancellation or rescheduling of significant orders, which can occur on short notice;
- deferrals of customer orders for our new products, and
- component and raw material costs and availability, particularly with respect to components obtained from sole or limited sources which can occur on short notice.

Because our production and inventory are planned in advance of anticipated customer demand, if actual demand is significantly smaller than projected, we may suffer losses.

We typically plan our production and inventory levels based on customers' advance orders, commitments or forecasts, as well as our internal assessment and forecasts of customer demand, which are highly unpredictable and can fluctuate substantially, especially if competition becomes more intense or the demand is reduced due to seasonality or other factors. In order to secure sufficient production scale and productivity, we may make capital investments in advance of anticipated customer demand. We plan to make additional capital investments to expand our manufacturing capabilities particularly in emerging economic regions. If our manufacturing capabilities are under-utilized due to lower demand for our products, unavailability of raw materials or components, or for any other reason, such under-utilization could result in increases in utilization costs, impairment losses and inventory valuation losses or otherwise lower our profit margins, and could have a greater material adverse impact on our results of operations and financial condition.

In addition, in anticipation of long lead times to obtain inventory and materials from our suppliers, we may also from time to time order materials in advance of anticipated customer demand. This advance investment and ordering may result in excess inventory levels, resulting in unanticipated inventory write-downs if expected orders fail to materialize. As of March 31, 2013, our inventory was ¥99.8 billion.

In addition, our operating expenses are relatively fixed, and we thus have limited ability to reduce expenses quickly in response to any revenue shortfalls resulting from a decrease in demand. Consequently, our operating results will be harmed if our revenues do not meet our revenue projections.

Our growth has been based in part on acquisitions of, or investments in, other companies, and our future growth could be adversely affected if we make acquisitions or investments that fail to achieve their intended benefits, or if we are unable to find suitable acquisition or investment targets.

We have achieved much of our growth by acquiring and otherwise investing in other companies that have provided us with complementary technologies and product lines. From time to time, we intend to seek and pursue appropriate opportunities for acquiring and investing in other companies and increasing our ownership interests in the existing affiliates and investees. To the extent that we are unable to make successful acquisitions or investments, we may not be able to continue to expand our product range and our growth rates could be adversely affected.

Critical to the success of our acquisitions is the ordered, efficient integration of acquired businesses into our organization, which has in the past required, and may continue to require, significant resources. Our acquisitions may not generate the operational and financial returns we expect. The success of our future acquisitions will depend upon factors such as:

- our ability to manufacture and sell the products of the businesses acquired,
- continued demand for these acquired products by our customers,
- our ability to integrate the acquired businesses' operations, products and personnel,
- our ability to retain key personnel of the acquired businesses,
- our ability to extend our financial and management controls as well as our reporting and compliance systems and procedures to acquired businesses,
- accuracy of financial and legal due diligence, and

- our ability to identify possible liabilities that could negatively affect our business, operations or reputation during the due diligence process.

Our new and additional investments in other companies are subject to other uncertainties that may have a material adverse impact on our business. For example, the fair value of our investments in other companies may be impaired if their business results deteriorate, or as a result of a decline in the fair value of their securities that is other than temporary. Changes in economic policies of local governments, laws and regulations, and accounting rules applicable to companies in which we invest may also have a significant adverse effect on our financial results. In addition, in cases where we have a non-controlling interest in an investee, we typically cannot control the operations and the assets of the investee or make major decisions without the consent of other shareholders, or participants, or at all, or acquiring a controlling interest by increasing our shareholding interest.

Failure to succeed in acquisitions or investments, or an inability to find suitable acquisition or investment targets, could have a material adverse effect on our business, results of operations and financial condition.

Our growth places significant burden on our management and operational and financial resources.

Our future success depends to a large extent on our ability to integrate and manage our group of companies as we seek to expand our business and operations organically or through acquisitions of or investments in businesses in accordance with our growth strategy. However, our growth has placed, and is expected to continue to place, significant burden on our management and operational and financial resources. As we pursue our growth strategy, we may face increasing burden on management and our resources and, as a result, fail to timely and appropriately enhance our group-wide administrative, operational, information technology, and financial and compliance management systems. Such failure may have a material adverse impact on our business, results of operations and financial condition.

We rely on our founder, President and CEO, Mr. Shigenobu Nagamori, the loss of whom could have a material adverse effect on our business.

Our continued success will depend to a significant extent on the efforts and abilities of our founder and current President and CEO, Mr. Shigenobu Nagamori. Mr. Nagamori is actively engaged in our management and determines our strategic direction, especially with regard to acquisition activities. While we are in the process of establishing a management structure designed to reduce our dependence on Mr. Nagamori, his sudden departure or reduced attention to us could have a material adverse effect on our operations, financial condition and operating results.

Any material failure to successfully achieve our corporate objectives or business strategies due to changes in the economic environment or otherwise may have an adverse impact on our reputation and business.

One of our major corporate objectives is to contribute to society, and we endeavor to implement various policies to further this objective, including those intended to provide a stable employment environment and create new jobs. We believe such objectives and policies contribute significantly to building a positive corporate image and brand.

While endeavoring to achieve our corporate objectives, we pursue business strategies that include, among others, seeking growth opportunities through acquisitions of and investments in businesses as well as organic expansion. We may be, however, unable to achieve the profitability or returns expected by management. Changes in the business and economic environments in which we currently operate or aim to operate and other uncertain or unforeseen factors may make it difficult for us to achieve the targets management has set.

If we are unable to achieve our corporate objectives due to such difficulty, or are compelled by economic or other factors to adopt measures that are inconsistent with our corporate objectives, including our recent decision to implement workforce reductions as part of the measures designed to streamline our business structure, our corporate brand may be damaged, adversely affecting our business and results of operations.

We rely on monthly financial data from operating segments that are not prepared on a U.S. GAAP basis and are not comparable between segments, which potentially reduces the usefulness of this data to us in making management decisions.

We assess our performance and make operating decisions based on financial information received from the 14 operating segments and others that we report in our consolidated financial statements: Nidec Corporation, Nidec Electronics (Thailand) Co., Ltd., Nidec (Zhejiang) Corporation, Nidec (Dalian) Limited, Nidec Singapore Pte. Ltd., Nidec (H.K.) Co., Ltd., Nidec Philippines Corporation, Nidec Sankyo Corporation, Nidec Copal Corporation, Nidec Tosok Corporation, Nidec Copal Electronics Corporation, Nidec Techno Motor Corporation, Nidec Motor Corporation and Nidec Motors & Actuators. This segmental information is prepared in accordance with the accounting principles in each segment's respective country of domicile. For example, Nidec Corporation's operating profit or loss is determined using Japanese GAAP while Nidec Singapore Pte. Ltd. applies Singaporean accounting principles. Therefore, our segment data has not been prepared under U.S. GAAP on a basis that is consistent with the consolidated financial statements or on any other single basis that is consistent between segments.

In addition, year-end closing adjustments and other items are not included in segment totals. These aspects of our segment data could make it more difficult for us to evaluate the relative performance of individual segments and our overall operations in a timely manner, as compared with segment data compiled on a uniform U.S. GAAP basis.

We are subject to various laws and regulations, and our failure to comply may harm our business.

We conduct our business subject to ongoing regulation and associated regulatory compliance risks, including the effects of changes in laws, regulations, policies, voluntary codes of practice, accounting standards and interpretations in Japan and other countries in which we conduct our business. As we expand the range of our products and the geographical scope of our business, we will be exposed to risks that are unique to particular industries, markets or jurisdictions. Our compliance risk management systems and programs may not be fully effective in preventing all violations of laws, regulations and rules.

Our business activities are subject to a wide range of environmental laws and regulations in Japan, Asia, the Americas, Europe and other areas. These laws and regulations include those relating to discharge of chemicals into the air and water, management, treatment and disposal of hazardous substances and wastes, product recycling, prevention of global warming and the obligation to investigate and clean up soil and groundwater contamination. Many of our operations require environmental permits, the terms of which may impose limits on our manufacturing activities and require the incurrence of costs to achieve compliance, and which may be subject to modification, renewal and revocation by the issuing authorities. We may be held responsible for payments or other compensation for noncompliance with or otherwise pursuant to applicable environmental laws, regulations and permits, in which case our reputation as well as our results of operations could be adversely affected. Moreover, if these laws, regulations and permits become more stringent in the future, the amount of capital expenditures and other expenses which might be required to complete remedial actions and to continue to comply with applicable environmental laws, regulations and permits could increase and be significant, which would materially and adversely affect our business, financial condition and results of operations.

Our business activities are also subject to various other governmental regulations, both local and international, including antitrust, anti-bribery, anti-terrorism, intellectual property, consumer protection, taxation, export regulations, tariffs, foreign trade and exchange controls. Because our sales are mostly derived from small precision motor sales and because we have a dominant market share globally for small precision motors, any regulatory development or measure that affects sales or manufacturing of small precision motors in particular could reduce our sales or otherwise negatively affect our business. In addition, as our common stock is listed on the Tokyo Stock Exchange, and American Depositary Shares representing shares of our common stock are listed on the New York Stock Exchange, we must also comply with applicable securities laws and regulations and accounting standards. Compliance with these and other applicable laws, regulations and standards could require significant financial, human and other resources. Moreover, our failure or inability to comply fully with these and other applicable laws, regulations and standards could lead to fines, public reprimands, damage to reputation, enforced suspension of operations or, in extreme cases, withdrawal of authorization to operate, adversely affecting our business and results of operations.

In addition, future developments or changes in laws, regulations, policies, voluntary codes of practice, accounting standards, fiscal or other policies and their effects are unpredictable and beyond our control. Such developments and changes may require additional financial, administrative and human resources.

We may experience difficulties implementing effective internal controls over financial reporting.

As a public company, it is essential for us to have effective internal controls, corporate compliance functions, and accounting systems to manage our assets and operations. Moreover, under the U.S. Sarbanes-Oxley Act of 2002, which applies by reason of our status as a company subject to the reporting obligations under the U.S. Securities Exchange Act of 1934, we are required to establish internal control over our financial reporting, and our management is required to assess the effectiveness of our internal control over financial reporting and disclose whether such internal control is effective. Our independent registered public accounting firm must also conduct an audit on the effectiveness of our internal control over financial reporting. We are also subject to regulations on internal control over financial reporting under Japanese law.

Designing and implementing an effective system of internal controls capable of monitoring and managing our business and operations requires significant management, human and other resources. Once we identify any significant deficiencies or material weaknesses in our internal control systems, we may require additional resources and incur additional costs for remediating such deficiencies or weaknesses.

Furthermore, if management determines that our internal control over financial reporting is not effective for any period, we may be unable to timely file reports required under the U.S. Securities and Exchange Act of 1934, and our market perception could be negatively affected. Depending on the severity of, and causes and other factors relating to, a material weakness in internal control over financial reporting, we could be subject to liabilities or sanctions, including enforcement action by the SEC for violations of the U.S. securities laws and by the Japanese Financial Services Agency for violations of the Financial Instruments and Exchange Law. In addition, we could be restricted in our ability to access U.S., Japan and other markets for capital raising.

We could be harmed by litigation involving patents and other intellectual property rights.

Our business is dependent on our ability to protect our proprietary rights through patent protection on certain aspects of our technology, and on trade secret, copyright and trademark laws as well as contractual provisions. We face the following risks:

- we could incur substantial costs in defending against claims of infringement of the intellectual property of others and such claims could result in damage awards against us, in orders to pay for the use of previously unrecognized third-party intellectual property or in injunctions preventing us from continuing aspects of our business, which could in turn have a material adverse effect on our business, financial condition and results of operations;
- our protective measures may not be adequate to protect our proprietary rights;
- other parties, including competitors with substantially greater resources, may independently develop or otherwise acquire equivalent or superior technology, and we may be required to pay royalties to license the intellectual property of those parties;
- patents may not be issued pursuant to our current or future patent applications, and patents issued pursuant to such applications, or any patents we own or have licenses to use, may be invalidated, circumvented or challenged;
- the rights granted under any such patents may not provide competitive advantages to us or adequately safeguard and maintain our technology;
- we could incur substantial costs in seeking enforcement of our patents against infringement or the unauthorized use of our trade secrets, proprietary know how or other intellectual property by others; and
- the laws of foreign countries in which our products are manufactured and sold may not protect our products and intellectual property rights to the same extent as the laws of Japan and the United States, and such laws may not be enforced in an effective manner.

For information relating to our intellectual properties disputes, see “Item 4.B. Information on the Company—Business Overview—Legal Proceedings.”

Leaks of confidential information may adversely affect our business.

In the normal course of business, we possess personal and other confidential information on our customers, other companies and other third parties with whom we do business as well as our own confidential information and personal information of our employees. Although we have security measures in place to protect such information, we may be subject to liability or regulatory action if any of such information is leaked due to human or technical error, unauthorized access or other illegal conduct, or otherwise. Failure to protect confidential information could also lead to a loss of our competitive advantage and customer and market confidence in us, adversely affecting our business, financial condition and results of operations.

In addition, there is a risk that our confidential information may be leaked due to human or technical error or illegal conduct by a third party or other causes that are beyond our control. In such cases, including where our competitive advantage is lost because of the leak, our business, financial condition or results of operations may be adversely affected.

For our business to continue effectively, we will need to attract and retain qualified personnel.

Our business depends on the continued employment of our senior management, engineers and other technical personnel, many of whom would be extremely difficult to replace. To maintain our current market position and support future growth, we will need to hire, train, integrate and retain significant numbers of additional highly skilled managerial, engineering, manufacturing, sales, marketing, support and administrative personnel. Competition worldwide for such personnel is extremely intense, and we and our affiliates may be unable to attract and retain such additional personnel.

Losses relating to our pension plans and a decline in returns on our plan assets may negatively affect our results of operations and financial condition.

We have defined benefit pension plans covering employees who meet eligibility requirements. We may incur losses if the fair value of our pension plans' assets declines, if the rate of return on our pension assets declines, or if there is a change in the actuarial assumptions on which the calculations of the projected benefit obligations are based. We may also experience unrecognized service costs in the future due to amendments to existing pension plans. Changes in the interest rate environment and other factors may also adversely affect the amount of unfunded pension obligations and the resulting annual amortization expense. In addition, the assumptions used in the computation of future pension expenses may not remain constant.

If our goodwill and long-lived assets become impaired, we may be required to record impairment charges, which would adversely affect our financial results.

We have significant goodwill and long-lived assets, including plants, property and equipment. As of March 31, 2013, we had ¥133 billion of goodwill and ¥278 billion of plants, property and equipment. In connection with any acquisition we make in the future, we may record additional goodwill depending on the terms of the acquisition. In accordance with U.S. GAAP, we review goodwill for impairment annually and goodwill and long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Goodwill is tested by initially estimating fair value and then comparing it against the carrying amount. If the carrying amount of a reporting unit exceeds its estimated fair value, we are required to record an impairment loss. In addition, if long-lived assets do not generate sufficient cash flows, impairment losses will also have to be recognized. Any significant amount of such impairment losses will adversely affect our results of operations and financial condition.

Our results of operations will be negatively affected if we are required to reduce our deferred tax assets.

As part of the process of preparing our consolidated financial statements in accordance with U.S. GAAP, we must assess the likelihood that our deferred tax assets will be recovered from future taxable income and, to the extent we believe that recovery is not likely, we must establish a valuation allowance. In the event of a deterioration in market conditions or results of operations, in which we determine that there is additional uncertainty regarding realization of all or part of our net deferred tax assets, an adjustment to our deferred tax assets would decrease our income during the period in which such determination is made.

Because our sales to overseas customers are denominated predominantly in U.S. dollars, we are exposed to exchange rate risks that could harm our results of operations and shareholders' equity.

Sales to customers outside Japan accounted for 74.4%, 74.1% and 77.8% of our consolidated net sales during the fiscal years ended March 31, 2011, 2012 and 2013, respectively. A significant portion of our overseas sales is denominated in currencies other than the Japanese yen, primarily the U.S. dollar, Euro, Renminbi and Thai Baht. As a result, the appreciation of the Japanese yen and other currencies against the U.S. dollar and Euro will generally have a negative effect on our sales, operating income, and net income. We may experience volatility in our shareholders' equity as a result of foreign currency exchange rate fluctuations when the results of operations of subsidiaries operating in currencies other than the yen are consolidated into our financial statements, which are reported in Japanese yen.

We also experience foreign exchange risk to the extent that our sales and expenses or those of our subsidiaries are denominated in different currencies. In order to mitigate against this risk, in recent years we have been attempting to offset a portion of our foreign currency revenue by matching the currency of revenue with the currency of expense. For example, if revenue for a particular product is in U.S. dollars, we attempt to purchase the supplies and resources used to produce that product in U.S. dollars. Nevertheless, we remain exposed to the effects of foreign exchange fluctuations.

Interest rate fluctuations may adversely affect our financial condition.

We have long-term receivables and debt, with fixed and variable rates, and we enter into interest rate swaps and other contracts in order to stabilize the fair values and cash flows of those receivables and debts. We enter into interest rate swaps and other contracts to reduce our market risk exposure from changes in interest rates. To the extent that their effects are not hedged, we are exposed to interest rate fluctuation risks which may affect our operational costs, interest expenses, interest income and the value of financial assets and liabilities.

An unexpected drastic decline in the global economies may result in reduced demand for our products.

Demand for our products may be adversely affected by unexpected economic trends in the countries or regions in which our products are sold. Economic downturns and declines in purchasing activities in markets worldwide may result in a decline in demand for our products. In particular, our products are often used in end-products that are subject to discretionary spending, such as personal computers, consumer electronic goods and automobiles, and thus, a downturn in the economy could affect our sales. For example, our operating results for the fiscal year ended March 31, 2013 was adversely affected by the deterioration in the global economic environment due to the credit and financial crises in Europe as well as the weakened consumer spending. Our operating results and financial condition may be further adversely affected due to negative economic trends in future periods.

Our ability to collect on our accounts receivable may be adversely affected by our customers' worsening financial conditions.

As of March 31, 2013, we had ¥159 billion of trade notes and accounts receivable, net of allowance for doubtful accounts. While we are taking measures to mitigate and manage credit risks with respect to our customers and business partners, if changes in the economic conditions of our major markets or the business environment surrounding our customers lead to unexpected levels of bankruptcies or defaults or otherwise result in our customers being unable to pay for our products on schedule or at all, our operating results and financial condition may be negatively affected. Changes in the business environment adversely affecting the liquidity situation of our two largest customers, which represented 13.6% and 9.2% of our gross accounts receivable at March 31, 2012, and 8.0% and 5.1% of our gross accounts receivable at March 31, 2013, respectively, could have a particularly significant negative impact on our results of operations and financial condition.

Decreases in the value of Japanese or foreign stocks may adversely affect our financial results.

We hold Japanese and foreign stocks as part of our investment securities. The value of these stocks are inherently volatile and may decline substantially due to economic conditions or other factors, potentially resulting in our recording an impairment loss on such securities. Decreases in the value of Japanese or foreign stocks may also reduce stockholders' equity on our balance sheet since, in accordance with U.S. GAAP, we include unrealized holding losses on available-for-sale securities, if any, in our accumulated other comprehensive income or loss, while other-than-temporary declines in market value, are charged to income for the period when the loss occurs.

If our access to liquidity and capital is restricted, our business could be harmed.

We rely to a large extent on debt and equity financing to finance our operations, capital expenditures and acquisitions of other companies. If, due to changes in financial market conditions or other factors, financial institutions reduce, terminate or otherwise modify the amounts or terms of their lending or credit lines to us, and if we are unable to find alternative financing sources on equally or more favorable terms, our business may be materially adversely affected. In addition, if there is a significant downgrade of our credit ratings by one or more credit rating agencies as a result of any deterioration of our financial condition or if investor demand significantly decreases due to economic downturns or otherwise, we may not be able to access funds when we need them on acceptable terms, our access to capital markets may become more restricted, or the cost of financing our operations through indebtedness may significantly increase. This could adversely affect our results of operations and financial condition.

Natural disasters, public health issues, armed hostilities, terrorism and other causes over which we have little or no control could harm our business.

Natural disasters, including earthquakes and floods, fires, the spread of infectious diseases and other public health issues, armed hostilities, terrorism and other incidents, whether in Japan or any other country in which we operate, could cause damage or disruption to us, our suppliers or customers, or could create political or economic instability, any of which could harm our business. For example, natural disasters could adversely affect our operations by damaging industrial and other infrastructures, causing power outages, rendering our employees unable to work, reducing customer demand or disrupting our suppliers' operations. Our network and information systems are important for normal operations, but such systems are vulnerable to shutdowns caused by unforeseen events such as power outages or natural disasters or terrorism, hardware or software defects, or computer viruses and computer hacking. The earthquake in northern Japan in March 2011 and subsequent events have disrupted the supply chains and infrastructures for Japan's major manufacturing industries, including the computer and automobile industries. In addition, the flooding in Thailand in October 2011 severely disrupted the supply chains of IT products, including computers. Any similar events, over which we have little or no control, could cause a decrease in demand for our products or services, make it difficult or impossible for us to deliver products, for our suppliers to deliver components or for our customers to manufacture products, require large expenditures to repair or replace our facilities, or create delays and inefficiencies in our supply chain.

We maintain third party insurance coverage for various types of property, casualty and other risks. The types and amounts of insurance that we obtain vary from time to time and from location to location, depending on its availability and cost and our decisions as to risk retention. Our insurance policies are subject to deductibles, policy limits and exclusions that result in our retention of a level of risk on a self-insured basis. While we believe our insurance coverage is comparable to the coverage maintained by similar companies in our industry, losses not covered by insurance could be significant, adversely affecting our financial condition and results of operations.

Large shareholders may sell their shares of our common stock at any time, and such sale may cause our stock price to decline, even if our business is doing well.

As of March 31, 2013, there were 134,681,558 shares of our outstanding common stock (excluding treasury stock), of which 20,295,180 shares, or 15.1% of the outstanding shares, are beneficially owned by our President and CEO, Mr. Shigenobu Nagamori. These shares and, generally, the shares owned by other shareholders, can be sold on the Tokyo Stock Exchange and otherwise in Japan at any time. Additional sales of a substantial amount of our common stock in the public market by a large shareholder, or the perception that such sales may occur, could cause the market price of our common stock to decline. This could also impair our ability to raise additional capital through the sale of our securities. Also, in the future, we may issue securities to raise cash for additional capital expenditures, working capital, research and development or acquisitions. We may also pay for interests in additional subsidiary or affiliated companies by using cash, common stock or both. We may also issue securities convertible into our common stock. Any of these events may dilute your ownership interest in us and have an adverse impact on the price of our common stock.

Japan's unit share system imposes restrictions in holdings of our common stock that do not constitute whole units.

Our Articles of Incorporation provide that 100 shares of our stock constitute one "unit." The Company Law of Japan imposes significant restrictions and limitations on holdings of shares that constitute less than a whole unit. Holders of shares constituting less than a unit do not have the right to vote. A shareholder who owns shares representing less than one unit will not be able to exercise any rights relating to voting rights, such as the right to participate in a demand for the resignation of a director, the right to participate in a demand for the convocation of a general meeting of shareholders and the right to join with other shareholders to propose an agenda item to be addressed at a general meeting of shareholders. Under the unit share system, holders of shares constituting less than a unit have the right to require us to purchase their shares. However, holders of ADSs that represent other than multiples of whole units cannot withdraw the underlying shares representing less than one unit and, therefore, they will be unable to exercise the right to require us to purchase the underlying shares. As a result, holders of ADSs representing shares in lots of less than one unit may not have access to the Japanese markets to sell their shares through the withdrawal mechanism.

Rights of shareholders under Japanese law may be more limited than under the laws of other jurisdictions.

Our Articles of Incorporation, Regulations of the Board of Directors, Share Trading Regulations and the other related regulations, as well as the Company Law govern our corporate affairs. Legal principles relating to such matters as the validity of corporate procedures, directors' and officers' fiduciary duties and shareholders' rights may be different from those that would apply if we were a non-Japanese company. Shareholders' rights under Japanese law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions within the United States. You may have more difficulty in asserting your rights as a shareholder than you would as a shareholder of a corporation organized in another jurisdiction. In addition, Japanese courts may not be willing to enforce liabilities against us in actions brought in Japan which are based upon the securities laws of the United States or any U.S. state.

A holder of our ADSs will have fewer rights than a shareholder has and will have to act through the depositary to exercise those rights.

The rights of the shareholders under Japanese law to take actions, including voting their shares, receiving dividends and distributions, bringing derivative actions, examining our accounting books and records and exercising appraisal rights are available only to holders of record. Because the depositary, through its custodian agent, is the record holder of the shares underlying the ADSs, only the depositary can exercise those rights in connection with the deposited shares. The depositary will make efforts to vote the shares underlying ADSs as instructed by the ADS holder and will pay to ADS holders the dividends and distributions collected from us. However, as an ADS holder, you will not be able to bring a derivative action, examine our accounting books and records or exercise appraisal rights in your capacity as ADS holder.

Because of daily price range limitations under Japanese stock exchange rules, you may not be able to sell your shares of our common stock at a particular price on any particular trading day, or at all.

Stock prices on Japanese stock exchanges are determined on a real-time basis by the equilibrium between bids and offers. These exchanges are order-driven markets without specialists or market makers to guide price formation. To prevent excessive volatility, these exchanges set daily upward and downward price fluctuation limits for each stock, based on the previous day's closing price. Although transactions may continue at the upward or downward limit price if the limit price is reached on a particular trading day, no transactions may take place outside these limits. Consequently, an investor wishing to sell at a price above or below the relevant daily limit may not be able to sell his or her shares at such price on a particular trading day, or at all.

Foreign exchange fluctuations may affect the dollar value of our ADSs and dividends payable to holders of our ADSs.

Market prices for our ADSs may fall if the value of the yen declines against the U.S. dollar. In addition, the U.S. dollar amount of cash dividends and other cash payments made to holders of our ADSs would be reduced if the value of the yen declines against the U.S. dollar.

It may not be possible for investors to effect service of process within the United States upon us or our directors or Audit and Supervisory Board members or to enforce against us or these persons judgments obtained in United States courts predicated upon the civil liability provisions of the federal securities laws of the United States.

We are a limited liability, joint-stock corporation incorporated under the laws of Japan. Most of our directors and Audit and Supervisory Board members reside in Japan. A substantial portion of our assets and all or substantially all of the assets of these persons are located in Japan and elsewhere outside the United States. It may not be possible, therefore, for investors to effect service of process within the United States upon us or these persons or to enforce against us or these persons judgment obtained in United States courts predicated upon the civil liability provisions of the federal securities laws of the United States. There is doubt as to the enforceability in Japan, in original actions for enforcement of judgments of United States courts, of liabilities predicated solely upon the federal securities laws of the United States.

Item 4. Information on the Company.

A. History and Development of the Company.

Nidec Corporation is a joint stock corporation that was incorporated and registered under the Japanese Commercial Code (which was replaced by the Company Law in May 2006) of Japan on July 23, 1973 under the name of Nihon Densan Kabushiki Kaisha. Our corporate headquarters are located at 338 Kuzetonoshiro-cho, Minami-ku, Kyoto 601-8205, Japan. Our main telephone number is 81-75-935-6140. As of March 31, 2013, we had 232 subsidiaries located in 31 countries, and five affiliated companies located in four countries. We had 104,497 employees worldwide, 92.2% of which were employed outside Japan, as of March 31, 2013.

We are one of the leading global manufacturers of electric motors and related components and equipment. We aim to achieve sustainable business growth by solidifying our leadership position in motor drive technology and expanding our product portfolio into a broader spectrum of the global electric motor market. With a particular focus on brushless direct current motors, or brushless DC motors, we have constantly explored new ways to serve the global market through the introduction of energy-efficient, environment-conscious motor drives. Our growth as a manufacturer of electric motors to our current size and status has largely been the result of the acquisition and integration of businesses that have enabled us to build a strong product offering. We regard our ability to identify, purchase and integrate acquisition targets as an essential part of our core strategy and strength.

Our recent acquisition and intra-group realignment transactions include the following:

- In April 2012, Nidec-Kyori Corporation, a consolidated subsidiary, was merged by absorption into Nidec-Shimpo Corporation, a consolidated subsidiary.
- In April 2012, Nidec Sankyo Shoji Corporation, a consolidated subsidiary, was merged by absorption into Nidec Sankyo Corporation, a consolidated subsidiary.
- In April 2012, Nidec-Shimpo acquired The Minster Machine Company, a U.S. manufacturer of mid-sized and large-sized high-speed, high rigidity press machines and large-sized press machines for dies for motor parts, to expand our machinery business to wider markets, including the beverage can and automobile parts markets. The company was subsequently renamed “Nidec Minster Corporation.”
- In May 2012, we acquired Ansaldo Sistemi Industriali S.p.A., an Italian manufacturer of industrial motors, generators and drives, to expand our industry motor business by gaining sales platforms in new markets and offering a wider range of products. The company was subsequently renamed “Nidec ASI S.p.A.”
- In September 2012, we acquired Avtron Industrial Automation, Inc., a U.S. provider of control, automation and drive systems solutions and manufacturer of encoders with system engineering resources, experience, customer relationships and sales channels in North America, to strengthen our industrial motor and automation solutions businesses.
- In September 2012, Nidec Nissin Corporation, a consolidated subsidiary, was merged by absorption into Nidec Sankyo.
- In October 2012, to more effectively manage, and more effectively share resources among our group companies, we made Nidec Sankyo a wholly owned subsidiary through a share exchange transaction between Nidec Corporation and Nidec Sankyo. Immediately prior to the share exchange transaction, we held a 77.1% ownership interest in Nidec Sankyo.

- In October 2012, we acquired SCD Co., Ltd., a South Korean company which develops, manufactures and sells motor drive units for refrigerators and motors for air conditioners, to gain business opportunities with South Korean home appliance manufacturers with strong presence in emerging economies, and to expand sales of its rich product line-up.
- In November 2012, we acquired Kinetek Group Inc., a U.S. company which conducts its commercial motor business on a global basis and occupies a leading position in various markets for commercial motors used in such products as elevators and escalators, commercial food refrigerators, floor care equipment, golf and utility vehicles, material handling vehicles and aerial lifts, to strengthen our commercial motor business.
- In December 2012, we acquired Jiangsu Kaiyu Auto Appliance Co., Ltd., a Chinese company which develops, manufactures and sells brush motors for electric power steering systems and automotive fans, to acquire technologies for brush motors for electric power steering systems and business opportunities in the Chinese automobile market. The company was subsequently renamed “Nidec Kaiyu Auto Electric (Jiangsu) Co., Ltd.”
- In April 2013, we and Nidec Copal Corporation, a consolidated subsidiary in which we held an approximately 66.5% ownership interest as of March 31, 2013, entered into a share exchange agreement to make Nidec Copal our wholly owned subsidiary. The share exchange transaction is expected to become effective on October 1, 2013 in accordance with a resolution adopted at an ordinary general meeting of Nidec Copal shareholders held on June 19, 2013.
- In April 2013, we and Nidec Tosok Corporation, a consolidated subsidiary in which we held an approximately 72.3% ownership interest as of March 31, 2013, entered into a share exchange agreement to make Nidec Tosok our wholly owned subsidiary. The share exchange transaction is expected to become effective on October 1, 2013 in accordance with a resolution adopted at an ordinary general meeting of Nidec Tosok shareholders held on June 20, 2013.
- In April 2013, we and Nidec Seimitsu Corporation, a consolidated subsidiary in which Nidec Corporation held an 85.5% ownership interest and Nidec Copal held a 14.5% ownership interest as of March 31, 2013, entered into a share exchange agreement to make Nidec Seimitsu a wholly owned subsidiary of Nidec Corporation. The share exchange transaction is expected to become effective on September 1, 2013 in accordance with a resolution adopted at an ordinary general meeting of Nidec Seimitsu shareholders held on June 15, 2013.

The following list presents a selected history of our major acquisition activities relating to the expansion of our businesses involving small precision motors, automotive, appliance, commercial and industrial products, machinery, electronic and optical components and other products:

During Fiscal Years Ended March 31,	Event
1989	We acquired Shinano Tokki Co., Ltd., a major manufacturer of spindle motors for hard disk drives, from Teac Corporation, a then major manufacturer of audio equipment and hard disk drives for PCs. As a result, we gained the largest market share of spindle motors in the world.
1995/ 1997	We acquired 38.5% of Kyoritsu Machinery Co., Ltd. and changed its name to Nidec Machinery Corporation. In 1977, we increased our ownership to 60.0%. This company manufactures factory automation equipment for small precision motor assemblies and automated measuring instruments.
1995/ 2003	We acquired newly-issued shares of Shimpo Industries Co., Ltd., currently Nidec-Shimpo Corporation, constituting 36.7% of its then outstanding shares. We subsequently increased our ownership to 51% and have consolidated its results since February 2002. Nidec-Shimpo became a wholly-owned subsidiary of Nidec by way of a share exchange, effective as of October 1, 2003. Nidec-Shimpo is a major manufacturer of stepless automatic transmission mechanisms.
1997/ 2002	At the time when Shimpo Industries became our consolidated subsidiary in February 2002, Shimpo Industries held 90.0% of the outstanding shares of Read Corporation, currently Nidec-Read Corporation. Shimpo Industries acquired Read Corporation from Nippon Steel Chemical Co., Ltd in 1997. Nidec-Read manufactures measuring/inspection equipment for electronic components, including printed circuit boards, ceramics, semiconductors and automotive parts. Nidec-Read became our majority-owned subsidiary in February 2002 as a result of the inclusion of Nidec-Shimpo in our scope of consolidation.
1998/ 2004	We acquired 17.7% of the outstanding shares of Copal Co., Ltd. in 1998, currently Nidec Copal Corporation, from Fujitsu Limited. Later in 1998, we increased our ownership of Nidec Copal to 42.8%. We further increased our ownership of Nidec Copal to 51.3% in February 2004 and to 66.5% in March 2013. In April 2013, we entered into a share exchange agreement with Nidec Copal, pursuant to which Nidec Copal is expected to become our wholly owned subsidiary in October 2013. Nidec Copal is a leading manufacturer of camera shutters and other optical and electronics instruments. Nidec Copal also manufactures information terminals, laboratory system instruments and automated manufacturing systems. In connection with our acquisition of Copal's shares, we acquired from Copal 32.3% of the outstanding shares of Copal Electronics Corporation, currently Nidec Copal Electronics Corporation. Nidec Copal Electronics is a manufacturer of small electronic precision instruments, including semi-fixed gas registers, trimmer capacitors, small precision motors and gas and liquid pressure sensors. We subsequently increased our ownership of Nidec Copal Electronics to 40.0% in 1998 and then to 51.0% in January 2004.

During Fiscal Year Ended March 31,	Event
1998/ 2012	We acquired the assets relating to the motor division of Shibaura Engineering Works Co., Ltd. and established a joint venture, Nidec Shibaura Corporation, with Toshiba Corporation and Shibaura Engineering. We initially owned 40.0% of the joint venture. We subsequently dissolved the joint venture and purchased the remaining 60.0% interest from our former joint venture partners, and Nidec Shibaura became our wholly-owned subsidiary in September 2000. Nidec Shibaura mainly develops and manufactures precision motors for electric home appliances. In April 2011, Nidec Shibaura was merged by absorption into Nidec Techno Motor Corporation.
2000/ 2011	We acquired 67.0% of the outstanding shares of Y-E Drive Corporation, subsequently renamed Nidec Power Motor Corporation, from Yasukawa Electric Corporation. Nidec Power Motor designs, develops, manufactures and services automotive, appliance, commercial and industrial products for industrial equipment and home electrical appliances. Through this acquisition, we expanded our business in the field of automotive, appliance, commercial and industrial products. In March 2011, we acquired the remaining shares of Nidec Power Motor, and Nidec Power Motor was merged by absorption into Nidec Techno Motor Corporation.
2004	In October 2003, we acquired approximately 40% of the outstanding shares of Sankyo Seiki Mfg. Co., Ltd., currently Nidec Sankyo Corporation. We subsequently increased our ownership of Nidec Sankyo to approximately 51% in February 2004, and held 77.1% of the outstanding shares of Nidec Sankyo in March 2012. In October 2012, we acquired the remaining shares of Nidec-Sankyo.
2006	In November 2006, we acquired 98.9% of the outstanding shares of Fujisoku Corporation, which manufactures and sells industrial switches, memory cards, panel switches and electronic measuring instruments.
2006	In December 2006, we acquired all of the voting shares of the motors and actuators business of Valeo S.A., France, currently Nidec Motors & Actuators. As a result, we have included the results of the Nidec Motor & Actuators group wholly-owned subsidiaries (consisting of seven companies) in our consolidated financial statements. These companies manufacture motors and actuators for automobiles such as air flow systems, body closure systems, occupant positioning systems and brake systems.
2007	In February 2007, we acquired 87.1% of the outstanding shares of Brilliant Manufacturing Limited, currently Nidec Component Technology Co., Ltd. Nidec Component Technology is engaged in manufacturing and sales of base plate die-casting and top covers used in hard disk drives.

During Fiscal Year Ended March 31,	Event
2008/ 2011	In April 2007, we acquired 51.7% of the common stock of Japan Servo Co., Ltd., currently Nidec Servo Corporation, a manufacturer of motors and motor-applied products. In October 2010, we acquired the remaining shares of Nidec-Servo.
2009	In August 2008, we acquired 68.4% of newly issued shares of Copal Yamada, which manufactures and designs precision molds.
2010	In January 2010, we acquired all of the voting interests in the household motor business of Appliances Components Companies S.p.A. in Italy, which was renamed Nidec Sole Motor Corporation S.R.L.
2010	In February 2010, we acquired 90.0% of the outstanding shares of SC WADO Co., Ltd., a base plate manufacturer in Thailand.
2011	In September 2010, we acquired all of the assets, the liabilities and the voting rights of Emerson Electric Co.'s motors and controls business, currently Nidec Motor Corporation, which manufactures industrial, air conditioning and home appliance motors.
2012	In July 2011, we acquired all of the outstanding shares in Sanyo Electric Co., Ltd., currently Nidec Seimitsu Corporation, which manufactures small precision DC motors (vibration and general purpose motors).
2013	In May 2012, we acquired Ansaldo Sistemi Industriali S.p.A. in Italy, currently Nidec ASI S.p.A., which manufactures industrial motors, generators and drives.
2013	In September 2012, we acquired Avtron Industrial Automation, Inc. in the United States, which provides control, automation and drive-systems solutions and manufactures encoders.
2013	In November 2012, we acquired Kinetek Group Inc. in the United States, which manufactures commercial motors.
2013	In December 2012, we acquired Jiangsu Kaiyu Auto Appliance Co., Ltd. in China, currently Nidec Kaiyu Auto Electric (Jiangsu) Co., Ltd., which manufactures brush motors for electric power steering systems and automotive fans.

For a further discussion of our significant acquisitions and dispositions, see Note 3 to our audited consolidated financial statements included elsewhere in this annual report.

In March 2011, we discontinued the specialty lens unit, or SLU, business in order to improve profitability by prioritizing our investment of management resources to the development and production of new products and business areas with more potential for growth. In March 2012, we discontinued the lens actuator, or LAC, business, the tape drive and disk drive mechanism, or PGN, businesses, and the compact digital camera lens unit, or CLU, business in order to improve profitability by prioritizing our investment of management resources to the development and production of new products and areas that we believe have more potential for growth than the LAC, PGN and CLU businesses. For a further discussion on the discontinued businesses, see Note 24 to our audited consolidated financial statements included elsewhere in this annual report.

For the fiscal years ended March 31, 2011, 2012 and 2013, our capital expenditures, as shown in our consolidated statements of cash flows for those fiscal years, were ¥55,010 million, ¥41,446 million and ¥61,368 million, respectively. Major capital expenditures in the last three fiscal years included investments for the restoration of flood-damaged plants and facilities used to manufacture hard disk spindle motors and electronic and optical components in Thailand, as well as investments for the expansion of production capacities for hard disk drive spindle motors in the Philippines, aimed to counterbalance the flood damages incurred in Thailand.

Our capital expenditures for the fiscal year ending March 31, 2014 are planned to include investments of approximately ¥17,266 million in manufacturing plants and facilities, mainly in Asia, and other investments for the following purposes:

- to establish a basic research facility in Kawasaki City, Japan,
- to renew production-line equipment in our Asian factories manufacturing spindle motors, and
- to renew production-line equipment in our Asian and American factories manufacturing motors and modules for automotive systems, home appliances, commercial and industrial products.

For more information on our capital expenditure, see "Item 5.B. Operating and Financial Review and Prospects — Liquidity and Capital Resources."

In the fiscal year ended March 31, 2013, in order to optimize the utilization of our manufacturing plants and facilities in response to weakening demand for some of our major products, including components for personal computers, digital cameras and LCD panel manufacturing equipment, we disposed of, or otherwise made adjustments to, some of our plants, equipment and other fixed assets in Asia. For more information on such disposal and other adjustments, see "—D. Property, Plants and Equipment." and "Item 5.A. Operating and Financial Review and Prospects — Operating Results."

Our Basic Strategy

Electric motors account for an increasingly larger portion of all electric consumption in the world today. The efficiencies of electric motors and motor drive systems can make a significant difference in the world's power consumption and would become a crucial key to accelerating the shift toward clean and renewable energy sources, which originates in increased concerns over supplies of fossil fuels and the imminent effects of climate change.

Inefficient motors result in significant energy waste. With an increase in electricity costs, energy lost due to inefficient motors essentially translates into economic loss. In addition, since a large portion of the power generated in the world currently comes from the burning of fossil fuels, wasted energy due to motor inefficiency contributes to an increase in the amount of pollution created in the power generation process. The widespread use of high-efficiency, advanced electric motor solutions is expected to enhance the possibilities of reducing energy costs for end users, reducing the consumption of fossil fuels for energy production, and decreasing the amount of harmful emissions released into the atmosphere.

In addition to these factors, we believe the primary catalysts driving demand for highly sophisticated electric motors would include:

- advances in electronic support for greater living comfort and safety (e.g., electronic vehicle control and home appliance digitalization),
- growth in emerging markets, and
- increasingly stricter global energy efficiency standards.

The core of our current strategies revolves around how we can contribute to and take advantage of the foregoing market shift by leveraging our specialized motor technologies, particularly those associated with the brushless DC motor.

A brushless DC motor is a type of electric motor that uses electronically controlled commutation systems, rather than a mechanical commutation system used in a conventional DC motor. The brushless DC motor, without a commutator and brushes to wear out, essentially has no attributes negatively affecting the electrical connections and exhibits many advantages over traditional motor types, including:

- better speed versus torque characteristics,
- higher dynamic response,
- higher efficiency,
- longer operating life,
- noiseless operation,
- higher speed ranges,
- smaller and lighter (higher ratio of torque delivered to the size of the motor),and
- no ionizing sparks resulting in electromagnetic interference.

Brushless DC motors are gaining popularity and have come to dominate many applications requiring precise speed control, despite their higher cost compared to conventional motor types. Hard disk drives, optical disk drives and cooling fans for consumer and enterprise computers and DVD recorders and players already use brushless DC motors exclusively. Higher-torque brushless DC motors are beginning to be utilized in hybrid and electric vehicles, home appliances, office equipment and industrial machinery. We believe brushless DC motors can potentially be employed in any area currently fulfilled by conventional DC motors.

Our Business Model

We pursue sustainable enhancement of corporate value by leveraging our core competencies in the electric motor drive technology and associated manufacturing and marketing expertise, which are designed flexibly to align with future changes and developments in the relevant markets.

Our business model is to provide specialized motor drive solutions to global customers who seek to build and maintain a top tier product portfolio in terms of efficiency, differentiation, price competitiveness and speed to market. The business model has evolved over time in alignment with the customers' changing value priorities and based on our strategic foresight in identifying potential growth areas to concentrate our resources on. We constantly assess our visions and strategies in light of the evolving business environment and, if necessary, seek to reposition ourselves by proactively taking measures, including investments, mergers and acquisitions, and divestiture or transformation of operations.

As an independent participant in multiple supply chains in multiple product markets, we supply products to higher-tier suppliers and ODM and OEM customers. We provide our specialized capabilities in motor-drive solutions that customers otherwise do not have direct access to, or cannot cost-effectively create or manage internally. We seek to maintain and further develop these capabilities to compete with our current and potential competitor suppliers worldwide. The customers in the supply chains we currently serve generally have the following attributes:

- They expect highly innovative products with an increasing focus on energy-saving, environment-conscious features;
- They require large quantities at a low price; and
- They purchase on short notice and expect quick delivery, service and support.

We aim for the highest market share in our chosen areas of operations, and believe that we have developed a flexible and agile manufacturing framework to ensure rapid responses to changes in customer demand, timely resolution of quality problems, and fast implementation of new product features.

We believe our key strengths and capabilities can be summarized as follows:

- strategic foresight to identify future growth opportunities and challenges, and agility in responding to the accompanying changes in technologies, markets and trends,
- rich pool of specialized proprietary technologies and related expertise in customization and processing,
- short time to market enabled by highly specialized, focused operations,
- cost advantages generated by effectively spreading the costs of specialized capabilities over significantly large production volume for serving multiple customers,
- ability to build long-term, close relationships with customers based on an in-depth understanding of their challenges and goals,
- corporate culture that prioritizes employees' creativity, labor enthusiasm, and swiftness in decision-making, and
- extensive experience in successful mergers and acquisitions and post-merger integration.

Our competitive advantages, particularly from a perspective of responsiveness to customers, reflect, and are primarily driven by, the following operational elements:

Technology

Continuing improvement in product design, manufacturing and process technologies is critical to differentiate ourselves from our competitors and, from time to time, to ease pricing pressure. We aim to have all of our design activities focus on future growth markets and potential applications well-matched with the context of the times.

From a technical perspective, our business model first demonstrated its validity in establishing our leadership in the global market for spindle motors for hard disk drives. In the 1980's, the computer industry was seeking innovative solutions that would enable smaller-footprint computer for home and office uses (personal computers, or PCs) without compromising performance. The manufacturers of the hard disk drive, a storage device used to store digitally encoded data in the computer and server, were also looking for innovative ways to dramatically reduce the size and improve the performance of their hard disk drives. They needed a new platter, new read and write head, and among all things, a new type of electric motor. We had anticipated the need for smaller yet higher-performing motors early on and successfully developed our proprietary brushless DC motor technology and associated mass-production expertise ahead of our competitors. Our brushless DC motor quickly replaced the traditional brush-commutated DC motor, or brush DC motor, to become the mainstream motor solution for hard disk drives, and subsequently, optical disk drives.

Our motor drive technology has since evolved through waves of innovation and modification to fulfill a role fine-tuned to the needs of the times. Exhibiting enhanced rotation accuracy, controllability, lightness, quietness and operating life, coupled with significantly improved energy-efficiency and environmental advantages, our motor portfolio has extended its reach beyond the information technology field into many other market segments where we find new demand. Our current focus is on new applications arising from consumers' preference toward energy-saving lifestyle, greater comfort and safety. Among the most prospective application areas, we place particular emphasis on electric and hybrid automobiles, home electric appliances and industrial equipment, for which we believe highly controllable, energy-saving and environmentally motors are increasingly sought after.

See "Item 3.D. Key Information — Risk Factors — We face aggressive competition both in the markets where we supply our main products and in the markets into which we are attempting to expand our business, which could have a material adverse effect on our business and results of operations."

Production

Our customers, to a greater or lesser degree, serve various electronics markets which typically require large quantities of high-quality precision components, including electric motors, on short notice and at competitively low prices. Attaining a sustainable leadership position in these markets is essentially synonymous with having industry-leading manufacturing capacities and flexible manufacturing techniques that enable competitive quantity, quality, speed and price. For this reason, we constantly explore new application areas with high growth potential to continue securing sufficient production volume for better economies of scale and scope. Our manufacturing initiatives towards the leading market position basically begin with establishing substantially large manufacturing capacities in close proximity to major groups of customers so that we can meet quality and quantity demand better and make delivery times shorter than our competitors. Further, we carefully measure the value added along the production lines over the course of time and, at a scale deemed appropriate, standardize and automate production lines for lower cost manufacturing operations.

See "Item 3.D. Key Information — Risk Factors — Because our facilities are concentrated in a limited number of locations, disruptions in one or more of those locations could have a material adverse impact on our business operations."

Inventory and Delivery

Our major revenue streams currently come from the customers who adopt a just-in-time system, or JIT, under which the customers produce only what is required in the correct quantity and at the correct time, to keep their stock levels to a minimum. Accordingly, we are expected to deliver our products to the customers' loading bays within a narrow time slot.

JIT is a very responsive manufacturing method, and yet very reliant on suppliers. If stock is not delivered on time, the customer's entire production schedule would most likely be delayed. Customers without inventory must avoid such a supply system problem that creates a shortage of parts. This makes supplier relationships extremely important for our customers, and our responsiveness here is primarily measured by our ability to keep sufficient levels of inventory readily available to the customers at many locations worldwide. To fulfill these customer needs, our global manufacturing network is flexibly coordinated to ensure geographical proximity to the factories and warehouses of our customers. At the same time, we pay significant attention to the demand conditions in downstream markets in order to mitigate the risk of overstocking on our side.

See "Item 3.D. Key Information—Risk Factors—Because our production and inventory are planned in advance of anticipated customer demand, if actual demand is significantly smaller than projected, we may suffer losses."

Quality

Our quality initiatives revolve around continuous improvement and optimization of all processes—from product development, purchasing, production and sales to delivery—in order to provide maximum value for our customers. We adopt quality as a competitive strategy and implement techniques, such as ISO 9001 certification and statistical process controls, to meet customer demands and improve overall business performance.

As an internationally operating company, our quality responsibility involves reducing the environment burdens of our products and operations beyond national borders. In addition to compliance with international environmental standards, such as ISO14001, REACH (Registration, Evaluation, Authorization and Restriction of Chemical substances) and RoHS (Restriction of Hazardous Substances Directive), we seek to address environmental considerations and work on the reduction of raw materials used per unit of product.

See "Item 3.D. Key Information—Risk Factors—If any defect is discovered in our products, or if any of the end-products in which our products are incorporated malfunctions, our reputation and results of operations may suffer by lost sales or costs associated with recalls or management distraction."

Strategic Investments and Business Acquisitions

Strategic investments and business acquisitions in potentially higher value areas are essential to our success in terms of broadening our technological horizons, enriching our products and customer portfolio, and eventually developing an optimal mix of revenue and profit streams. Specifically, our core investment efforts are currently being directed to the following areas:

- research and development of energy-efficient, environment-conscious electric motors,
- expansion of selling and manufacturing capacities in emerging countries, and
- mergers and acquisitions of electric motor businesses in the household appliance, automotive, commercial and industrial motor industries.

See “Item 3.D. Key Information—Risk Factors—Our growth has been based in part on acquisitions of, or investments in, other companies, and our future growth could be adversely affected if we make acquisitions or investments that fail to achieve their intended benefits, or if we are unable to find suitable acquisition or investment targets.”

B. Business Overview.

We classify our products into five business groups based primarily on the similarity of products in type and use. The business groups and major categories of products offered in each business group as of March 31, 2013 are as follows:

- *Small Precision Motors:* Hard disk drives spindle motors and other small precision motors for optical disk drives, laser printers, copiers, polygon scanners, electronic cooling fans, refrigerators, mobile phones, DVD recorders, automobiles, and other applications;
- *Automotive, Appliance, Commercial and Industrial Products:* Automotive motors and electronic controls (for power steering systems, dual-clutch transmission systems, engine and fuel cell cooling systems, seat adjusters, window lifts, door lock actuators, vehicle traction systems, and other products), home appliances motors (for air conditioning systems, air purification systems, washing machines, refrigerators, dish washers and other products), and industrial motors and systems solutions (for processing lines, rolling mills, mining equipment, heat pump and water heater systems, elevators, escalators, commercial food refrigerators, floor care equipment, utility vehicles, material handling vehicles, aerial lifts, monitoring systems, barrier-free facilities, electric tools, air compressors, marine propulsion systems, wind power generation systems, photovoltaic power generation systems, and other products);
- *Machinery:* Transfer robots (for liquid-crystal-display panels, semiconductor wafers, and other products), card readers, high-speed pressing machines, food packaging machines and power transmission systems;
- *Electronic and Optical Components:* Shutters and lens units (for digital still cameras and mobile phones), switches, trimmer potentiometers, precision plastic moldings and plastic metal casings, and
- *Others:* Logistics services and music box products.

Sales by Product Category

The table below summarizes a breakdown of our consolidated net sales by business group and product category for each of the periods indicated:

	(Yen in millions, except percentage data)					
	For the year ended March 31					
	2011		2012		2013	
Small precision motors:						
Hard disk drives spindle motors	¥196,265	29.0%	¥176,932	25.9%	¥165,427	23.3%
Other small precision motors ⁽¹⁾⁽²⁾	152,121	22.5%	154,505	22.6%	154,297	21.8%
Sub-total	348,386	51.5%	331,437	48.5%	319,724	45.1%
Automotive, appliance, commercial and industrial products ⁽³⁾	163,411	24.2%	208,529	30.6%	248,464	35.0%
Machinery	77,329	11.4%	64,904	9.5%	63,526	9.0%
Electronic and optical components ⁽²⁾	78,368	11.6%	69,377	10.2%	69,188	9.7%
Others ⁽³⁾	8,494	1.3%	8,073	1.2%	8,368	1.2%
Consolidated total	¥675,988	100.0%	¥682,320	100.0%	¥709,270	100.0%

Notes:

- (1) Starting in the year ended March 31, 2013, the “small precision motors” product category is divided into “hard disk drives spindle motors” and “other small precision motors.” To enable comparisons between periods, previously reported amounts have been reclassified.
- (2) Starting in the year ended March 31, 2013, the motor application products that were previously included in the “electronic and optical components” product category have been reclassified to the “small precision motors” product category. To enable comparisons between periods, previously reported amounts have been reclassified.
- (3) Starting in the year ended March 31, 2013, the “general motors” product category is renamed as “automotive, appliance, commercial and industrial products” and the automotive components that were previously included in the “others” product category have been reclassified to the “automotive, appliance, commercial and industrial products” product category. To enable comparisons between periods, previously reported amounts have been reclassified.

Small Precision Motors

The small precision motors business mainly covers a broad array of direct-current, or DC, electric motors that operate in the output between 0.2W and 100W. This business group constitutes the core of our consolidated operations and accounted for 45.1% of our consolidated net sales for the fiscal year ended March 31, 2013. More than a majority of small precision motor sales are represented by brushless DC motors used in the computer, home electronics and office equipment industries. See “Item 3.D. Key Information—Risk Factors— Because of our dependence on the information storage and communication industry, our business may be adversely affected by a decline in the market.”

This business group is divided into two product categories according to application: (1) hard disk drives spindle motors, (2) other small precision motors. See the immediately preceding table for further information on the changes made during the fiscal year ended March 31, 2013 to the product categories of this business group.

The details of each product category are as follows:

(1) Hard disk drives spindle motors

The products grouped into this category include brushless DC motors for hard disk drives used in personal computers, computer servers, and a range of digital consumer electronics. This product category represented 51.7% of our small precision motors sales for the fiscal year ended March 31, 2013.

Our hard disk spindle motors fall into three types based on their hard disk drive form factors, or disk platter diameters, as follows:

- (a) 3.5-inch form factor—for servers, desktop PCs, personal video recorders (PVRs), digital flat TVs, and portable external storage,
- (b) 2.5-inch form factor—for notebook PCs, PVRs, game machine consoles, digital flat TVs, servers, external hard disk drives, and
- (c) Sub-1.8-inch form factor— for handheld digital devices.

We currently supply spindle motors to all of the major hard-disk drive manufacturers in the world. In the fiscal year ended March 31, 2013, approximately 45.3% and 40.5% of our hard disk drive spindle motor sales came from Western Digital Corporation and Seagate Technology LLC, respectively. See “Item 3.D. Key Information—Risk Factors—Our customer base is highly concentrated, and our sales would suffer if one or more of our significant customers substantially reduce or cancel orders for our products.”

Substantially all of our sales of hard disk drive spindle motor are denominated in U.S. dollars.

In this market, we currently compete with two motor suppliers: Samsung Electro-Mechanics Co., Ltd. and Minebea Technology Co., Ltd.

The following are some of the recent general market trends we consider significant to our hard disk drives spindle motor business:

- Global demand for electronic data storage is expected to maintain sustainable growth, reflecting continued proliferation of personal and enterprise digital content that is stored, shared, protected and distributed in increasingly high volume.
- The hard disk drives industry’s focus is shifting further to cloud storage, a model of networked online storage where data is stored on multiple third-party servers at data centers.
- Handheld devices (e.g. smartphones and tablet PCs) will remain a major competitor against the conventional small-form-factor PCs. Operating in the cloud storage environment and using solid-state drives as their only built-in storage media, these handheld devices are, on one hand, serving as a catalyst for the high-capacity, server-oriented hard disk drives market but, on the other hand, posing a constraint on the low-capacity hard disk drives market.

See “Item 3.D. Key Information — Risk Factors — We derive a substantial portion of our net sales from sales of spindle motors for hard disc drives, and a decrease in demand for, or prices of, HDDs could harm our business.”

Demand for hard disk drive spindle motors typically peaks in the autumn-winter season, driven by corporate IT spending and consumer spending in the back-to-school and holiday shopping seasons. However, the normal seasonal pattern paused in the fiscal year ended March 31, 2013 as the PC market underwent a continued downturn against the background of European debt crisis and intensified competition from smartphones and tablets. See “Item 3.D. Key Information—Risk Factors—Our business structure streamlining measures may fail to achieve their intended goals and may result in significantly increased costs and expenses.”

(2) Other small precision motors

The products within this category are primarily used in the following application areas:

- optical disk drives for PCs, car navigation systems, and home electronics such as digital video recorders, flat-screen TVs and game machines,
- office equipment (e.g., laser printers and hybrid copiers),
- cooling fans for PCs, servers, smartphones, tablets, game machine consoles, telecom base stations, and other products,
- home appliances (e.g., refrigerators, stand mixers, juicers, hair dryers, food processors, and other products),
- vibration mechanism for smartphones and mobile phones,
- position or motion control mechanism for industrial control equipment and home electronics (e.g., camcorders, digital single-lens-reflex cameras, and car navigation systems), and
- factory automation control units.

This product category represented 48.3% of our small precision motors sales for the fiscal year ended March 31, 2013.

The types of electric motors we manufacture for these applications range from brush and brushless DC motors to stepping motors, coreless motors, servo motors and silent geared motors. A significant portion of the operations relating to this product category is conducted by Nidec Corporation, Nidec Sankyo Corporation, Nidec Copal Corporation, Nidec Copal Electronics Corporation and Nidec Servo Corporation. In this product category, our major customers are Japanese, Korean, Taiwanese and Chinese electronics companies. Our primary competitors are Asian component manufacturers, including our customers’ motor manufacturing divisions.

Automotive, appliance, commercial and industrial products

This business group provides medium and large-sized electric motors and control solutions for use in automotive, home appliance and industrial applications that require output power ratings up to 37MW (37,000,000W). The home appliance and industrial products businesses are conducted by Nidec Motor Corporation, Nidec ASI S.p.A., Nidec Techno Motor Corporation, Nidec Sole Motor Corporation S.R.L., Avtron Industrial Automation, Inc., and Kinetek Group, Inc. The automotive motor business is primarily conducted by Nidec Corporation and Nidec Motors & Actuators. We manufacture and sell medium and large-sized electric motors to many of the world's major electronics companies, factory automation equipment manufacturers and automotive system manufacturers based in Europe, the United States, Japan and other Asian countries. We compete with independent electric motor suppliers and our customers' own motor manufacturing units worldwide. For a discussion of our recent acquisition of businesses and intra-group realignment of subsidiaries engaged in the automotive, appliance, commercial and industrial products businesses, see “—A. History and Development of the Company.”

This business group currently derives a significant portion of its revenues from the home appliances and automobile industries and represented 35.0% of our consolidated net sales for the fiscal year ended March 31, 2013.

Machinery

The machinery business group consists of various equipment and machinery mainly for industrial use. A significant portion of the operations of this business group is conducted by Nidec Sankyo Corporation in the transfer robot and card reader industry, Nidec-Shimpo Corporation (and Nidec Minster Corporation, a major U.S. manufacturer of press machines, which Nidec-Shimpo acquired in April 2012) in the power transmission equipment and high-speed pressing machine industries, and Nidec-Read Corporation in the semiconductor package inspection equipment and other industries. The remaining operations are managed by Nidec Copal Corporation in the factory automation system industry. Our customers and competitors are primarily Japanese and Asian manufacturers. For a discussion of our recent acquisition of business and intra-group realignment of subsidiaries engaged in the machinery business, see “—A. History and Development of the Company.”

This business group generally exhibits a marked sensitivity to capital spending fluctuations, owing to its high exposure to the factory automation systems market. This business group represented 9.0% of our consolidated net sales for the fiscal year ended March 31, 2013.

Electronic and Optical Components

The electronic and optical components business is conducted primarily by Nidec Copal Corporation in the camera shutter and lens unit, metal casing and other industries, Nidec Sankyo Corporation in the precision plastic molding, home appliance unit and other industries, and Nidec Electronics Corporation in the switch, trimmer potentiometer, actuator and other industries. Our primary customers are the world's major manufacturers of digital cameras, mobile phones and various control devices. We mainly compete with Japanese and other Asian component manufacturers, which are either independent or our customers' own manufacturing units.

This business group covers a broad spectrum of component markets and is particularly influenced by trends in the digital camera market and private-sector equipment investment. The product range is diverse and manufacturing operations are frequently performed in small lots or on order. This business group represented 9.7% of our consolidated net sales for the fiscal year ended March 31, 2013.

See the table at the beginning of “—Sales by Product Category” for further information on the changes made during the fiscal year ended March 31, 2013 to the products covered by this business group.

Others

The Others business consists of logistics and other services and is primarily conducted by Nidec Corporation. This business group represented 1.2% of our consolidated net sales for the fiscal year ended March 31, 2013.

Sales by Geographic Market

The following tables present a breakdown of our geographic revenues based on the locations of business entities generating sales and the locations of customers for each of the periods indicated. In the following tables, inter-group transactions have been eliminated in consolidation.

Geographic revenues based on the locations of business entities generating sales

	Yen in millions, except percentage data					
	For the year ended March 31					
	2011		2012		2013	
Japan	¥295,376	43.7%	¥260,470	38.2%	¥213,169	30.1%
U.S.A.	46,579	6.9%	71,317	10.5%	99,260	14.0%
Singapore	28,015	4.1%	40,595	5.9%	55,712	7.9%
Thailand	99,932	14.8%	75,908	11.1%	81,678	11.5%
The Philippines	10,657	1.6%	19,683	2.9%	18,543	2.6%
China	139,264	20.6%	148,553	21.8%	150,631	21.2%
Other	56,165	8.3%	65,794	9.6%	90,277	12.7%
Consolidated total	¥675,988	100.0%	¥682,320	100.0%	¥709,270	100.0%

Geographic revenues based on the locations of customers

	Yen in millions, except percentage data					
	For the year ended March 31					
	2011		2012		2013	
North America	¥55,237	8.2%	¥79,997	11.7%	¥102,587	14.5%
Asia	390,218	57.7%	358,653	52.5%	364,242	51.3%
Europe	51,887	7.7%	59,987	8.8%	75,704	10.7%
Other	5,440	0.8%	7,291	1.1%	9,130	1.3%
Overseas sales total	502,782	74.4%	505,928	74.1%	551,663	77.8%
Japan	173,206	25.6%	176,392	25.9%	157,607	22.2%
Consolidated total	¥675,988	100.0%	¥682,320	100.0%	¥709,270	100.0%

See “Item 3.D. Key Information—Risk Factors—We rely to a large extent on production and sales in developing countries which may become politically or economically unstable and face risks resulting from unanticipated developments in those countries.”

Product Development and Engineering

Each of our business groups has its own product development and design teams that continuously enhance our existing products and develop new products for our growing base of customers that require custom and standard solutions. We have some of the industry's most sophisticated motor development and testing laboratories, including those for hard disk drive motors and automotive motors. We believe these capabilities provide a significant competitive advantage in developing high quality motors with leading environment-conscious design characteristics, such as low noise, improved safety, reliability and energy efficiency.

For further information on our research and development facilities, see “—D. Property, Plants and Equipment.”

Supply Sources

Our major requirements for basic raw materials include aluminum, steel, copper, electronics, and to a lesser extent, rare earth minerals, plastics and other petroleum-based chemicals. We have multiple supply sources for each of our major requirements and we are not significantly dependent on any one or a few suppliers. All of the raw materials and various purchased components required for our products have generally been available in sufficient quantities.

See “Item 3.D. Key Information—Risk Factors—If raw materials or components for our products are not available in quantities or at prices that we expect, our production could be significantly harmed.”

Government Regulation and Environmental Standards

Our business activities are subject to various governmental regulations in the jurisdictions in which we operate, including those relating to customs, import and export control, foreign exchange controls, competition or antitrust, intellectual property, protection of the environment, product safety, and labor.

In Japan, we are subject to environmental regulation under the Air Pollution Control Law, the Water Pollution Control Law, the Wastes Disposal and Public Cleaning Law, the Law for the Promotion of Effective Utilization of Resources, the Basic Law for Establishing a Recycling-based Society and other laws. We are also subject to local regulations which in some cases impose requirements more stringent than the national requirements. However, we currently do not believe that these regulations have a significant impact on our operations since we do not use large volumes of hazardous or toxic chemicals to manufacture our products or dispose of large amounts of waste into the environment.

Our overseas operations are also subject to environmental regulation. Our operations in the United States, for example, are subject to extensive federal and state environmental laws and regulations. Our operations in the European Union ("EU") are also subject to EU and national environmental laws and regulations. Any electronic or electrical equipment sold in the EU are subject to the Restriction of Hazardous Substances Directive (RoHS) 2002/95/EC. This Directive indicates that any products entering the EU must comply with its limits on the content of certain hazardous substances. We seek to ensure that all of our products comply with the Directive because of the possibility that products we make and sell elsewhere could be eventually be sold in the EU as components of other companies' products.

Environmental considerations are critical in measuring our product competitiveness. As part of our ongoing effort to comply with environmental laws and regulations, we constantly monitor and adapt to changes in such requirements applicable to our operations and strive for strict compliance with these requirements. Almost all of our domestic and overseas manufacturing plants have either received, or are scheduled to receive certifications under the ISO 14001 standards on environmental management systems of the International Organization for Standardization. Also, under a control framework established to eliminate lead from our production process, a predominant portion of our products (with a few exceptions required by certain customers) currently use lead-free solder. However, our compliance effort may require substantial financial and other resources or prove inadequate, particularly when stricter regulatory requirements are imposed.

See “Item 3.D. Key Information—Risk Factors—We are subject to various laws and regulations, and our failure to comply may harm our business.”

Intellectual Property

In the ordinary course of business, we submit additional patent applications in Japan, the United States, China and other countries. We also seek patent protection in various foreign countries where our patented technologies are used. While, from time to time, we seek to enforce our patents in patent infringement lawsuits or otherwise, we do not believe that there is any single patent or group of patents which are critical to our principal business segments.

Legal Proceedings

Nidec Sankyo has been involved in a series of lawsuits with YASKAWA Electric Corporation since 2008 concerning Japanese Patent Nos. 3973006 and 3973048, which are owned by Nidec Sankyo and relate to LCD panel handling robots. Nidec Sankyo lost the first of these lawsuits in 2012 after the Supreme Court dismissed its final appeal, upholding the decision of the Intellectual Property High Court to invalidate the patents. Subsequently, in the same year, the Japanese Patent Office granted Nidec Sankyo’s petition for the reissuance of Patent Nos. 3973006 and 3973048. After the reissuance, YASKAWA filed another lawsuit seeking a decision declaring the invalidity of the reissued patents. The lawsuit is pending at the Intellectual Property High Court of Japan as of the date of this annual report.

On October 31, 2012, Hirata Corporation filed a lawsuit in the Tokyo District Court against Nidec Sankyo Corporation for infringement of Japanese Patent No. 3488393, which is related to LCD panel handling robots. The lawsuit is pending in the Tokyo District Court as of March 31, 2013.

We are also involved in several other actions and proceedings in Japan and overseas in the ordinary course of our business. Based upon the information currently available to us and our domestic and overseas legal counsel, we believe that the ultimate resolution of such actions and proceedings will not, in the aggregate, have a material adverse effect on our financial conditions or result of operations.

See “Item 3.D. Key Information—Risk Factors—We could be harmed by litigation involving patents and other intellectual property rights.”

Disclosure under Section 13(r) of the U.S. Securities Exchange Act of 1934

Section 13(r) of the U.S. Securities Exchange Act of 1934 (Exchange Act), which was added by Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012, requires an issuer to disclose whether it or any of its affiliates knowingly engaged in certain activities, transactions or dealings relating to Iran or with natural persons or entities designated by the U.S. government under Executive Orders. The scope of activities that must be reported includes activities not prohibited by U.S. law and conducted outside the United States in compliance with applicable local law.

During the year ended March 31, 2013, Nidec Servo Corporation, which is our wholly-owned subsidiary in Japan, sold to Para Industries Inc., indirectly through a third-party Japanese trading company, two thousand units of brushless DC motors to be used in banknote counters manufactured and sold to Bank Melli Iran by Para Industries. During the year ended March 31, 2013, the sales of such motors, all of which were denominated in Japanese yen, generated total gross revenues of ¥1.6 million, and a smaller amount of net profit. Nidec Servo has ceased the sale-purchase transactions with Para Industries after it fulfilled Para Industries' purchase orders outstanding as of May 31, 2013 for five thousand units of brushless DC motors. Nidec Servo completed the sales in June 2013, and generated gross revenues of ¥4.0 million from such sale.

C. Organizational Structure.

The following table presents summary information on our major consolidated subsidiaries as of March 31, 2013:

Name	Country	Principal business	Percentage owned by us as of March 31, 2013 (%)
Consolidated subsidiaries			
Nidec Electronics (Thailand) Co., Ltd.	Thailand	Manufacture and sales of spindle motors for hard disk drives	99.9%
Nidec (Zhejiang) Corporation	China	Manufacture of spindle motors for hard disk drives and components for precision motors	100.0%
Nidec (Dalian) Limited	China	Manufacture of small brushless DC motors for PC peripheral devices, fans, and components for precision motors	100.0%
Nidec Singapore Pte. Ltd.	Singapore	Sales of spindle motors for hard disk drives, DC motors and fan motors	100.0%
Nidec (H.K.) Co., Ltd.	China	Sales of spindle motors for hard disk drives, DC motors and fan motors	100.0%
Nidec Philippines Corporation	Philippines	Manufacture of spindle motors for hard disk drives	99.9%
Nidec Sankyo Corporation	Japan	Manufacture and sales of stepping motors, motor drive units, industrial robots, card readers, precision plastic molds, and music box products	100.0%
Nidec Copal Corporation ⁽¹⁾⁽²⁾	Japan	Manufacture and sales of optical, electronic and information equipment, photo equipment and factory automation equipment	66.5%

Name	Country	Principal business	Percentage owned by us as of March 31, 2013
Nidec Tosok Corporation ⁽¹⁾⁽³⁾	Japan	Manufacture and sales of precision automobile parts, automated measuring equipment	72.3%
Nidec Copal Electronics Corporation ⁽¹⁾	Japan	Manufacture and sales of electronic circuit components, pressure sensors, actuators, potentiometers and rotary encoders	65.4%
Nidec Techno Motor Corporation	Japan	Manufacture and sales of small and mid-size motors for Heating, Ventilation and Air-Conditioning, industrial machinery, motor-based equipment and other products	100.0%
Nidec Motor Corporation	U.S.A.	Manufacture and sales of industrial, commercial and appliance motors and controls	100.0%
Nidec Motors & Actuators (Germany) GmbH	Germany	Manufacture and sales of automotive motors (for engine cooling, ABS, tilt/telescope, seat adjustment, window lift, air compressor, sunroof and trunk open and close components)	100.0%

Notes:

- (1) Listed on one or more stock exchanges in Japan.
- (2) Pursuant to a share exchange agreement we entered into with Nidec Copal in April 2013, Nidec Copal is expected to become our wholly owned subsidiary on October 1, 2013.
- (3) Pursuant to a share exchange agreement we entered into with Nidec Tosok in April 2013, Nidec Tosok is expected to become our wholly owned subsidiary on October 1, 2013.

D. Property, Plants and Equipment.

Our principal executive offices are located in Kyoto, Japan and occupy approximately 36,119 square meters of office space. At March 31, 2013, we operated manufacturing and sales facilities through 26 Japanese subsidiaries and 206 foreign subsidiaries. These facilities are located in Japan, China, the United States, Europe, Vietnam, Thailand, Mexico, Singapore, the Philippines, Indonesia, Taiwan, South Korea, Malaysia, India, Brazil, Canada, Cambodia, Colombia, Turkey, United Arab Emirates and Venezuela.

The following table sets forth information, as of March 31, 2013, with respect to our principal manufacturing facilities and other facilities:

Facility name	Location	Floor space (square meters)	Principal products and function
In Japan:			
Shiga Technical Center ⁽¹⁾	Shiga	39,576	Development and manufacture of small high-precision motors and mid-size motors, production engineering, and manufacturing base support
Nidec Copal Corporation Koriyama Technical Center ⁽¹⁾	Fukushima	37,337	Manufacture of electric and optical components
Corporate Headquarters and Central Technical Laboratories ⁽¹⁾	Kyoto	36,119	Basic research and fluid dynamic bearing technology development

Facility name	Location	Floor space (square meters)	Principal products and function
Nidec Servo Corporation ⁽¹⁾	Gunma	34,128	Development and manufacture of other small precision motors
Nidec-Shimpo Corporation ⁽¹⁾	Kyoto	29,322	Development and manufacture of machinery
Nidec Techno Motor Corporation Kyushu Technical Center ⁽⁵⁾	Fukuoka	27,459	Development and manufacture of appliance, commercial and industrial products
Nidec Techno Motor Corporation Obama Technical Center ⁽²⁾	Fukui	24,600	Manufacture of appliance, commercial and industrial products
Nidec Copal Precision Parts Corporation Niigata Factory ⁽¹⁾	Niigata	24,157	Manufacture of electronic and optical components
Nidec Tosok Corporation Head Office and Technical Center ⁽¹⁾	Kanagawa	23,471	Development and manufacture of automotive products
Nidec Sankyo Corporation Ina Facility ⁽¹⁾	Nagano	19,953	Manufacture of machinery
Tammy Corporation ⁽¹⁾	Akita	17,524	Manufacture of electronic and optical components
Nagano Technical Center ⁽¹⁾	Nagano	16,784	Development and manufacture of spindle motors for hard disk drives, and manufacturing base support
Nidec Copal Corporation Shiojiri Factory ⁽¹⁾	Nagano	16,452	Manufacture of machinery
Nidec Tosok Corporation Yamanashi Factory ⁽¹⁾	Yamanashi	16,320	Manufacture of automotive products

Facility name	Location	Floor space (square meters)	Principal products and function
Outside Japan:			
Nidec (Dalian) Limited ⁽⁵⁾	China	94,657	Manufacture of other small precision motors and automotive products
Nidec Philippines Corporation ⁽³⁾	Philippines	85,302	Manufacture of spindle motors for hard disk drives
Kinetek De Sheng (Foshan) Motor Co., Ltd. ⁽¹⁾	China	59,005	Development and manufacture of appliance, commercial and industrial products
Nidec ASI S.p.A. ⁽⁵⁾	Italy	58,381	Development and manufacture of appliance, commercial and industrial products
Avtron Industrial Automation Inc. ⁽¹⁾	U.S.A.	58,000	Development and manufacture of appliance, commercial and industrial products
Nidec Tosok (Vietnam) Co., Ltd. ⁽²⁾	Vietnam	55,572	Manufacture of automotive products
Nidec Shibaura (Zhejiang) Co., Ltd. ⁽⁵⁾	China	52,097	Manufacture of appliance, commercial and industrial products

Facility name	Location	Floor space (square meters)	Principal products and function
Nidec Copal Precision (Vietnam) Corporation ⁽²⁾	Vietnam	48,000	Manufacture of electronic and optical components
Nidec (Zhejiang) Corporation ⁽⁵⁾	China	47,400	Manufacture of spindle motors for hard disk drives
Nidec Motors & Actuators Mexico S. de R.L. de C.V. ⁽¹⁾	Mexico	46,769	Manufacture of automotive products
Nidec Electronics (Thailand) Co., Ltd. Rojana Factory ⁽¹⁾	Thailand	43,230	Manufacture of spindle motors for hard disk drives
Nidec Sankyo (Zhejiang) Corporation ⁽⁵⁾	China	43,128	Manufacture of machinery and electronic and optical components
Nidec Electronics (Thailand) Co., Ltd. Rangsit Factory ⁽¹⁾	Thailand	43,110	Manufacture of spindle motors for hard disk drives
Nidec-Shimpo (Zhejiang) Corporation ⁽⁵⁾	China	41,678	Manufacture of machinery
Nidec (Dongguan) Limited ⁽⁴⁾	China	39,880	Manufacture of other small precision motors
Nidec Copal (Thailand) Co., Ltd. ⁽¹⁾	Thailand	39,771	Manufacture of electronic and optical components
Nidec Subic Philippines Corporation ⁽²⁾	Philippines	38,750	Manufacture of spindle motors for hard disk drives
Nidec Minster Corporation ⁽¹⁾	U.S.A.	38,000	Manufacture of machinery
Nidec Sankyo Electronics (Shaoguan) Co., Ltd. ⁽²⁾	China	38,000	Manufacture of other small precision motors
Nidec Precision (Thailand) Co., Ltd. Rojana Factory ⁽¹⁾	Thailand	37,630	Manufacture of spindle motors for hard disk drives
Nidec Vietnam Corporation ⁽²⁾	Vietnam	36,314	Manufacture of other small precision motors
FIR Electromeccanica S.r.l ⁽⁵⁾	Italy	33,100	Development and manufacture of appliance, commercial and industrial products
Nidec Motor Corporation Mena, AR ⁽¹⁾	U.S.A.	32,000	Manufacture of appliance, commercial and industrial products
Nidec Motors & Actuators (Germany) GmbH ⁽¹⁾	Germany	31,120	Manufacture of automotive products
Nidec Seimitsu Motor Technology (Dongguan) Co., Ltd. ⁽⁴⁾	China	30,970	Development and manufacture of other small precision motors
Nidec Automobile Motor (Zhejiang) Corporation ⁽⁴⁾	China	30,438	Manufacture of automotive products
Nidec Shibaura Electronics (Thailand) Co., Ltd. ⁽¹⁾	Thailand	28,476	Manufacture and sales of appliance, commercial and industrial products
Nidec Sankyo (Dongguan) Precision Corporation ⁽⁴⁾	China	28,307	Manufacture of electronic and optical components

Facility name	Location	Floor space (square meters)	Principal products and function
Nidec Motor Corporation Paragould, AR ⁽¹⁾	U.S.A.	28,000	Manufacture of appliance, commercial and industrial products
Nidec Sole Motor Corporation S.R.L. ⁽¹⁾	Italy	27,918	Development and manufacture of automotive products
Nidec Component Technology (Suzhou) Co., Ltd. ⁽¹⁾	China	27,292	Manufacture of electronic and optical components
Nidec Copal (Zhejiang) Co., Ltd. ⁽⁵⁾	China	27,145	Manufacture of machinery and electronic and optical components
Nidec Tosok System Engineering (Zhejiang) Corporation ⁽⁴⁾	China	26,480	Manufacture of automotive products
Nidec Sankyo Vietnam Corporation ⁽²⁾	Vietnam	26,374	Manufacture of other small precision motors
Nidec Copal Electronics (Zhejiang) Co., Ltd. ⁽⁵⁾	China	26,000	Manufacture of electronic and optical components
Nidec Sankyo Electronics (Dongguan) Corporation ⁽⁴⁾	China	25,600	Manufacture of electronic and optical components
The Imperial Electric Company ⁽⁵⁾	U.S.A.	25,300	Development and manufacture of appliance, commercial and industrial products
Motores U.S. de Mexico S.A. de C.V. ⁽¹⁾	Mexico	25,000	Manufacture of appliance, commercial and industrial products
SC WADO Co., Ltd. ⁽¹⁾	Thailand	24,136	Manufacture of spindle motors for hard disk drives
Nidec Precision (Thailand) Co., Ltd. Ayutthaya Factory ⁽¹⁾	Thailand	23,300	Manufacture of spindle motors for hard disk drives
Nidec Seimitsu Vietnam Corporation ⁽¹⁾	Vietnam	22,291	Manufacture of other small precision motors
Emerson (China) Motor Co., Ltd. ⁽⁴⁾	China	20,000	Manufacture of appliance, commercial and industrial products
Nidec Sole Motor Hungary K.F.T. ⁽¹⁾	Hungary	19,489	Manufacture of automotive products
Nidec (Shaoguan) Limited ⁽⁴⁾	China	19,307	Manufacture of other small precision motors
Compania de Motores Domesticos, S.A. de C.V. ⁽¹⁾	Mexico	19,000	Manufacture of appliance, commercial and industrial products
Nidec Servo Vietnam Corporation ⁽²⁾	Vietnam	18,000	Manufacture of other small precision motors
Nidec Kaiyu Auto Electric (Jiangsu) Co., Ltd. ⁽⁴⁾	China	17,400	Manufacture of machinery
Nidec Tosok Precision Vietnam Co., Ltd. ⁽²⁾	Vietnam	15,000	Manufacture of automotive products

Notes:

(1) We own both the property and the facilities.

(2) We lease the property and own the facilities.

(3) Nidec Philippines Corporation leases the property from Nidec Development Philippines Corporation, a joint venture company

- with Prudential BK established for the purpose of purchasing land in the Philippines. We own the facilities.
- (4) We lease both the property and the facilities.
 - (5) Facilities are partially owned and partially leased by us.

In addition to the above facilities, we have a number of other smaller factories located worldwide. In Japan, we also have sales and service offices which are located primarily in Tokyo, Nagoya, Osaka and Kyoto.

As of March 31, 2013, the aggregate book value of the land and buildings we owned was ¥126.1 billion, and the aggregate book value of machinery and equipment we owned was ¥130.1 billion. In addition to the property we own, we lease other equipment used in our operations.

For information on our plans for investments in manufacturing plants and facilities, see “— A. History and Development of the Company.” and “Item 5.B. Operating and Financial Review and Prospects—Liquidity and Capital Resources.”

In the six months ended March 31, 2013, we experienced rapid and significant decreases in demand for some of our major products, including components for personal computers, digital cameras and LCD panel manufacturing equipment, and the utilization rate of some of our manufacturing facilities declined. In response, we implemented measures to streamline our business structure in an effort to optimize our manufacturing capacity and recover and improve our profitability. As part of such measures, we disposed of, or otherwise made adjustments to, some of our plants, equipment and other fixed assets in Asia. As a result, we recorded ¥10,300 million of losses on sales, disposal or impairment of property, plant and equipment in our audited consolidated cash flow statement for the year ended March 31, 2013. We also recorded losses in connection with our new sale and lease-back arrangements relating to certain manufacturing equipment and other fixed assets in Asia.

For more information on our business structure streamlining measures, see “Item 3.D. Key Information—Risk Factors—Our business structure streamlining measures may fail to achieve their intended goals and may result in significantly increased costs and expenses.” and “Item 5.A. Operating and Financial Review and Prospects—Operating Results.”

In October 2011, we incurred significant damage to our production capacity in Thailand due to massive flooding, which inundated the buildings, machinery, and equipment of many of our subsidiaries operating in the country. Due to the water damage to the fixed assets and inventories, these subsidiaries were required to temporarily suspend their operations. All of our flood-afflicted operations in Thailand resumed operations by early December 2011.

See “Item 3.D. Key Information — Risk Factors — Because our facilities are concentrated in a limited number of locations, disruptions in one or more of those locations could have a material adverse impact on our business operations.”

Item 4A. Unresolved Staff Comments.

None.

Item 5. Operating and Financial Review and Prospects.

A. Operating Results.

You should read the following discussion of our financial condition and results of operations together with our audited consolidated financial statements and related notes and other information included elsewhere in this annual report. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited to, those set forth in "Item 3.D. Key Information — Risk Factors" and elsewhere in this annual report.

Introduction

We are one of the leading global manufacturers of electric motors and related components and equipment. In particular, we are a leading manufacturer of spindle motors for hard disk drives in the world. We manufacture and sell spindle motors for hard disk drives and various other small precision brushless direct current electricity, or DC, motors, as well as automotive, home appliance, commercial and industrial products through 26 subsidiaries in Japan and 206 subsidiaries in other countries, including China, Thailand, Vietnam, the United States, Singapore, Mexico, Indonesia, the Philippines, Taiwan, Germany, South Korea, Malaysia, the United Kingdom, India, Brazil, the Netherlands, France, Poland, Italy, Spain, Hungary, Canada, Colombia, Venezuela, Cambodia, Luxembourg, Romania, Russia, Turkey, and the United Arab Emirates, as of March 31, 2013.

Our Recent Acquisition Activities

As discussed in "Item 4.A. Information on the Company — History and Development of the Company," we have sought growth by acquiring or investing in companies with motors, drives and other related products and technologies. Depending on the circumstances, we acquire a majority interest or a substantial minority interest in the target companies. Our approach has been to identify underperforming companies with advanced products and technologies. We have recently entered into the following transactions:

- In April 2012, we acquired all of the voting rights in The Minster Machine Company, a U.S. manufacturer of press machines, for ¥9,202 million in cash to expand our machinery businesses. The company was subsequently renamed "Nidec Minster Corporation."
- In May 2012, we acquired all of the voting rights in Ansaldo Sistemi Industriali S.p.A., an Italian manufacturer of industrial motors, generators and drives, for ¥36,564 million in cash to expand our industry motor business. The company was subsequently renamed "Nidec ASI S.p.A."
- In September 2012, we acquired all of the voting rights in Avtron Industrial Automation, Inc., a U.S. provider of control, automation and drive-systems solutions and manufacturer of encoders, to strengthen the industrial motor and automation solutions business.
- In October 2012, we made Nidec Sankyo Corporation a wholly owned subsidiary through a share exchange transaction. Immediately prior to the share exchange transaction, we held a 77.1% ownership interest in Nidec Sankyo and, in exchange for 3,175,755 shares of our common stock previously held in treasury, we acquired the remaining ownership interest in Nidec Sankyo.
- In October 2012, we acquired 51.4% of the voting rights in SCD Co., Ltd., a South Korean manufacturer of motors and motor drive units for home appliances, to expand our electronic and optical components business.

- In November 2012, we acquired all of the voting rights in Kinetek Group Inc., a U.S. manufacturer of commercial motors, for ¥35,697 million in cash to expand our automotive, appliance, commercial and industrial products business.
- In December 2012, we acquired 51.0% of the voting rights in Jiangsu Kaiyu Auto Appliance Co., Ltd., a Chinese manufacturer of brush motors for electric power steering systems and automotive fans, to expand our automotive, appliance, commercial and industrial products business particularly in China. The company was subsequently renamed “Nidec Kaiyu Auto Electric (Jiangsu) Co., Ltd.”
- In April 2013, we and Nidec Copal Corporation, a consolidated subsidiary in which we held an approximately 66.5% ownership interest as March 31, 2013, entered into a share exchange agreement to acquire the remaining interest in Nidec Copal. The share exchange transaction is expected to become effective on October 1, 2013. An aggregate of 2,575,845 shares of our common stock held in treasury are expected to be delivered in connection with the share exchange transaction.
- In April 2013, we and Nidec Tosok Corporation, a consolidated subsidiary in which we held an approximately 72.3% ownership interest as of March 31, 2013, entered into a share exchange agreement to acquire the remaining interest in Nidec Tosok. The share exchange transaction is expected to become effective on October 1, 2013. An aggregate of 1,312,016 shares of our common stock held in treasury are expected to be delivered in connection with the share exchange transaction.
- In April 2013, we and Nidec Seimitsu Corporation, a consolidated subsidiary in which Nidec Corporation held an 85.5% ownership interest and Nidec Copal held a 14.5% ownership interest as of March 31, 2013, entered into a share exchange agreement, pursuant to which Nidec Corporation will acquire the 14.5% interest in Nidec Seimitsu from Nidec Copal. The share exchange transaction is expected to become effective on September 1, 2013. An aggregate of 2,075 shares of our common stock held in treasury are expected to be delivered in connection with the share exchange transaction.

The aggregate amount we paid in cash to acquire the respective voting rights in Avtron Industrial Automation, SCD and Jiangsu Kaiyu Auto Appliance was ¥9,184 million.

For more information, see Notes 3 and 26 to our audited consolidated financial statements included elsewhere in this annual report, "Item 3.D. Key Information—Risk Factors—Our growth has been based in part on acquisitions of, or investments in, other companies, and our future growth could be adversely affected if we make acquisitions or investments that fail to achieve their intended benefits, or if we are unable to find suitable acquisition or investment targets." and "Item 4.A. Information on the Company—History and Development of the Company."

Effects of Foreign Currency Fluctuations

A significant portion of our business is conducted in currencies other than the Japanese yen, most significantly, the U.S. dollar. Our business is thus sensitive to fluctuations in foreign currency exchange rates, especially the yen-U.S. dollar exchange rate. As of March 31, 2011, 2012 and 2013, the exchange rate of the yen against the U.S. dollar was ¥83.15, ¥82.19 and ¥94.05 to the U.S. dollar, respectively. As of July 12, 2013, the yen-U.S. dollar exchange rate was ¥99.39 to the U.S. dollar. As a result of monetary easing policies in Japan, the Japanese yen is widely speculated to be weaker in the current fiscal year compared to the recent prior three fiscal years. We are generally managing our foreign currency exposure consistent with such expectations.

Our consolidated financial statements are subject to both translation risk and transaction risk. Translation risk is the risk that our consolidated financial statements for a particular period or for a particular date are affected by changes in the prevailing exchange rates of the currencies in those countries in which we conduct business against the Japanese yen. The translation effect, even if it is substantial, is a reporting consideration and does not reflect our underlying results of operations.

Transaction risk arises when the currency structure of our costs and liabilities deviates from the currency structure of our sales proceeds and assets. A substantial portion of our overseas sales are made in U.S. dollars. While sales denominated in U.S. dollars are, to a significant extent, offset by U.S. dollar denominated costs, we generally have had a significant net long U.S. dollar position. With respect to costs not denominated in U.S. dollars, we believe that we have been able to reduce the level of transaction risk to the extent that our overseas subsidiaries incur costs in currencies that generally follow the U.S. dollar. Transaction risk remains for products sold in U.S. dollars to the extent that we must purchase parts for our products from Japan, the costs for which are denominated in yen.

Any appreciation of the Japanese yen particularly against the U.S. dollar and Euro generally has an adverse impact on our results of operations and financial condition, particularly our net sales and income from continuing operations before income taxes as well as our shareholders' equity, as we have a substantial amount of sales of products and purchases of inventory denominated in these foreign currencies, and we have expanded, and continue to seek opportunities to expand, our overseas operations. Conversely, any future depreciation of the Japanese yen against the U.S. dollar and Euro is generally expected to have a positive impact on our results of operations and financial condition although the impact may be limited due to various factors. Such factors include an increase in expenses incurred in U.S. dollars or Euro in connection with streamlining the business structure of our overseas operations, as well as the recent shift in our financing strategy from short-term borrowings to long-term debt denominated in U.S. dollars, Euro and Japanese yen, as a result of which we may be more susceptible to market changes, including interest rate fluctuations.

See "Item 3.D. Key Information—Risk Factors—Because our sales to overseas customers are denominated predominantly in U.S. dollars, we are exposed to exchange rate risks that could harm our results of operations and shareholders' equity."

As a result of our acquisition of Emerson Electric Co.'s motors and controls business in September 2010, moreover, we are also exposed to the risk of fluctuations in the exchange rate between the U.S. dollar and the Mexican peso.

Changes in the fair values of our foreign currency forward contracts and changes in option prices under our currency option contracts are recognized as gains or losses on derivative instruments in our consolidated statement of income. For a more detailed discussion of these instruments, see "Item 11. Quantitative and Qualitative Disclosures About Market Risk." and Note 19 to our audited consolidated financial statements included elsewhere in this annual report.

Effects of Other Significant Recent Developments

Measures to Streamline Our Business Structure. In the six months ended March 31, 2013, the challenging global market environment, including slowing spending and shifts in device preferences, resulted in rapid and significant declines in sales of some of our major products, including components for personal computers, digital cameras and LCD panel manufacturing equipment, and the utilization rate of some of our manufacturing facilities being lower than in past periods. In response, we implemented several measures to streamline our business structure designed to improve our profitability, and incurred restructuring charges in the fiscal year ended March 31, 2013. As a result, we recorded higher inventory write-offs and impairment losses on fixed-assets for the fiscal year ended March 31, 2013, compared to prior fiscal years. We also had increased lease payments under our new sale and lease-back arrangements relating to some of our manufacturing facilities and other fixed assets in Asia.

See “Item 3.D. Key Information—Risk Factors—Our business structure streamlining measures may fail to achieve their intended goals and may result in significantly increased costs and expenses.”

Issuance of Domestic Straight Bonds. In November 2012, we issued ¥65 billion aggregate principal amount of domestic corporate bonds due 2017, ¥15 billion aggregate principal amount of domestic corporate bonds due 2019, and ¥20 billion aggregate principal amount of domestic corporate bonds due 2022. The net proceeds from the issuance of the bonds are primarily used to repay commercial paper and other short-term borrowings. The bonds were issued pursuant to a shelf registration statement we filed with the Director General of the Kanto Local Finance Bureau of the Ministry of Finance of Japan in March 2012 for the issuance from time to time of up to ¥200 billion aggregate principal amount of bonds in Japan between April 5, 2012 and April 4, 2014. The shelf registration was intended to enhance our flexibility and agility in obtaining funding as an alternative source of funding in addition to financing through financial institutions and other sources and, through the further diversification of funding sources, improve our financial stability.

For further information, see Note 11 to our audited consolidated financial statements included elsewhere in this annual report.

M&A Financing under a JBIC Program. In July 2012, in an effort to reduce financing costs and foreign exchange risks, we borrowed €240 million from major Japanese private commercial banks based on euro-denominated credit lines to fund our future acquisition transactions under a special program of the Japan Bank for International Cooperation, or JBIC, which has been implemented in response to the appreciation of the Japanese yen against other currencies at the time. In December 2012, we borrowed an additional \$500 million from major Japanese private commercial banks based on U.S. dollar-denominated credit lines under the JBIC program to fund our acquisition transactions.

For further information, see Note 11 to our audited consolidated financial statements included elsewhere in this annual report.

Flooding in Thailand. We were severely affected by the flooding in Thailand that occurred in October 2011. The flooding has disrupted customer supply chains for some of our main product lines, including small precision motors for hard disk drives, and electronic and optical components. The flooding also damaged some of our buildings, machinery and other fixed assets as well as inventories, causing our manufacturing facilities in Thailand to temporarily suspend operations. In response, we have transferred a portion of the manufacturing operations in Thailand to our manufacturing facilities in the Philippines and China. Although our operational conditions in Thailand were substantially normalized and returned in phases to pre-flood production levels by early December 2011, the uneven pace of recovery among the HDD components suppliers induced inventory adjustments in the PC market, which in turn adversely affected our sales. The adverse impact of the flooding continued, though to a decreasing extent, in the fiscal year ended March 31, 2013.

See “Item 3.D. Key Information—Risk Factors—Because our facilities are concentrated in a limited number of locations, disruptions in one or more of those locations could have a material adverse impact on our business operations.” See also “Item 3.D. Key Information—Risk Factors—Natural disasters, public health issues, armed hostilities, terrorism and other causes over which we have little or no control could harm our business.”

Due to the damage caused by the flooding to our fixed assets and inventories, we recognized ¥13,730 million of losses relating to our property, plant and equipment and ¥3,539 million of losses relating to our inventories for the fiscal year ended March 31, 2012. We recorded no losses due to the flooding for the fiscal year ended March 31, 2013. For the fiscal years ended March 31, 2012 and 2013, we also recorded net operating gains of ¥5,932 million and ¥4,027 million, respectively, relating to insurance recoveries under our insurance policies that covered the physical damage directly caused by the flooding to certain of our fixed assets and inventories.

For further information, see Note 22 to our audited consolidated financial statements included elsewhere in this annual report.

Issuance of Convertible Bonds. In September 2010, we issued an aggregate principal amount of ¥100,000 million of euro yen convertible bonds with stock acquisition rights due 2015. The net proceeds of the issuance of convertible bonds were applied towards the repayment of existing short-term borrowings. The convertible bonds will become redeemable at the option of holders of the bonds on September 20, 2013 at 100% of their principal amount. As of March 31, 2013, the conversion price per share was ¥10,626, and the aggregate number of shares of our common stock into which the bonds would be converted, assuming that all of the outstanding stock acquisition rights were exercised, was 9,410,878.

For further information, see Note 11 to our audited consolidated financial statements included elsewhere in this annual report.

Principal Items in Our Statement of Operations

Net sales. Our net sales are generated primarily from the sales of our products. We recognize revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sale price is fixed and collectability is reasonably assured. As such, revenue is generally recognized at the time of delivery to customers in domestic sales and at the time of shipment for export sales with respect to small precision motors, automotive, appliance, commercial and industrial products, and electronic and optical components, and upon receipt of final customer acceptance with respect to machinery. We maintain data with respect to net sales by product type. We also maintain data with respect to net sales of our products based on the entities which are our operating segments. For a detailed discussion of our operating segments, see "—Segment Information" below.

Cost of products sold. Our cost of sales consists of fixed costs and variable costs, which are primarily material, parts, and manufacturing expenses, including personnel costs, depreciation, and facility maintenance costs. We periodically assess the market value of our inventory based on sales trends and forecasts and technological changes. We write off inventories when it is apparent that there is no possibility of future sales or usage. The write off of inventory is recorded as cost of sales. Fixed costs limit our ability to reduce costs in times of decreased demand, which may have an adverse effect on our operating results.

Selling, general and administrative expenses. Our selling, general and administrative expenses consist primarily of salaries, commissions, and other expenses relating to our selling, general and administrative activities.

Research and development expenses. Research and development expenses primarily related to personnel costs and depreciation of equipment relating to our research and development activities. See "—C. Research and Development, Patents and Licenses, etc."

Other income (expense). Other income (expense) consists primarily of foreign exchange gains or losses and gains or losses from marketable securities.

Results of Operations

The following table sets forth selected information relating to our income and expense items for each of the three years ended March 31:

	Yen in millions		
	For the year ended March 31		
	2011	2012	2013
Net sales	¥675,988	¥682,320	¥709,270
Operating expenses:			
Cost of products sold	500,034	523,729	572,605
Selling, general and administrative expenses	55,348	55,471	84,760
Research and development expenses	27,737	30,050	34,278
	<u>583,119</u>	<u>609,250</u>	<u>691,643</u>
Operating income	<u>92,869</u>	<u>73,070</u>	<u>17,627</u>
Other income (expense):			
Interest and dividend income	1,049	1,634	1,831
Interest expense	(355)	(299)	(679)
Foreign exchange loss, net	(9,108)	(1,756)	(2,973)
Loss on marketable securities, net	(238)	(202)	(87)
Other, net	(2,251)	(1,591)	(2,292)
	<u>(10,903)</u>	<u>(2,214)</u>	<u>(4,200)</u>
Income from continuing operations before income taxes	<u>81,966</u>	<u>70,856</u>	<u>13,427</u>
Income taxes	(18,309)	(18,801)	(6,568)
Equity in net income of affiliated companies	6	0	13
Income from continuing operations	<u>63,663</u>	<u>52,055</u>	<u>6,872</u>
Loss on discontinued operations	(6,171)	(7,768)	-
Consolidated net income	<u>57,492</u>	<u>44,287</u>	<u>6,872</u>
Less: Net income attributable to noncontrolling interests	(5,159)	(3,556)	1,126
Net income attributable to Nidec Corporation	<u>¥52,333</u>	<u>¥40,731</u>	<u>¥7,998</u>
	Yen		
Per share data:			
Earning per share - basic			
Income from continuing operations attributable to Nidec Corporation	¥406.10	¥336.33	¥59.37
Loss on discontinued operations attributable to Nidec Corporation	(30.19)	(40.08)	-
Net income attributable to Nidec Corporation	<u>375.91</u>	<u>296.25</u>	<u>59.37</u>
Earning per share - diluted			
Income from continuing operations attributable to Nidec Corporation	¥391.96	¥314.41	¥55.07
Loss on discontinued operations attributable to Nidec Corporation	(29.16)	(37.52)	-
Net income attributable to Nidec Corporation	<u>362.80</u>	<u>276.89</u>	<u>55.07</u>
Cash dividends paid	<u>¥80.00</u>	<u>¥90.00</u>	<u>¥90.00</u>

	Yen in millions		
	For the year ended		
	March 31		
	2011	2012	2013
Net income attributable to Nidec Corporation			
Income from continuing operations attributable to Nidec Corporation	¥56,536	¥46,242	¥7,998
Loss on discontinued operations attributable to Nidec Corporation	(4,203)	(5,511)	-
Net income attributable to Nidec Corporation	<u>¥52,333</u>	<u>¥40,731</u>	<u>¥7,998</u>

As of March 31, 2011, we discontinued our specialty lens unit (“SLU”) business, which was established in the year ended March 31, 2010 and had previously been included in the "electronic and optical components" product category. All prior period SLU amounts have been reclassified to discontinued operations pursuant to the ASC 205-20 "Presentation of Financial Statements-Discontinued Operations" to enable comparisons between the relevant amounts for the periods indicated.

As of March 31, 2012, we discontinued our lens actuator (“LAC”) business which had previously been included in the "other small precision brushless DC motors" product category. As of the same date, we also discontinued our tape drive and disk drive mechanism (“PGN”) businesses and our compact digital camera lens unit (“CLU”) business, both of which had previously been included in the "electronic and optical components" product category. All prior period LAC, PGN and CLU amounts have been reclassified to discontinued operations pursuant to the ASC 205-20 "Presentation of Financial Statements-Discontinued Operations" to enable comparisons between the relevant amounts for the periods indicated.

For more information, see Note 24 to our audited consolidated financial statements included elsewhere in this annual report.

Year Ended March 31, 2013 Compared to Year Ended March 31, 2012

Net Sales

The following table is a summary of our net sales for the years ended March 31, 2012 and 2013 by product category. For a detailed discussion of our product categories, see “Item 4.B. Information on the Company — Business Overview.”

	(Yen in millions)			
	For the fiscal year ended March 31,			
	2012	2013	Inc/Dec	%
Net sales:				
Small precision motors:				
Hard disk drives spindle motors	¥176,932	¥165,427	¥(11,505)	(6.5)%
Other small precision motors ⁽¹⁾⁽³⁾	154,505	154,297	(208)	(0.1)%
Sub-total	331,437	319,724	(11,713)	(3.5)%
Automotive, appliance, commercial and industrial products ⁽²⁾	208,529	248,464	39,935	19.2%
Machinery	64,904	63,526	(1,378)	(2.1)%
Electronic and optical components ⁽³⁾	69,377	69,188	(189)	(0.3)%
Others ⁽²⁾	8,073	8,368	295	3.7%
Consolidated total	¥682,320	¥709,270	¥26,950	3.9%

Notes:

- (1) Starting in the year ended March 31, 2013, the “small precision motors” product category is divided into “hard disk drives spindle motors” and “other small precision motors.” To enable comparisons between periods, previously reported amounts have been reclassified.
- (2) Starting in the year ended March 31, 2013, the “general motors” product category is renamed as “automotive, appliance, commercial and industrial products” and the automotive components that were previously included in the “others” product category have been reclassified to the “automotive, appliance, commercial and industrial products” product category. To enable comparisons between periods, previously reported amounts have been reclassified.
- (3) Starting in the year ended March 31, 2013, the motor application products that were previously included in the “electronic and optical components” product category have been reclassified to the “small precision motors” product category. To enable comparisons between periods, previously reported amounts have been reclassified.

Our net sales increased ¥26,950 million, or 3.9%, from ¥682,320 million for the year ended March 31, 2012 to ¥709,270 million for the year ended March 31, 2013. This increase was mainly due to the net sales of newly consolidated subsidiaries, including:

- Nidec Seimitsu Corporation and its subsidiaries (“Nidec Seimitsu”), a Japanese manufacturer of vibration motors for mobile phones and other small precision DC motors, which we acquired in July 2011,
- Nidec Minster Corporation (renamed from “The Minster Machine Company”) and its subsidiaries (“Nidec Minster”), a U.S. manufacturer of press machines, which we acquired in April 2012,
- Nidec ASI S.p.A. (renamed from “Ansaldo Sistemi Industriali S.p.A.”) and its subsidiaries (“Nidec ASI”), an Italian manufacturer of industrial motors, generators and drives, which we acquired in May 2012,

- Avtron Industrial Automation, Inc. (“Avtron”), a U.S. provider of control, automation and drive-systems solutions and manufacturer of encoders, which we acquired in September 2012,
- SCD Co., Ltd. (“SCD”), a South Korean manufacturer of motors and motor drive units, which we acquired in October 2012, and
- Kinetek Group Inc. (“Kinetek”), a U.S. manufacturer of commercial motors, which we acquired in November 2012.

Excluding the impact of the contributions of the newly consolidated subsidiaries, our net sales decreased ¥27,225 million, or 4.1%, from ¥670,301 million for the year ended March 31, 2012 to ¥643,076 million for the year ended March 31, 2013. This was mainly due to decreases in sales of products in the “small precision motors” and “machinery” categories primarily due to weaker demand for such products particularly in the second half of the fiscal year ended March 31, 2013.

The average exchange rate between the Japanese yen and the U.S. dollar for the year ended March 31, 2013 was ¥83.10 to the dollar, which represents a depreciation of the Japanese yen against the U.S. dollar of ¥4.02, or approximately 5%, compared to the year ended March 31, 2012. The average exchange rate between the Japanese yen and the Euro for the year ended March 31, 2013 was ¥107.14 to the Euro, which represents an appreciation of the Japanese yen against the Euro of ¥1.84, or approximately 2%, compared to the year ended March 31, 2011. The fluctuations of the foreign currency exchange rates had a positive effect on our net sales of approximately ¥21,400 million and a positive effect on our operating income of approximately ¥2,500 million for the year ended March 31, 2013, compared to the same period of the prior year.

(Small precision motors)

Starting in the year ended March 31, 2013, the “small precision motors” product category is divided into “hard disk drives spindle motors” and “other small precision motors.” In addition, starting in the year ended March 31, 2013, the motor application products that were previously included in the “electronic and optical components” product category are reclassified to the “small precision motors” product category. To enable comparisons between periods, previously reported amounts have been reclassified.

Net sales of small precision motors decreased ¥11,713 million, or 3.5%, from ¥331,437 million for the year ended March 31, 2012 to ¥319,724 million for the year ended March 31, 2013, although the depreciation of the Japanese yen and other Asian currencies against the U.S. dollar had a positive effect of approximately ¥13,300 million on our sales of small precision motors for the year ended March 31, 2013, compared to the prior year. Net sales of each product category included in “small precision motors” are as discussed below.

Hard disk drives spindle motors

Net sales of hard disk drives spindle motors decreased ¥11,505 million, or 6.5%, from ¥176,932 million for the year ended March 31, 2012 to ¥165,427 million for the year ended March 31, 2013. The number of units sold of small precision motors for hard disk drives for the year ended March 31, 2013 decreased approximately 16% compared to the year ended March 31, 2012. This decrease was mainly due to rapid and significant declines in demand for some of our major products, including components for personal computers, in the second half of the year ended March 31, 2013, primarily resulting from weaker spending and shifts in device preferences. The average unit price of hard disk drives spindle motors for the year ended March 31, 2013, however, increased approximately 5% on a U.S. dollar basis and increased approximately 11% on a Japanese yen basis compared to the year ended March 31, 2012, reflecting the 5% depreciation of the Japanese yen against the U.S. dollar.

Sales of spindle motors for 2.5-inch hard disk drives for the year ended March 31, 2013 decreased approximately 9% compared to the year ended March 31, 2012, and sales of spindle motors for 3.5-inch hard disk drives for the year ended March 31, 2013 decreased approximately 3%, compared to the year ended March 31, 2012. The number of units sold of spindle motors for 2.5-inch hard disk drives for the year ended March 31, 2013 decreased approximately 16% compared to the year ended March 31, 2012, and the number of units sold of spindle motors for 3.5-inch hard disk drives for the year ended March 31, 2013 decreased approximately 14%, compared to the year ended March 31, 2012. The average unit price of spindle motors for 2.5-inch hard disk drives for the year ended March 31, 2013 increased approximately 4% on a U.S. dollar basis and increased approximately 9% on a Japanese yen basis compared to the year ended March 31, 2012. The average unit price of spindle motors for 3.5-inch hard disk drives for the year ended March 31, 2013 increased approximately 8% on a U.S. dollar basis and increased approximately 13% on a Japanese yen basis compared to the year ended March 31, 2012.

Net sales of hard disk drives spindle motors accounted for 25.9% of total net sales for the year ended March 31, 2012 and 23.3% of total net sales for the year ended March 31, 2013.

Other small precision motors

Net sales of other small precision motors decreased ¥208 million, or 0.1%, from ¥154,505 million for the year ended March 31, 2012 to ¥154,297 million for the year ended March 31, 2013.

This was primarily due to a decrease in sales of other small precision brushless DC motors. Sales of other small precision brushless DC motors at Nidec Corporation and its direct-line subsidiaries for the year ended March 31, 2013 decreased approximately 10% compared to the year ended March 31, 2012. This was mainly due to an approximately 11% decrease in the number of units sold and a 3% decrease in the average unit price on a U.S. dollar basis for the year ended March 31, 2013 compared to the year ended March 31, 2012. The decrease in sales of other small precision brushless DC motors was partially offset by the contribution of Nidec Seimitsu and SCD. Nidec Seimitsu's net sales were included in our consolidated net sales for the year ended March 31, 2012 only after our acquisition on July 1, 2011. Nidec Seimitsu's sales for the three months ended June 30, 2012 were ¥3,369 million. Nidec Seimitsu's net sales were included in our consolidated net sales only for the year ended March 31, 2013. SCD's sales for the year ended March 31, 2013 were ¥1,378 million. Sales of brushless DC fans at Nidec Corporation and its direct-line subsidiaries for the year ended March 31, 2013 increased approximately 6% compared to the year ended March 31, 2012. This was mainly due to a 13% increase in the average unit price on a U.S. dollar basis compared to the year ended March 31, 2012, although the number of units sold for the year ended March 31, 2013 decreased approximately 11% compared to the year ended March 31, 2012.

Net sales of other small precision motors accounted for 22.7% of total net sales for the year ended March 31, 2012 and 21.8% of total net sales for the year ended March 31, 2013.

(Automotive, appliance, commercial and industrial products)

Starting in the year ended March 31, 2013, the "general motors" product category is renamed as "automotive, appliance, commercial and industrial products" and the automotive components that were previously included in the "others" product category are reclassified to the "automotive, appliance, commercial and industrial products" product category. To enable comparisons between periods, previously reported amounts have been reclassified.

Net sales of our automotive, appliance, commercial and industrial products increased ¥39,935 million, or 19.2%, from ¥208,529 million for the year ended March 31, 2012 to ¥248,464 million for the year ended March 31, 2013. This increase was primarily due to the contributions of Nidec ASI, Avtron and Kinetek. Excluding the impact of these newly consolidated subsidiaries, net sales of automotive, appliance, commercial and industrial products increased ¥3,580 million, or 1.7%, from ¥208,529 million for the year ended March 31, 2012 to ¥212,109 million for the year ended March 31, 2013. This increase consisted of a ¥1,239 million, or 1.0%, increase in sales of appliance, commercial and industrial products a ¥2,341 million, or 2.8%, increase in sales of automotive products between the two periods. The increase in sales of appliance, commercial and industrial products was primarily due to stronger demand in China at Nidec Techno Motor. The increase in sales of appliance, commercial and industrial products was partially offset by a decrease in sales of Nidec Motor Corporation, primarily reflecting weaker market demand for home appliances in Europe and the United States. The increase in sales of automotive products was mainly due to an approximately 13% increase in sales of automotive motors for electric power steering at Nidec Corporation and its direct-line subsidiaries primarily as a result of our efforts to expand our customer base. The increase in sales of the automotive products was partially offset by a decrease in sales of Nidec Motors & Actuators Corporation.

Net sales of our automotive, appliance, commercial and industrial products accounted for 30.5% of our total net sales for the year ended March 31, 2012 and 35.0% of total net sales for the year ended March 31, 2013.

(Machinery)

Net sales of our machinery decreased ¥1,378 million, or 2.1%, from ¥64,904 million for the year ended March 31, 2012 to ¥63,526 million for the year ended March 31, 2013. The decrease was mainly due to a decrease in sales of products such as LCD panel handling robots at the Nidec Sankyo group of ¥8,637 million, or 34%, a decrease in sales of press machines for electronic components at the Nidec-Shimpo group of ¥2,635 million, or 13%, and a decrease in sales of peripheral equipment for chip mounters at the Nidec Copal group of ¥1,893 million, or 32%, between the two periods. These decreases in sales reflected weakening demand for LCD television sets and other machinery products particularly during the second half of the year ended March 31, 2013. The decreases in sales were partially offset by ¥12,113 million in sales at Nidec Minster, which we acquired in April 2012.

Net sales of our machinery accounted for 9.5% of our total net sales for the year ended March 31, 2012 and 9.0% of total net sales for the year ended March 31, 2013.

(Electronic and optical components)

Starting in the year ended March 31, 2013, the motor application products that were previously included in the “electronic and optical components” product category are reclassified to the “small precision motors” product category. To enable comparisons between periods, previously reported amounts have been reclassified.

Net sales of our electronic and optical components decreased ¥189 million, or 0.3%, from ¥69,377 million for the year ended March 31, 2012 to ¥69,188 million for the year ended March 31, 2013. This was primarily due to decreased sales at the Nidec Copal Electronics group of ¥1,803 million, or 10%, which were partially offset by an increase in sales at the Nidec Copal group of ¥857 million, or 2%, and an increase in sales at the Nidec Sankyo group of ¥758 million, or 5%, between the two periods. The decrease in sales at the Nidec Copal Electronics group was mainly due to weaker investments in the semiconductor manufacturing equipment, pneumatic and information-communications industries. The increase in sales at the Nidec Copal group mainly reflected stronger demand for lenses and other components for single-lens digital cameras, which was partially offset by a decrease in sales of components for compact digital cameras. The increase in sales at the Nidec Sankyo group mainly reflected the positive impact of Tammy Corporation, a Japanese manufacturer of precision component molds, which we acquired in November, 2011.

Net sales of electronic and optical components accounted for 10.2% of our total net sales for the year ended March 31, 2012 and 9.7% of total net sales for the year ended March 31, 2013.

(Others)

Starting in the year ended March 31, 2013, the automotive products that were previously included in the “others” product category are reclassified to the “automotive, appliance, commercial and industrial products” product category. To enable comparisons between periods, previously reported amounts have been reclassified.

Net sales of our other products increased ¥295 million, or 3.7%, from ¥8,073 million for the year ended March 31, 2012 to ¥8,368 million for the year ended March 31, 2013.

Net sales of other products accounted for 1.2% of total net sales for the year ended March 31, 2013 remained at the same level compared to the year ended March 31, 2012.

Cost of Products Sold

Our cost of products sold increased ¥48,876 million, or 9.3%, from ¥523,729 million for the year ended March 31, 2012 to ¥572,605 million for the year ended March 31, 2013. Excluding the impact of Nidec Seimitsu, Nidec Minster, Nidec ASI, Avtron, Kinetek and SCD (the “Newly Consolidated Subsidiaries”), our cost of products sold increased ¥5,143 million, or 1.0%, from ¥513,402 million for the year ended March 31, 2012 to ¥518,545 million for the year ended March 31, 2013. This increase was mainly due to higher raw material and labor costs.

As a percentage of net sales, our cost of products sold increased from 76.8% for the year ended March 31, 2012 to 80.7% for the year ended March 31, 2013. Excluding the impact of the Newly Consolidated Subsidiaries, as a percentage of net sales, cost of products sold increased from 76.6% for the year ended March 31, 2012 to 80.6% for the year ended March 31, 2013. This increase was mainly due to declines in the operation rates and the capacity utilization rates of some of our manufacturing facilities as well as losses on inventory write-offs resulting from rapid and significant declines in sales of some of our major products, including components for personal computers, digital cameras and LCD panel manufacturing equipment, as well as decreases in the numbers of units sold of products with higher margins.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses increased ¥29,289 million, or 52.8%, from ¥55,471 million for the year ended March 31, 2012 to ¥84,760 million for the year ended March 31, 2013. Excluding the impact of the Newly Consolidated Subsidiaries, our selling, general and administrative expenses increased ¥17,461 million, or 32.1%, from ¥54,319 million for the year ended March 31, 2012 to ¥71,780 million for the year ended March 31, 2013. This increase was mainly due to personnel expenses and losses related to fixed assets, which were incurred or recorded in connection with the measures we implemented to streamline our business structure and our new sale and lease-back arrangements relating to certain manufacturing equipment and other fixed assets in Asia, as we experienced rapid and significant declines in demand for some of our major products, including components for personal computers, digital cameras and LCD panel manufacturing equipment, in the second half of the year ended March 31, 2013. As a result, our losses related to fixed assets and personnel expenses related to severance payments increased ¥12,704 million and ¥1,762 million, respectively, for the year ended March 31, 2013 compared to the previous year.

As a percentage of net sales, selling, general and administrative expenses increased from 8.1% for the year ended March 31, 2012 to 12.0% for the year ended March 31, 2013. Excluding the impact of the Newly Consolidated Subsidiaries, as a percentage of net sales, our selling, general and administrative expenses increased from 8.1% for the year ended March 31, 2012 to 11.2% for the year ended March 31, 2013.

Research and Development Expenses

Our research and development expenses increased ¥4,228 million, or 14.1%, from ¥30,050 million for the year ended March 31, 2012 to ¥34,278 million for the year ended March 31, 2013. Excluding the impact of the Newly Consolidated Subsidiaries, our research and development expenses increased ¥3,115 million, or 10.4%, from ¥30,002 million for the year ended March 31, 2012 to ¥33,117 million for the year ended March 31, 2013. This increase was mainly due to our increased investments in research and development activities relating to products in the “automotive, appliance, commercial and industrial products” category and the “small precision motors” category.

For further information on our research and development expenses, including a discussion on an operating segment basis, see “— C. Research and Development, Patents and Licenses, etc.”

As a percentage of net sales, research and development expenses increased from 4.4% for the year ended March 31, 2012 to 4.8% for the year ended March 31, 2013. Excluding the impact of the Newly Consolidated Subsidiaries, as a percentage of net sales, our research and development expenses increased from 4.5% for the year ended March 31, 2012 to 5.1% for the year ended March 31, 2013.

Operating Income

As a result of the foregoing, our operating income decreased ¥55,443 million, or 75.9%, from ¥73,070 million for the year ended March 31, 2012 to ¥17,627 million for the year ended March 31, 2013.

As a percentage of net sales, operating income decreased from 10.7% for the year ended March 31, 2012 to 2.5% for the year ended March 31, 2013.

Other Income (Expense)

Our other expenses increased ¥1,986 million, or 89.7%, from ¥2,214 million for the year ended March 31, 2012 to ¥4,200 million for the year ended March 31, 2013. Excluding the impact of the Newly Consolidated Subsidiaries, our other expenses increased ¥2,659 million, or 115.9%, from ¥2,295 million for the year ended March 31, 2012 to ¥4,954 million for the year ended March 31, 2013. This increase was mainly due to an increase in foreign exchange loss.

Our foreign exchange loss increased ¥1,217 million, or 69.3%, from ¥1,756 million for the year ended March 31, 2012 to ¥2,973 million for the year ended March 31, 2013. Excluding the impact of the Newly Consolidated Subsidiaries, our foreign exchange loss increased ¥2,030 million, or 108.8%, from ¥1,865 million for the year ended March 31, 2012 to ¥3,895 million for the year ended March 31, 2013. This increase was mainly due to an increase in U.S.dollar-denominated liabilities for the year ended March 31, 2013 compared to the year ended March 31, 2012, despite the depreciation of the Japanese yen against the U.S. dollar on an average basis between the two periods.

The following table sets forth the exchange rates between the Japanese yen and the U.S. dollar and between the Japanese yen and the Euro as of the dates indicated:

Currency	March 31, 2011	March 31, 2012	Fluctuation from March 31, 2011 to March 31, 2012	March 31, 2013	Fluctuation from March 31, 2012 to March 31, 2013
U.S. Dollar (\$1.00)	¥83.15	¥82.19	¥(0.96)	¥94.05	¥11.86
Euro (€1.00)	¥117.57	¥109.80	¥(7.77)	¥120.73	¥10.93

Income from Continuing Operations before Income Taxes

As a result of the foregoing, our income from continuing operations before income taxes decreased ¥57,429 million, or 81.1%, from ¥70,856 million for the year ended March 31, 2012 to ¥13,427 million for the year ended March 31, 2013.

As a percentage of net sales, our income from continuing operations before income taxes decreased from 10.4% for the year ended March 31, 2012 to 1.9% for the year ended March 31, 2013.

Income Taxes

Our income taxes decreased ¥12,233 million, or 65.1%, from ¥18,801 million for the year ended March 31, 2012 to ¥6,568 million for the year ended March 31, 2013. This was primarily due to the decrease in income from continuing operations before income taxes.

The effective income tax rate increased 22.4 percentage points from 26.5% for the year ended March 31, 2012 to 48.9% for the year ended March 31, 2013. The increase was mainly due to an increase in valuation allowance relating to deferred tax assets of consolidated subsidiaries with operating losses carryforwards for tax purposes that are not expected to be realized. On the other hand, the tax benefit in subsidiaries in Thailand, Philippines and China had an effect of reducing the effective tax rate.

For more information, see Note 16 to our audited consolidated financial statements included elsewhere in this annual report.

Equity in Net Income of Affiliated Companies

Equity in net income of affiliated companies increased ¥13 million from less than ¥1 million for the year ended March 31, 2012 to ¥13 million for the year ended March 31, 2013.

Income from Continuing Operations

As a result of the foregoing, our income from continuing operations decreased ¥45,183 million, or 86.8%, from ¥52,055 million for the year ended March 31, 2012 to ¥6,872 million for the year ended March 31, 2013.

Loss on Discontinued Operations

We had no loss on discontinued operations for the year ended March 31, 2013, while we recorded ¥7,768 million of loss on discontinued operations for the year ended March 31, 2012.

We discontinued the LAC business and the PGN business of the Nidec Sankyo group and the CLU business of the Nidec Copal group as of March 31, 2012.

For more information, see Note 24 to our audited consolidated financial statements included elsewhere in this annual report.

Consolidated Net Income

As a result of the foregoing, our consolidated net income decreased ¥37,415 million, or 84.5%, from ¥44,287 million for the year ended March 31, 2012 to ¥6,872 million for the year ended March 31, 2013.

Net Income Attributable to Noncontrolling Interests

We had net loss attributable to noncontrolling interests in the amount of ¥1,126 million for the year ended March 31, 2013, compared to net income attributable to noncontrolling interests in the amount of ¥3,556 million for the year ended March 31, 2012. This was primarily due to losses and lower profits of group companies in which we own less than 100%, including the Nidec Copal group. The losses and lower profits were mainly due to rapidly declining demand for components for compact digital cameras in the second half of the year ended March 31, 2013. In addition, Nidec Sankyo Corporation, a consolidated subsidiary in which we previously held a 77.1% ownership interest, became a wholly owned subsidiary in October 2012.

Net Income Attributable to Nidec Corporation

As a result of the foregoing, our net income attributable to Nidec Corporation decreased ¥32,733 million, or 80.4%, from ¥40,731 million for the year ended March 31, 2012 to ¥7,998 million for the year ended March 31, 2013.

As a percentage of net sales, our net income attributable to Nidec Corporation decreased from 6.0% for the year ended March 31, 2012 to 1.1% for the year ended March 31, 2013.

Year Ended March 31, 2012 Compared to Year Ended March 31, 2011

Net Sales

The following table is a summary of our net sales for the years ended March 31, 2011 and 2012 by product category. For a detailed discussion of our product categories, see “Item 4.B. Information on the Company — Business Overview.”

	(Yen in millions)			
	For the year ended March 31,			
	2011	2012	Inc/Dec	Inc/Dec %
Net sales:				
Small precision motors:				
Hard disk drives spindle motors	¥196,265	¥176,932	¥(19,333)	(9.9) %
Other small precision motors ⁽¹⁾⁽³⁾	152,121	154,505	2,384	1.6
Sub-total	348,386	331,437	(16,949)	(4.9)
Automotive, appliance, commercial and industrial products ⁽²⁾	163,411	208,529	45,118	27.6
Machinery	77,329	64,904	(12,425)	(16.1)
Electronic and optical components ⁽³⁾	78,368	69,377	(8,991)	(11.5)
Others ⁽²⁾	8,494	8,073	(421)	(5.0)
Consolidated total	¥675,988	¥682,320	¥6,332	0.9 %

Notes:

- (1) Starting in the year ended March 31, 2013, the “small precision motors” product category is divided into “hard disk drives spindle motors” and “other small precision motors.” To enable comparisons between periods, previously reported amounts have been reclassified.
- (2) Starting in the year ended March 31, 2013, the “appliance, commercial and industrial products” product category is renamed as “automotive, appliance, commercial and industrial products” and the automotive components that were previously included in the “others” product category have been reclassified to the “automotive, appliance, commercial and industrial products” product category. To enable comparisons between periods, previously reported amounts have been reclassified.
- (3) Starting in the year ended March 31, 2013, the motor application products that were previously included in the “electronic and optical components” product category have been reclassified to the “small precision motors” product category. To enable comparisons between periods, previously reported amounts have been reclassified.

Our net sales increased ¥6,332 million, or 0.9%, from ¥675,988 million for the year ended March 31, 2011 to ¥682,320 million for the year ended March 31, 2012. This increase was primarily due to the contributions of newly consolidated subsidiaries, mainly including Nidec Motor Corporation and its subsidiaries (“Nidec Motor”), the former Emerson Electric Co.’s motors and controls business, and Nidec Seimitsu Corporation and its subsidiaries (“Nidec Seimitsu”), a manufacturer of vibration motors for mobile phones and other small precision DC motors. We acquired Nidec Motor in September 2010 and Nidec Seimitsu in July 2011. We recognized Nidec Motor’s sales of ¥35,458 million for the six months ended March 31, 2011, and ¥68,810 million for the year ended March 31, 2012. We recognized Nidec Seimitsu’s sales of ¥12,018 million for the nine months ended March 31, 2012.

Excluding the impact of Nidec Motor and Nidec Seimitsu, our net sales decreased ¥39,038 million, or 6.1%, from ¥640,530 million for the year ended March 31, 2011 to ¥601,492 million for the year ended March 31, 2012. This decrease was mainly due to a decrease in sales of products in the "small precision motors," "machinery" and "electronic and optical components" categories. The decreases in sales of these products were primarily due to the appreciation of the Japanese yen against the U.S. dollar and the disruptions to our manufacturing facilities and customer supply chains caused by the flooding in Thailand in October 2011.

In addition, particularly in the three months ended June 30, 2011, we were also adversely impacted by customer supply chain disruptions caused by the earthquake, the tsunami and the nuclear power plant accidents in northeastern Japan in March 2011.

(Small precision motors)

Net sales of small precision motors decreased ¥16,949 million, or 4.9%, from ¥348,386 million for the year ended March 31, 2011 to ¥331,437 million for the year ended March 31, 2012. Net sales of each product category included in "small precision motors" are as discussed below.

Hard disk drives spindle motors

Net sales of hard disk drives spindle motors decreased ¥19,333 million, or 9.9%, from ¥196,265 million for the year ended March 31, 2011 to ¥176,932 million for the year ended March 31, 2012. This decrease was mainly due to the disruptions to our manufacturing facilities and customer supply chains for hard disk drives caused by the flooding in Thailand. The number of units sold of small precision motors for hard disk drives for the year ended March 31, 2012 decreased approximately 3% compared to the year ended March 31, 2011. The average unit price of spindle motors for the year ended March 31, 2012 increased approximately 1% on a U.S. dollar basis and decreased approximately 7% on a Japanese yen basis compared to the year ended March 31, 2011, reflecting an 8% appreciation of the Japanese yen against the U.S. dollar.

Sales of spindle motors for 2.5-inch and 3.5-inch hard disk drives for the year ended March 31, 2012 decreased approximately 6% and 14%, respectively, compared to the year ended March 31, 2011. The number of units sold of spindle motors for 2.5-inch hard disk drives for the year ended March 31, 2012 increased approximately 4% compared to the year ended March 31, 2011, while the number of units sold of spindle motors for 3.5-inch hard disk drives for the year ended March 31, 2012 decreased approximately 10% compared to the year ended March 31, 2011. The average unit price of spindle motors for 2.5-inch hard disk drives for the year ended March 31, 2012 decreased approximately 2% on a U.S. dollar basis and decreased approximately 9% on a Japanese yen basis compared to the year ended March 31, 2011. The average unit price of spindle motors for 3.5-inch hard disk drives for the year ended March 31, 2012 increased approximately 4% on a U.S. dollar basis and decreased approximately 4% on a Japanese yen basis compared to the year ended March 31, 2011.

Net sales of hard disk drives spindle motors accounted for 29.0% of total net sales for the year ended March 31, 2011 and 25.9% of total net sales for the year ended March 31, 2012.

Other small precision motors

Net sales of other small precision motors increased ¥2,384 million, or 1.6%, from ¥152,121 million for the year ended March 31, 2011 to ¥154,505 million for the year ended March 31, 2012. This increase was primarily due to the contribution of Nidec Seimitsu, which we acquired in July 2011. Excluding the impact of Nidec Seimitsu, net sales of other small precision motors decreased ¥9,633 million, or 6.3%, from ¥152,121 million for the year ended March 31, 2011 to ¥142,488 million for the year ended March 31, 2012. Sales of other small precision brushless DC motors at Nidec Corporation and its direct-line subsidiaries for the year ended March 31, 2012 decreased approximately 11% compared to the year ended March 31, 2011. This 11% decrease in sales was mainly due to an approximately 8% appreciation of the Japanese yen against the U.S. dollar and an approximately 5% decrease in the number of units sold compared to the year ended March 31, 2011. On a consolidated basis, the 11% decrease in sales at Nidec Corporation and its direct-line subsidiaries was offset by stronger demand for motors for amusement gaming machines at the Nidec Sankyo group. Sales of brushless DC fans at Nidec Corporation and its direct-line subsidiaries for the year ended March 31, 2012 decreased approximately 9% compared to the year ended March 31, 2011. The main reasons for the 9% decrease in sales were an approximately 8% appreciation of the Japanese yen against the U.S. dollar and an approximately 3% decrease in the number of units sold, despite an increase in average unit price of approximately 2% on a U.S. dollar basis. Sales of the other motors included in the other small precision motors product category for the year ended March 31, 2012 also decreased compared to the year ended March 31, 2011 primarily due to a decrease in sales of such products as motor drive units at Nidec Sankyo group.

Net sales of other small precision motors accounted for 22.5% of total net sales for the year ended March 31, 2011 and 22.7 % of total net sales for the year ended March 31, 2012.

(Automotive, appliance, commercial and industrial products)

Net sales of our automotive, appliance, commercial and industrial products increased ¥45,118 million, or 27.6%, from ¥163,411 million for the year ended March 31, 2011 to ¥208,529 million for the year ended March 31, 2012. This increase was primarily due to the contribution of Nidec Motor to net sales of automotive, appliance, commercial and industrial products, partially offset by a ¥2,999 million, or 7.0%, decrease in sales of the Nidec Techno Motor group. Excluding the impact of Nidec Motor, net sales of automotive, appliance, commercial and industrial products increased ¥11,764 million, or 9.2%, from ¥127,954 million for the year ended March 31, 2011 to ¥139,718 million for the year ended March 31, 2012. This increase was primarily due to an increase in sales of automotive products. Sales of automotive products for the year ended March 31, 2012 increased ¥15,158 million, or 21.9%, compared to the year ended March 31, 2011, mainly due to an approximately 68% increase in sales of automotive products for electric power steering at Nidec Corporation and its direct-line subsidiaries. Excluding the impact of Nidec Motor, sales of appliance, commercial and industrial products for the year ended March 31, 2012 decreased ¥3,394 million, or 5.8%, compared to the year ended March 31, 2011.

Net sales of our automotive, appliance, commercial and industrial products accounted for 24.2% of our total net sales for the year ended March 31, 2011 and 30.5% of total net sales for the year ended March 31, 2012.

(Machinery)

Net sales of our machinery decreased ¥12,425 million, or 16.1%, from ¥77,329 million for the year ended March 31, 2011 to ¥64,904 million for the year ended March 31, 2012. The decrease in net sales for the year ended March 31, 2012 was mainly due to a decrease in sales of products such as LCD panel handling robots at the Nidec Sankyo group of ¥7,635 million, or 22.9%, a decrease in sales of products such as electronic circuit testing systems for digital equipment at the Nidec-Read group of ¥3,055 million, or 23.8%, a decrease in sales at the Nidec-Shimpo group (where Nidec-Kyori Corporation was merged by absorption into Nidec-Shimpo Corporation in April 2012) of ¥1,851 million, or 8.5%, and a decrease in sales at the Nidec Tosok group of ¥505 million, or 14.0%, compared to the year ended March 31, 2011. The decrease in net sales of machinery was partially offset by a ¥857 million, or 17.2%, increase in sales of products such as peripheral equipment for chip mounters at the Nidec Copal group.

Net sales of our machinery accounted for 11.4% of our total net sales for the year ended March 31, 2011 and 9.5% of total net sales for the year ended March 31, 2012.

(Electronic and optical components)

Net sales of our electronic and optical components decreased ¥8,991 million, or 11.5%, from ¥78,368 million for the year ended March 31, 2011 to ¥69,377 million for the year ended March 31, 2012. The decrease in net sales for the year ended March 31, 2012 was mainly due to a decrease in sales of products such as shutters and unit components at the Nidec Copal group of ¥6,456 million, or 14.7%, primarily as a result of the disruptions to our manufacturing facilities and customer supply chains caused by the flooding in Thailand, and a decrease in sales of electronic components, including circuit components and sensors, at the Nidec Copal Electronics group of ¥2,127 million, or 10.7%, compared to the year ended March 31, 2011.

Net sales of our electronic and optical components accounted for 11.6% of our total net sales for the year ended March 31, 2011 and 10.2% of our total net sales for the year ended March 31, 2012.

(Others)

Net sales of our other products decreased ¥421 million, or 5.0%, from ¥8,494 million for the year ended March 31, 2011 to ¥8,073 million for the year ended March 31, 2012.

Net sales of our other products accounted for 1.3% of our total net sales for the year ended March 31, 2011 and 1.2% of total net sales for the year ended March 31, 2012.

Cost of Products Sold

Our cost of products sold increased ¥23,695 million, or 4.7%, from ¥500,034 million for the year ended March 31, 2011 to ¥523,729 million for the year ended March 31, 2012. Excluding the impact of Nidec Motor and Nidec Seimitsu, our cost of products sold decreased ¥14,367 million, or 3.1% from ¥469,166 million for the year ended March 31, 2011 to ¥454,799 million for the year ended March 31, 2012. This decrease was mainly due to the overall decrease in sales, which was partially offset by higher raw material costs and labor costs.

As a percentage of net sales, our cost of products sold increased from 74.0% for the year ended March 31, 2011 to 76.8% for the year ended March 31, 2012. Excluding the impact of Nidec Motor and Nidec Seimitsu, as a percentage of net sales, cost of products sold increased from 73.2% for the year ended March 31, 2011 to 75.6 % for the year ended March 31, 2012. This increase in the percentages excluding the impact of the newly consolidated subsidiaries was mainly due to a rise in raw material costs, higher labor costs, an increase in units of products sold with lower margins in proportion to the total units of products sold, a decrease in unit prices, and higher fixed costs per unit resulting from lower demand for some products.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses increased ¥123 million, or 0.2%, from ¥55,348 million for the year ended March 31, 2011 to ¥55,471 million for the year ended March 31, 2012. Excluding the impact of Nidec Motor and Nidec Seimitsu, our selling, general and administrative expenses decreased ¥3,413 million, or 6.6%, from ¥52,009 million for the year ended March 31, 2011 to ¥48,596 million for the year ended March 31, 2012. This decrease was mainly due to the impact of insurance recoveries in excess of the loss recognized for the water damage to property, plant and equipment, and inventories caused by the flooding in Thailand described above.

The flooding in Thailand caused water damage to buildings, machinery, and other property, plant and equipment as well as inventories at some of our group companies. For the year ended March 31, 2012, we recognized a loss of ¥19,359 million, which comprised ¥13,730 million of losses relating to property, plant and equipment, and ¥3,539 million of losses relating to inventory associated with water damage, as well as ¥2,090 million of other related costs.

We have insurance policies which cover certain damage directly caused by the flooding. The insurance policies cover the damage associated with buildings, machinery, and other property, plant and equipment as well as inventories. Taking into account the insurance recoveries, we recorded a net gain of ¥3,842 million in operating income for the year ended March 31, 2012, as we recognized insurance recoveries that exceeded the loss.

As a percentage of net sales, selling, general and administrative expenses decreased from 8.2% for the year ended March 31, 2011 to 8.1% for the year ended March 31, 2012. Excluding the impact of Nidec Motor and Nidec Seimitsu as well as the insurance recoveries, as a percentage of net sales, our selling, general and administrative expenses for each of the years ended March 31, 2011 and 2012 were 8.1% and 8.7%, respectively.

Research and Development Expenses

Our research and development expenses increased ¥2,313 million, or 8.3%, from ¥27,737 million for the year ended March 31, 2011 to ¥30,050 million for the year ended March 31, 2012. Excluding the impact of Nidec Motor and Nidec Seimitsu, our research and development expenses increased ¥1,176 million, or 4.4%, from ¥26,629 million for the year ended March 31, 2011 to ¥27,805 million for the year ended March 31, 2012. This increase was mainly due to our increased investments in research and development activities relating to products in the "automotive, appliance, commercial and industrial products" product category.

For further information on our research and development expenses, including a discussion on an operating segment basis, see "— C. Research and Development, Patents and Licenses, etc."

As a percentage of net sales, research and development expenses increased from 4.1% for the year ended March 31, 2011 to 4.4% for the year ended March 31, 2012. Excluding the impact of Nidec Motor and Nidec Seimitsu, as a percentage of net sales, our research and development expenses increased from 4.2% for the year ended March 31, 2011 to 4.6% for the year ended March 31, 2012.

Operating Income

As a result of the foregoing, our operating income decreased ¥19,799 million, or 21.3%, from ¥92,869 million for the year ended March 31, 2011 to ¥73,070 million for the year ended March 31, 2012.

As a percentage of net sales, operating income decreased from 13.7% for the year ended March 31, 2011 to 10.7% for the year ended March 31, 2012.

Other Income (Expense)

Our other expenses decreased ¥8,689 million, or 79.7%, from ¥10,903 million for the year ended March 31, 2011 to ¥2,214 million for the year ended March 31, 2012. Excluding the impact of Nidec Motor and Nidec Seimitsu, our other expenses decreased ¥8,653 million, or 79.6%, from ¥10,873 million for the year ended March 31, 2011 to ¥2,220 million for the year ended March 31, 2012. This decrease was mainly due to a decrease in foreign exchange loss.

Our foreign exchange loss decreased ¥7,352 million, or 80.7%, from ¥9,108 million for the year ended March 31, 2011 to ¥1,756 million for the year ended March 31, 2012. Excluding the impact of Nidec Motor and Nidec Seimitsu, our foreign exchange loss decreased ¥7,303 million, or 80.5%, from ¥9,073 million for the year ended March 31, 2011 to ¥1,770 million for the year ended March 31, 2012. This decrease was mainly due to a decrease in net foreign currency denominated financial assets and a decrease in fluctuations in the exchange rate between the U.S. dollar and the Japanese yen for the year ended March 31, 2012 compared to the year ended March 31, 2011.

The Japanese yen to the U.S. dollar exchange rates were ¥93.04 to the U.S. dollar as of March 31, 2010 and ¥83.15 to the U.S. dollar as of March 31, 2011. The Japanese yen appreciated against the U.S. dollar to ¥82.19 to the U.S. dollar as of March 31, 2012.

Income from Continuing Operations before Income Taxes

As a result of the foregoing, our income from continuing operations before income taxes decreased ¥11,110 million, or 13.6%, from ¥81,966 million for the year ended March 31, 2011 to ¥70,856 million for the year ended March 31, 2012.

As a percentage of net sales, our income from continuing operations before income taxes decreased from 12.1% for the year ended March 31, 2011 to 10.4% for the year ended March 31, 2012.

Income Taxes

Our income taxes increased ¥492 million, or 2.7%, from ¥18,309 million for the year ended March 31, 2011 to ¥18,801 million for the year ended March 31, 2012. This was primarily due to the increase in the effective income tax rate, which was partially offset by the decrease in income from continuing operations before income taxes.

The effective income tax rate increased 4.2 percentage points from 22.3% for the year ended March 31, 2011 to 26.5% for the year ended March 31, 2012. The increase primarily reflected the net impact of a reduction in tax benefit in foreign subsidiaries, an increase in tax on undistributed earnings, an increase in valuation allowance and a decrease in liabilities for unrecognized tax benefits.

Tax benefit in foreign subsidiaries primarily arose from our operations in Thailand, the Philippines and China. The reduction in tax benefit in foreign subsidiaries was mainly due to decreases in profit of our subsidiaries in Thailand as a result of the flooding and the application to transactions between Nidec Corporation and Nidec Electronics (Thailand) Co., Ltd. of a transfer pricing method that was provisionally agreed to in a bilateral advance pricing arrangement between the tax authorities. The decrease in liabilities for unrecognized tax benefits resulted from the transfer pricing adjustments.

On November 30, 2011, the Japanese National Diet approved various changes to the calculation of the statutory local income tax for companies, effective April 1, 2012. As a result, the normal statutory corporate income tax rate in Japan was reduced from approximately 41.0% to approximately 38.0% from April 1, 2012, and further to approximately 36.0% from April 1, 2015. The statutory tax rate used for calculating deferred tax assets and deferred tax liabilities, where temporary differences would be realized after April 1, 2012, was accordingly reduced from approximately 41.0% to approximately 38.0% or approximately 36.0%, as applicable.

For more information, see Note 16 to our audited consolidated financial statements included elsewhere in this annual report.

Equity in Net (Loss) Income of Affiliated Companies

We had equity in net income of affiliated companies of ¥6 million for the year ended March 31, 2011 and ¥0 million for the year ended March 31, 2012.

Income from Continuing Operations

As a result of the foregoing, our income from continuing operations decreased ¥11,608 million, or 18.2%, from ¥63,663 million for the year ended March 31, 2011 to ¥52,055 million for the year ended March 31, 2012.

Loss on Discontinued Operations

Our loss on discontinued operations increased ¥1,597 million, or 25.9%, from ¥6,171 million for the year ended March 31, 2011 to ¥7,768 million for the year ended March 31, 2012.

We discontinued the specialty lens unit business of the Nidec Copal group as of March 31, 2011. In addition, as of March 31, 2012, we also discontinued the lens actuator business, the tape drive and disk drive mechanism businesses of the Nidec Sankyo group and the compact digital camera lens unit business of the Nidec Copal group.

For more information, see Note 24 to our audited consolidated financial statements included elsewhere in this annual report.

Consolidated Net Income

As a result of the foregoing, our consolidated net income decreased ¥13,205 million, or 23.0%, from ¥57,492 million for the year ended March 31, 2011 to ¥44,287 million for the year ended March 31, 2012.

Net Income Attributable to Noncontrolling Interests

Our net income attributable to noncontrolling interests decreased ¥1,603 million, or 31.1%, from ¥5,159 million for the year ended March 31, 2011 to ¥3,556 million for the year ended March 31, 2012. This decrease was primarily due to decreases in net income of group companies of which we own less than 100%, including Nidec Sankyo Corporation and Nidec Copal Corporation and their respective subsidiaries, and due to Nidec Corporation increasing its interest in Nidec Servo Corporation from 64% to 100% on October 1, 2010.

Net Income Attributable to Nidec Corporation

As a result of the foregoing, our net income attributable to Nidec Corporation decreased ¥11,602 million, or 22.2%, from ¥52,333 million for the year ended March 31, 2011 to ¥40,731 million for the year ended March 31, 2012.

As a percentage of net sales, our net income attributable to Nidec Corporation decreased from 7.7% for the year ended March 31, 2011 to 6.0% for the year ended March 31, 2012.

Segment Information

Based on the applicable criteria set forth in ASC 280 "Segment Reporting", we have 14 reportable operating segments on which we report in our consolidated financial statements. For the information required by ASC 280, see Note 25 to our audited consolidated financial statements included elsewhere in this annual report.

The Nidec Corporation segment comprises Nidec Corporation in Japan, which primarily develops and sells hard disk drives spindle motors, DC motors, fans, and automotive products.

The Nidec Electronics (Thailand) segment comprises Nidec Electronics (Thailand) Co., Ltd., a subsidiary in Thailand, and its consolidated subsidiaries, which primarily produce and sell hard disk drive motors. This segment also includes other subsidiaries in Asia which produce components for hard disk drives.

The Nidec (Zhejiang) segment comprises Nidec (Zhejiang) Corporation, a subsidiary in China, which primarily produces and sells hard disk drive motors.

The Nidec (Dalian) segment comprises Nidec (Dalian) Limited, a subsidiary in China, which primarily produces and sells DC motors and fans but excludes its automotive products business.

The Nidec Singapore segment comprises Nidec Singapore Pte. Ltd., a subsidiary in Singapore, and its consolidated subsidiary, which primarily sell hard disk drive motors, DC motors and fans.

The Nidec (H.K.) segment comprises Nidec (H.K.) Co., Ltd., a subsidiary in Hong Kong, and its consolidated subsidiaries, which primarily sell hard disk drive motors, DC motors and fans.

The Nidec Philippines segment comprises Nidec Philippines Corporation, a subsidiary in the Philippines, and its consolidated subsidiary, which primarily produce and sell hard disk drive motors.

The Nidec Sankyo segment comprises Nidec Sankyo Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell DC motors, machinery, and electronic parts.

The Nidec Copal segment comprises Nidec Copal Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell optical and electronic parts and machinery.

The Nidec Tosok segment comprises Nidec Tosok Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell automotive parts.

The Nidec Copal Electronics segment comprises Nidec Copal Electronics Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell electronic parts.

The Nidec Techno Motor segment comprises Nidec Techno Motor Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell commercial and industrial products.

The Nidec Motor segment comprises Nidec Motor Corporation and other subsidiaries in North America, which are subsidiaries of Nidec US Holdings Corporation, an intermediate holding company in the United States, as well as other subsidiaries in Latin America, Asia and Europe, which primarily produce and sell home appliance, commercial and industrial products. This segment also includes Nidec ASI, Avtron and Kinetek, which were newly consolidated for the year ended March 31, 2013.

The Nidec Motors & Actuators segment comprises Nidec Motors & Actuators in France, other subsidiaries in Europe and North America, and other manufacturing subsidiaries in China, which primarily produce and sell automotive products.

The All Others segment comprises subsidiaries that are operating segments but not designated as reportable segments due to their immateriality.

In accordance with ASC 205-20 “Presentation of Financial Statements—Discontinued Operations,” amounts in the segment information do not reflect discontinued operations, and previous periods’ segment information has been reclassified.

We evaluate performance based on segmental profit and loss, which consists of sales and operating revenues less operating expenses. All segmental operating income or loss is accounted for under Japanese GAAP, except for Nidec Electronics (Thailand), Nidec (Zhejiang), Nidec (Dalian), Nidec Singapore, Nidec (H.K), Nidec Philippines, Nidec Motor and Nidec Motors & Actuators. Therefore, our segmental data has not been prepared under U.S. GAAP on a basis that is consistent with our consolidated financial statements or on any other single basis that is consistent between segments. There are several differences between U.S. GAAP and the underlying accounting bases used by management. The principal differences that affect segmental operating income or loss include accounting for pension and severance costs, leases, and some expenses relating to our recent business structure streamlining efforts. Our segmental operating income or loss is presented in accordance with financial reporting principles and practices generally accepted in Japan. Management believes that monthly segmental information is available on a timely basis, and that it is sufficiently accurate at the segment income or loss level for management’s purposes.

The first of the following two tables shows net sales to external customers and other operating segments by reportable operating segment for the years ended March 31, 2011, 2012 and 2013. The second table shows operating income or loss by reportable operating segment, which includes inter-segment sales and operating revenues and expenses, for the years ended March 31, 2011, 2012 and 2013:

	Year ended March 31,		
	2011	2012	2013
	(Yen in millions)		
Nidec Corporation			
Net sales to external customers	¥72,334	¥46,901	¥23,748
Net sales to other operating segments	74,406	100,064	108,282
Sub total	<u>146,740</u>	<u>146,965</u>	<u>132,030</u>
Nidec Electronics (Thailand)			
Net sales to external customers	86,086	64,226	63,349
Net sales to other operating segments	45,219	36,649	35,492
Sub total	<u>131,305</u>	<u>100,875</u>	<u>98,841</u>
Nidec (Zhejiang)			
Net sales to external customers	24,500	26,430	21,109
Net sales to other operating segments	6,618	3,617	2,977
Sub total	<u>31,118</u>	<u>30,047</u>	<u>24,086</u>
Nidec (Dalian)			
Net sales to external customers	4,218	4,269	3,648
Net sales to other operating segments	20,852	15,471	11,117
Sub total	<u>25,070</u>	<u>19,740</u>	<u>14,765</u>
Nidec Singapore			
Net sales to external customers	19,082	34,220	50,039
Net sales to other operating segments	451	448	709
Sub total	<u>19,533</u>	<u>34,668</u>	<u>50,748</u>
Nidec (H.K.)			
Net sales to external customers	55,724	50,748	52,028
Net sales to other operating segments	1,587	1,162	1,734
Sub total	<u>57,311</u>	<u>51,910</u>	<u>53,762</u>
Nidec Philippines			
Net sales to external customers	7,337	15,326	14,707
Net sales to other operating segments	28,504	24,390	25,682
Sub total	<u>35,841</u>	<u>39,716</u>	<u>40,389</u>
Nidec Sankyo			
Net sales to external customers	86,027	78,589	73,201
Net sales to other operating segments	556	396	300
Sub total	<u>86,583</u>	<u>78,985</u>	<u>73,501</u>
Nidec Copal			
Net sales to external customers	58,396	51,124	49,627
Net sales to other operating segments	2,632	2,318	2,093
Sub total	<u>61,028</u>	<u>53,442</u>	<u>51,720</u>
Nidec Tosok			
Net sales to external customers	29,745	33,358	31,090
Net sales to other operating segments	201	150	190
Sub total	<u>29,946</u>	<u>33,508</u>	<u>31,280</u>
Nidec Copal Electronics			
Net sales to external customers	30,553	29,098	26,845
Net sales to other operating segments	27	20	20
Sub total	<u>30,580</u>	<u>29,118</u>	<u>26,865</u>

	Year ended March 31,		
	2011	2012	2013
	(Yen in millions)		
Nidec Techno Motor			
Net sales to external customers	42,935	40,058	39,940
Net sales to other operating segments	889	952	3,143
Sub total	<u>43,824</u>	<u>41,010</u>	<u>43,083</u>
Nidec Motor			
Net sales to external customers	50,886	83,999	119,093
Net sales to other operating segments	-	30	154
Sub total	<u>50,886</u>	<u>84,029</u>	<u>119,247</u>
Nidec Motor & Actuators			
Net sales to external customers	38,371	44,748	44,707
Net sales to other operating segments	6,702	11,607	15,170
Sub total	<u>45,073</u>	<u>56,355</u>	<u>59,877</u>
All Others			
Net sales to external customers	69,402	78,268	96,236
Net sales to other operating segments	55,039	52,900	55,665
Sub total	<u>124,441</u>	<u>131,168</u>	<u>151,901</u>
Total			
Net sales to external customers	675,596	681,362	709,367
Net sales to other operating segments	243,683	250,174	262,728
Adjustments (1)	392	958	(97)
Inter segment elimination	(243,683)	(250,174)	(262,728)
Consolidated total (net sales)	<u>¥675,988</u>	<u>¥682,320</u>	<u>¥709,270</u>

Note:

(1) See Note 25 to our audited consolidated financial statements included elsewhere in this annual report.

	Year ended March 31,		
	2011	2012	2013
	(Yen in millions)		
Operating income or loss:			
Nidec Corporation	¥6,799	¥7,497	¥(4,856)
Nidec Electronics (Thailand)	21,473	15,027	10,525
Nidec (Zhejiang)	2,351	774	(2,689)
Nidec (Dalian)	2,658	431	(409)
Nidec Singapore	245	781	1,115
Nidec (H.K.)	564	359	146
Nidec Philippines	5,403	7,799	4,883
Nidec Sankyo	13,226	7,414	4,210
Nidec Copal	9,557	6,384	(3,192)
Nidec Tosok	4,009	3,140	1,715
Nidec Copal Electronics	4,969	4,194	3,277
Nidec Techno Motor	4,018	4,591	4,168
Nidec Motor	240	2,111	723
Nidec Motors & Actuators	1,274	3,126	3,447
All Others	16,184	11,201	10,541
Total	<u>92,970</u>	<u>74,829</u>	<u>33,604</u>
Adjustments (1)	<u>(101)</u>	<u>(1,759)</u>	<u>(15,977)</u>

Consolidated total	¥92,869	¥73,070	¥17,627
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Note:

(1) See Note 25 to our audited consolidated financial statements included elsewhere in this annual report.

Nidec Corporation Segment

Net sales of Nidec Corporation decreased ¥14,935 million, or 10.2%, from ¥146,965 million for the year ended March 31, 2012 to ¥132,030 million for the year ended March 31, 2013. This decrease was primarily due to a decrease in demand for hard disk drives spindle motors particularly in the second half of the year ended March 31, 2013, resulting from declining spending and shifts in device preferences. Net sales to external customers of Nidec Corporation decreased ¥23,153 million, or 49.4%, from ¥46,901 million for the year ended March 31, 2012 to ¥23,748 million for the year ended March 31, 2013. Net sales to other operating segments of Nidec Corporation increased ¥8,218 million, or 8.2%, from ¥100,064 million for the year ended March 31, 2012 to ¥108,282 million for the year ended March 31, 2013. Since the three months ended December 31, 2011, we have implemented a strategic decision to distribute some of Nidec Corporation's products, such as hard disk drives spindle motors, to customers indirectly through Nidec Singapore, contributing to the decrease in Nidec Corporation's net sales to external customers and the increase in Nidec Corporation's net sales to other operating segments. Nidec Corporation had operating loss of ¥4,856 million for the year ended March 31, 2013, compared to operating income of ¥7,497 million for the year ended March 31, 2012. This decrease was primarily due to a decrease in royalty and commission fees from subsidiaries relating to hard disk drives spindle motors and an increase in material costs for automotive motors for electric power steering, in addition to the decrease in sales.

Net sales of Nidec Corporation increased ¥225 million, or 0.2%, from ¥146,740 million for the year ended March 31, 2011 to ¥146,965 million for the year ended March 31, 2012. This increase was primarily due to an increase in demand for general motors for electric power steering, despite a decrease in sales of small precision motors. Net sales to external customers of Nidec Corporation decreased ¥25,433 million, or 35.2%, from ¥72,334 million for the year ended March 31, 2011 to ¥46,901 million for the year ended March 31, 2012. Inter-segment revenues of Nidec Corporation increased ¥25,658 million, or 34.5%, from ¥74,406 million for the year ended March 31, 2011 to ¥100,064 million for the year ended March 31, 2012. Starting in the three months ended December 31, 2011, we implemented a strategic decision to distribute some of Nidec Corporation's products, such as hard disk drives spindle motors, to customers indirectly through Nidec Singapore, resulting in the decrease in Nidec Corporation's net sales to external customers and the increase in Nidec Corporation's net sales to other operating segments. Operating income of Nidec Corporation increased ¥698 million, or 10.3%, from ¥6,799 million for the year ended March 31, 2011 to ¥7,497 million for the year ended March 31, 2012. This increase was primarily due to an increase in fees from Nidec Electronics (Thailand) resulting from transfer pricing adjustments pursuant to the bilateral advance pricing arrangement provisionally agreed to between the tax authorities in Japan and Thailand relating to transactions between Nidec Corporation and Nidec Electronics (Thailand).

Nidec Electronics (Thailand) Segment

Net sales of Nidec Electronics (Thailand) decreased ¥2,034 million, or 2.0%, from ¥100,875 million for the year ended March 31, 2012 to ¥98,841 million for the year ended March 31, 2013. This decrease was primarily due to our decision to shift a portion of our production of hard disk drives spindle motors from Thailand to the Philippines in response to the flooding in Thailand in October 2011. Operating income of Nidec Electronics (Thailand) decreased ¥4,502 million, or 30.0%, from ¥15,027 million for the year ended March 31, 2012 to ¥10,525 million for the year ended March 31, 2013. This decrease was primarily due to higher manufacturing costs such as wages and material costs, as well as losses on inventory write-offs relating to excess inventories, in addition to the decrease in sales.

Net sales of Nidec Electronics (Thailand) decreased ¥30,430 million, or 23.2%, from ¥131,305 million for the year ended March 31, 2011 to ¥100,875 million for the year ended March 31, 2012. This decrease was primarily due to the disruptions to our manufacturing facilities and customer supply chains for hard disk drives caused by the flooding in Thailand. Operating income of Nidec Electronics (Thailand) decreased ¥6,446 million, or 30.0%, from ¥21,473 million for the year ended March 31, 2011 to ¥15,027 million for the year ended March 31, 2012. This decrease was primarily due to the increased fee payment to Nidec Corporation resulting from the transfer pricing adjustments pursuant to the bilateral advance pricing arrangement between the tax authorities in Japan and Thailand, in addition to the decrease in sales.

Nidec (Zhejiang) Segment

Net sales of Nidec (Zhejiang) decreased ¥5,961 million, or 19.8%, from ¥30,047 million for the year ended March 31, 2012 to ¥24,086 million for the year ended March 31, 2013. This decrease was primarily due to a decrease in demand for hard disk drives spindle motors particularly in the second half of the year ended March 31, 2013, resulting from declining spending and shifts in device preferences. Nidec (Zhejiang) had operating loss of ¥2,689 million for the year ended March 31, 2013, compared to operating income of ¥774 million for the year ended March 31, 2012. This decrease was primarily due to an increase in expense incurred in connection with the business structure streamlining measures designed to improve our operation efficiency, the negative effect of our declining operation rate and changes in the product mix, in addition to the decrease in sales.

Net sales of Nidec (Zhejiang) decreased ¥1,071 million, or 3.4%, from ¥31,118 million for the year ended March 31, 2011 to ¥30,047 million for the year ended March 31, 2012. This decrease was primarily due to a decrease in sales of hard disk drive spindle motor components to other operating segments. Operating income of Nidec (Zhejiang) decreased ¥1,577 million, or 67.1% from ¥2,351 million for the year ended March 31, 2011 to ¥774 million for the year ended March 31, 2012. This decrease was primarily due to increases in wages and raw material costs.

Nidec (Dalian) Segment

Net sales of Nidec (Dalian) decreased ¥4,975 million, or 25.2%, from ¥19,740 million for the year ended March 31, 2012 to ¥14,765 million for the year ended March 31, 2013. This decrease was primarily due to a decrease in demand for DC motors. Nidec (Dalian) had operating loss of ¥409 million for the year ended March 31, 2013, compared to operating income of ¥431 million for the year ended March 31, 2012. This decrease was primarily due to higher manufacturing costs such as wages and material costs, as well as losses on inventory write-offs relating to excess inventories, in addition to the decrease in sales.

Net sales of Nidec (Dalian) decreased ¥5,330 million, or 21.3%, from ¥25,070 million for the year ended March 31, 2011 to ¥19,740 million for the year ended March 31, 2012. This decrease was primarily due to a decrease in demand for DC motors in addition to the appreciation of the Japanese yen against the U.S. dollar. Operating income of Nidec (Dalian) decreased ¥2,227 million, or 83.8% from ¥2,658 million for the year ended March 31, 2011 to ¥431 million for the year ended March 31, 2012. This decrease was primarily due to an increase in raw material costs and labor costs in addition to lower sales.

Nidec Singapore Segment

Net sales of Nidec Singapore increased ¥16,080 million, or 46.4%, from ¥34,668 million for the year ended March 31, 2012 to ¥50,748 million for the year ended March 31, 2013. This increase was primarily due to the implementation of our strategic decision to distribute some of Nidec Corporation's products to customers indirectly through Nidec Singapore since the three months ended December 31, 2011. Operating income of Nidec Singapore increased ¥334 million, or 42.8%, from ¥781 million for the year ended March 31, 2012 to ¥1,115 million for the year ended March 31, 2013. This increase was primarily due to the increase in sales.

Net sales of Nidec Singapore increased ¥15,135 million, or 77.5%, from ¥19,533 million for the year ended March 31, 2011 to ¥34,668 million for the year ended March 31, 2012. This increase was primarily due to the implementation of our strategic decision to distribute some of Nidec Corporation's products to customers indirectly through Nidec Singapore, starting in the three months ended December 31, 2011. Operating income of Nidec Singapore increased ¥536 million, or 218.8%, from ¥245 million for the year ended March 31, 2011 to ¥781 million for the year ended March 31, 2012. This increase was primarily due to the increase in sales.

Nidec (H.K.) Segment

Net sales of Nidec (H.K.) increased ¥1,852 million, or 3.6%, from ¥51,910 million for the year ended March 31, 2012 to ¥53,762 million for the year ended March 31, 2013. This increase was primarily due to the depreciation of the Japanese yen against the Hong Kong dollar. However, operating income of Nidec (H.K.) decreased ¥213 million, or 59.3%, from ¥359 million for the year ended March 31, 2012 to ¥146 million for the year ended March 31, 2013. This decrease was primarily due to increases in salaries resulting from the increase in headcount and marketing costs.

Net sales of Nidec (H.K.) decreased ¥5,401 million, or 9.4%, from ¥57,311 million for the year ended March 31, 2011 to ¥51,910 million for the year ended March 31, 2012. This decrease was primarily due to the disruptions to our manufacturing facilities and customer supply chains caused by the flooding in Thailand in addition to the appreciation of the Japanese yen against the Hong Kong dollar. Operating income of Nidec (H.K.) decreased ¥205 million, or 36.3%, from ¥564 million for the year ended March 31, 2011 to ¥359 million for the year ended March 31, 2012. This decrease was primarily due to an increase in expenses relating to the establishment of additional sales branches for business expansion in China.

Nidec Philippines Segment

Net sales of Nidec Philippines increased ¥673 million, or 1.7%, from ¥39,716 million for the year ended March 31, 2012 to ¥40,389 million for the year ended March 31, 2013. This increase was primarily due to the depreciation of the Japanese yen against the U.S. dollar. However, operating income of Nidec Philippines decreased ¥2,916 million, or 37.4%, from ¥7,799 million for the year ended March 31, 2012 to ¥4,883 million for the year ended March 31, 2013. This decrease was primarily due to higher manufacturing costs including material costs, as well as losses on inventory write offs relating to excess inventories.

Net sales of Nidec Philippines increased ¥3,875 million, or 10.8%, from ¥35,841 million for the year ended March 31, 2011 to ¥39,716 million for the year ended March 31, 2012. This increase was primarily due to our decision to increase production of hard disk drives spindle motors in the Philippines in response to the flooding in Thailand. Operating income of Nidec Philippines increased ¥2,396 million, or 44.3%, from ¥5,403 million for the year ended March 31, 2011 to ¥7,799 million for the year ended March 31, 2012. This increase was primarily due to lower material costs and outsourcing manufacturing costs resulting from the changes in the product mix and enhanced internal manufacturing, in addition to the increase in sales.

Nidec Sankyo Segment

Net sales of Nidec Sankyo decreased ¥5,484 million, or 6.9%, from ¥78,985 million for the year ended March 31, 2012 to ¥73,501 million for the year ended March 31, 2013. This decrease was primarily due to a decrease in sales of LCD panel handling robots resulting from declining demand for LCD television sets. Operating income of Nidec Sankyo decreased ¥3,204 million, or 43.2%, from ¥7,414 million for the year ended March 31, 2012 to ¥4,210 million for the year ended March 31, 2013. This decrease was primarily due to higher overseas manufacturing costs, including labor costs, and the negative effect of changes in the product mix, in addition to the decrease in sales.

Net sales of Nidec Sankyo decreased ¥7,598 million, or 8.8%, from ¥86,583 million for the year ended March 31, 2011 to ¥78,985 million for the year ended March 31, 2012. This decrease was primarily due to the postponement of a customer's planned project requiring capital expenditures on LCD panel handling robots and a decrease in orders from customers adversely affected by the customer supply chain disruptions caused by the flooding in Thailand. Operating income of Nidec Sankyo decreased ¥5,812 million, or 43.9%, from ¥13,226 million for the year ended March 31, 2011 to ¥7,414 million for the year ended March 31, 2012. This decrease was primarily due to higher material costs and overseas production costs, in addition to the decrease in sales.

Nidec Copal Segment

Net sales of Nidec Copal decreased ¥1,722 million, or 3.2%, from ¥53,442 million for the year ended March 31, 2012 to ¥51,720 million for the year ended March 31, 2013. This decrease was primarily due to rapidly and significantly declining demand for our silent geared motors for digital steal cameras and reduced orders for system units during the second half of the year ended March 31, 2013. Nidec Copal had operating loss of ¥3,192 million for the year ended March 31, 2013, compared to operating income of ¥6,384 million for the year ended March 31, 2012. This decrease was primarily due to significant declines in the operation rates and the capacity utilization rates of manufacturing facilities due to rapidly declining demand for our products.

Net sales of Nidec Copal decreased ¥7,586 million, or 12.4%, from ¥61,028 million for the year ended March 31, 2011 to ¥53,442 million for the year ended March 31, 2012. This decrease was primarily due to the disruptions to our manufacturing facilities and customer supply chains for optical components such as shutters for digital camera caused by the earthquake in northeastern Japan in March 2011 and the flooding in Thailand. Operating income of Nidec Copal decreased ¥3,173 million, or 33.2%, from ¥9,557 million for the year ended March 31, 2011 to ¥6,384 million for the year ended March 31, 2012. This decrease was primarily due to the decrease in sales.

Nidec Tosok Segment

Net sales of Nidec Tosok decreased ¥2,228 million, or 6.6%, from ¥33,508 million for the year ended March 31, 2012 to ¥31,280 million for the year ended March 31, 2013. This decrease was primarily due to lower demand for automotive parts in the Chinese and European markets. Operating income decreased ¥1,425 million, or 45.4%, from ¥3,140 million for the year ended March 31, 2012 to ¥1,715 million for the year ended March 31, 2013. This decrease was primarily due to an increase in fixed costs resulting from investments to enhance the manufacturing and research and development operations, in addition to the decrease in sales.

Net sales of Nidec Tosok increased ¥3,562 million, or 11.9%, from ¥29,946 million for the year ended March 31, 2011 to ¥33,508 million for the year ended March 31, 2012. This increase was primarily due to an increase in sales of automotive parts resulting from recovering demand for such parts in China and Europe. However, operating income decreased ¥869 million, or 21.7%, from ¥4,009 million for the year ended March 31, 2011 to ¥3,140 million for the year ended March 31, 2012. This decrease was primarily due to an increase in fixed costs resulting from investments to enhance the manufacturing and research and development operations.

Nidec Copal Electronics Segment

Net sales of Nidec Copal Electronics decreased ¥2,253 million, or 7.7%, from ¥29,118 million for the year ended March 31, 2012 to ¥26,865 million for the year ended March 31, 2013. This decrease was mainly due to weaker investments in the semiconductor manufacturing equipment, pneumatic and information-communications industries. Operating income decreased ¥917 million, or 21.9%, from ¥4,194 million for the year ended March 31, 2012 to ¥3,277 million for the year ended March 31, 2013. This decrease was primarily due to the negative effect of changes in the product mix, in addition to the decreases in sales.

Net sales of Nidec Copal Electronics decreased ¥1,462 million, or 4.8%, from ¥30,580 million for the year ended March 31, 2011 to ¥29,118 million for the year ended March 31, 2012. This decrease was primarily due to customers' reductions of inventory such as trimmer potentiometers and switches. Operating income decreased ¥775 million, or 15.6%, from ¥4,969 million for the year ended March 31, 2011 to ¥4,194 million for the year ended March 31, 2012. This decrease was primarily due to the appreciation of the Japanese yen against the U.S. dollar, in addition to the decrease in sales.

Nidec Techno Motor Segment

Net sales of Nidec Techno Motor increased ¥2,073 million, or 5.1%, from ¥41,010 million for the year ended March 31, 2012 to ¥43,038 million for the year ended March 31, 2013. This increase was primarily due to stronger demand for home appliance motors in China. However, operating income decreased ¥423 million, or 9.2%, from ¥4,591 million for the year ended March 31, 2012 to ¥4,168 million for the year ended March 31, 2013. This decrease was primarily due to the negative effect of changes in the product mix and losses on inventory write-offs relating to excess inventories.

Net sales of Nidec Techno Motor decreased ¥2,814 million, or 6.4%, from ¥43,824 million for the year ended March 31, 2011 to ¥41,010 million for the year ended March 31, 2012. This decrease was primarily due to inventory adjustments-related effects in the European and Asian markets and the negative effects of the flooding in Thailand. However, operating income increased ¥573 million, or 14.3%, from ¥4,018 million for the year ended March 31, 2011 to ¥4,591 million for the year ended March 31, 2012. This increase was primarily due to the cessation of manufacturing of unprofitable products, in addition to the insurance income relating to the flooding in Thailand.

Nidec Motor Segment

Net sales of Nidec Motor increased ¥35,218 million or 41.9%, from ¥84,029 million for the year ended March 31, 2012 to ¥119,247 million for the year ended March 31, 2013. This increase was primarily due to the contribution of the newly consolidated subsidiaries. However, operating income decreased ¥1,388 million or 65.8%, from ¥2,111 million for the year ended March 31, 2012 to ¥723 million for the year ended March 31, 2013. This decrease was primarily due to the personnel expenses incurred as part of our business structure streamlining measures, in addition to the negative effect of some of the newly consolidated subsidiaries.

Net sales of Nidec Motor increased ¥33,143 million or 65.1%, from ¥50,886 million for the year ended March 31, 2011 to ¥84,029 million for the year ended March 31, 2012. This increase was primarily due to the contribution of the Nidec Motor Corporation and other subsidiaries, which were newly consolidated on or after October 1, 2010. Operating income increased ¥1,871 million from ¥240 million for the year ended March 31, 2011 to ¥2,111 million for the year ended March 31, 2012. This increase was primarily due to the positive impact of the newly consolidated Nidec Motor Corporation and other subsidiaries.

Nidec Motors & Actuators Segment

Net sales of Nidec Motors & Actuators increased ¥3,522 million or 6.2%, from ¥56,355 million for the year ended March 31, 2012 to ¥59,877 million for the year ended March 31, 2013. This increase was primarily due to an increase in sales of automotive motors for electric power steering mainly as a result of efforts to expand our customer base and increase in sales to the existing customers. Operating income increased ¥321 million, or 10.3%, from ¥3,126 million for the year ended March 31, 2012 to ¥3,447 million for the year ended March 31, 2013. This increase was primarily due to our cost reduction measures, in addition to the increase in sales.

Net sales of Nidec Motors & Actuators increased ¥11,282 million or 25.0%, from ¥45,073 million for the year ended March 31, 2011 to ¥56,355 million for the year ended March 31, 2012. This increase was primarily due to an increase in demand for automotive motors in Europe. Operating income increased ¥1,852 million, or 145.4%, from ¥1,274 million for the year ended March 31, 2011 to ¥3,126 million for the year ended March 31, 2012. This increase was primarily due to the increase in sales and cost reduction measures.

All Others

With respect to the All Others segment, net sales increased ¥20,733 million, or 15.8%, from ¥131,168 million for the year ended March 31, 2012 to ¥151,901 million for the year ended March 31, 2013. This increase was primarily due to the contribution of Nidec Seimitsu and Nidec Minster. However operating income decreased ¥660 million, or 5.9% from ¥11,201 million for the year ended March 31, 2012 to ¥10,541 million for the year ended March 31, 2013. This decrease was primarily due to personnel expenses incurred as part of our business structure streamlining measures and losses on inventory write-offs relating to excess inventories.

With respect to the All Others segment, net sales increased ¥6,727 million, or 5.4%, from ¥124,441 million for the year ended March 31, 2011 to ¥131,168 million for the year ended March 31, 2012. This increase was primarily due to the contribution of ¥12,018 million of sales at Nidec Seimitsu and its subsidiaries which were newly consolidated on or after July 1, 2011, partially offset by a decrease in sales of machinery and small precision motors. However, operating income decreased ¥4,983 million, or 30.8% from ¥16,184 million for the year ended March 31, 2011 to ¥11,201 million for the year ended March 31, 2012. This decrease was primarily due to an increase in raw material costs.

Accounting Changes

As of April 1, 2012, we adopted FASB Accounting Standards Codification™ (ASC) 220 “Comprehensive Income” updated by Accounting Standards Update (ASU) No. 2011-05 “Presentation of Comprehensive Income” and ASU 2011-12 “Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05.” ASU 2011-05 eliminates the option to report other comprehensive income and its components in the consolidated statement of changes in equity and requires an entity to report components of comprehensive income in either a continuous statement of comprehensive income or two separate but consecutive statements. ASU 2011-12 indefinitely defers the requirement in ASU 2011-05 to present reclassification adjustments out of accumulated other comprehensive income by component in both the statement in which net income is presented and the statement in which other comprehensive income is presented. During the deferral period, the existing requirements in U.S. GAAP for the presentation of reclassification adjustments must continue to be followed. These standards are provisions for disclosure. The adoption of these standards did not have any impact on our consolidated financial position, results of operations or liquidity.

As of April 1, 2012, we adopted FASB ASC 350 “Intangibles-Goodwill and Other.” updated by ASU 2011-08 “Testing Goodwill for Impairment.” ASU 2011-08 allows an entity the option of performing a qualitative assessment before calculating the fair value of a reporting unit. If an entity determines, on the basis of qualitative factors, that the fair value of the reporting unit is more likely than not less than the carrying amount, the two-step impairment test would be required. The adoption of this standard did not have material impact on our consolidated financial position, results of operations and liquidity.

Recent Accounting Pronouncements to Be Adopted in Future Periods

In July 2012, the FASB issued ASU No. 2012-02, “Intangibles-Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment.” ASU 2012-02 allows an entity the option of performing a qualitative assessment before calculating the fair value of an indefinite-lived intangible asset and performing the quantitative impairment test. If an entity determines, on the basis of qualitative factors, that it is more likely than not that the asset is impaired, the quantitative impairment test would be required. ASU 2012-02 is effective for annual and interim impairment tests of indefinite-lived intangible assets performed for fiscal years beginning after September 15, 2012. Early adoption is permitted. We are currently evaluating the potential impact from adopting ASU 2012-02 on its consolidated financial position, results of operations and liquidity.

In February 2013, the FASB issued ASU No. 2013-02, “Comprehensive income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income.” ASU 2013-02 requires an entity to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. ASU 2013-02 is effective for reporting periods beginning after December 15, 2012. This standard is provision for disclosure. The adoption of this standard will not have any impact on our consolidated financial position, results of operations and liquidity.

Application of Critical Accounting Policies

Nidec Corporation and its subsidiaries in Japan maintain their records and prepare their financial statements in accordance with accounting principles generally accepted in Japan, and its foreign subsidiaries in conformity with those of their countries of domicile. Certain adjustments and reclassifications have been incorporated in the accompanying consolidated financial statements to conform to U.S. GAAP. The preparation of these financial statements requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the periods presented. Actual results may differ from these estimates, judgments and assumptions.

An accounting estimate in our financial statements is a critical accounting estimate if it requires us to make assumptions about matters that are highly uncertain at the time the accounting estimate is made, and either different estimates that we reasonably could have used in the current period, or changes in the accounting estimate that are reasonably likely to occur from period to period, would have a material impact on the presentation of our financial condition, changes in financial condition or results of operations. We have identified the following critical accounting policies with respect to our financial presentation.

Inventories

Our inventories are stated at the lower of cost or market value. Cost is determined principally using the weighted average cost method and the market value is mainly based on net realizable value less direct sales costs. These products are exposed to frequent innovation, the introduction of new products to the market and short product life cycles due to rapid technological advances and model changes. We periodically assess the market value of our inventory, based on sales trends and forecasts and technological changes and write off inventories with no movement for one year or when it is apparent that there is no possibility of future sales or usage. We may have to recognize large amounts of inventory write-offs as a result of an unexpected decline in market conditions, changes in demand or our product line.

Other-than-temporary Losses on Marketable Securities

We review the market value of our marketable securities at the end of each fiscal quarter. Our marketable securities consist of available-for-sale securities and held-to-maturity securities. Other-than-temporary losses on individual marketable securities are charged to income in the period as incurred. Losses on available-for-sale securities are classified as other-than-temporary based on the length of time and the extent to which the fair value has been less than the carrying amount. Our management employs a systematic methodology to assess the recoverability of such investments by reviewing the financial position of underlying companies and prevailing market conditions in which these companies operate to determine if our investment in each of these companies is impaired and whether the impairment is other-than-temporary. Held-to-maturity securities are recorded at amortized cost and adjusted for the amortization or accretion of premiums or discounts.

We believe that the accounting estimate related to investment impairment is a critical accounting policy because:

- it is highly susceptible to change from period to period because it requires our management to make assumptions about future financial condition and cash flows of investees; and
- the impact that recognizing an impairment would have on the total assets reported on our balance sheet as well as our net income attributable to Nidec Corporation would be material.

As of March 31, 2013, the estimated fair value of our marketable securities was ¥14,364 million. We recorded a net loss from marketable securities in the amount of ¥87 million for the year ended March 31, 2013.

The following table shows the other-than-temporary losses on marketable securities.

	Year ended March 31,		
	2011	2012	2013
	(Yen in millions)		
Other-than-temporary losses on marketable securities	<u>¥202</u>	<u>¥253</u>	<u>¥435</u>

Allowance for Doubtful Accounts

We maintain an allowance for doubtful accounts based on the historical rate of credit losses experienced. We additionally provide allowances for specific customer accounts deemed uncollectible. Management assesses the need for specific allowances based on changes in the customers' financial condition and length of time the account has remained overdue. As our customer base is highly concentrated, the nonfulfillment or delay in payment caused by even one of our major customers may require us to record a significant additional allowance. For the year ended March 31, 2013, sales to our two largest customers represented approximately 20% of our net sales. Our accounts receivable are likewise concentrated. At March 31, 2013, the two customers represented ¥19,534million, or 13%, of our gross accounts receivable. In addition, during economic downturns, a certain number of our customers may have difficulty with their cash flows.

Although we believe that we can make reliable estimates for doubtful accounts, customer concentrations as well as overall economic conditions may affect our ability to accurately estimate the allowance for doubtful accounts. Our allowance for doubtful accounts amounted to ¥860 million as of March 31, 2013. Our trade notes and accounts receivable balance was ¥159,085 million, net of allowance for doubtful accounts, as of March 31, 2013.

The following table shows the provision for doubtful accounts, net of reversal.

	Year ended March 31,		
	2011	2012	2013
	(Yen in millions)		
Provision for doubtful accounts, net of reversal	¥26	¥30	¥166

Deferred Tax Assets

As part of the process of preparing our consolidated financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. This process requires us to estimate our actual current tax exposure together with assessing temporary differences resulting from differing treatment of items, such as deferred revenue, for tax and accounting purposes. These differences resulted in deferred tax assets and liabilities, which were included within our consolidated balance sheet. As of March 31, 2013, we had deferred tax assets in the amount of ¥37,444 million. We must then assess the likelihood that our deferred tax assets will be recovered from future taxable income and to the extent we believe that recovery is not likely, we must establish a valuation allowance. To the extent we establish a valuation allowance or increase this allowance in a period, we must include an expense within the tax provision in our income statement.

Significant management judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. We have recorded a valuation allowance of ¥14,492 million as of March 31, 2013, due to uncertainties related to our ability to utilize some of our deferred tax assets, primarily consisting of certain net operating losses carried forward for tax purposes incurred by our subsidiaries. Our determination to record valuation allowances is based on a history of unprofitable periods by the subsidiaries and their estimated future profitability. In the event that actual results differ from these estimates or we adjust these estimates in future periods, we may need to establish an additional valuation allowance which could have an adverse effect on our financial position and results of operations.

Impairment of Long-lived Assets

Long-lived assets consist primarily of property, plant and equipment, comprising approximately 27.7% of our total assets as of March 31, 2013, and other intangible assets. We carefully monitor the appropriateness of the estimated useful lives of these assets. Since the fiscal year ended March 31, 2003, the first year we adopted testing for impairment of long-lived assets under ASC 360 "Property, Plant and Equipment", whenever events or changes in circumstances indicate that the carrying amounts of these asset groups may not be recoverable, we have reviewed the respective asset groups for impairment. An impairment loss is recognized when the carrying amount of an asset group exceeds the estimated undiscounted future cash flows of the group. We review idle assets for possible impairment based on their condition or based on the probability of future use. Changes in technology, market demand, our planned product mix, or in our intended use of these assets, may cause the estimated period of use or the value of these assets to change. In addition, changes in general industry conditions such as increased competition could cause the value of a certain amount of these assets to change. Estimates and assumptions used in both estimating the useful life and evaluating potential impairment issues require a significant amount of judgment. As such, our judgment as to the recoverability of capitalized amounts and the amount of any impairment will be significantly impacted by such factors.

Acquisitions

In recent years, we have made a number of significant business acquisitions, which had been accounted for using the purchase method of accounting until the fiscal year ended March 31, 2009. As of April 1, 2009, we adopted ASC 805 “Business Combinations”. ASC 805 requires that business acquisitions are accounted for using the acquisition method of accounting. Application of the purchase method and the acquisition method requires our management to make complex judgments about the measurement of fair value of the net assets we acquire and estimation of the related useful lives. The determinations of fair value of assets and liabilities are primarily based on factors such as cash flow analysis and quoted market prices among others. We also obtained independent appraisers' reports for significant purchases.

Valuation of Goodwill

Under ASC 350 “Intangibles — Goodwill and Other”, goodwill acquired in business combinations is not amortized but tested annually for impairment. We test for impairment at the reporting unit level on January 1 of each year. In addition, we test for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Factors we consider important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of our use of the acquired assets or the strategy for our overall business;
- significant negative industry or economic trends;
- significant decline in the stock price of the acquired entity for a sustained period; and
- market capitalization of the acquired entity relative to its net book value.

This test is a two-step process. The first step of the goodwill impairment test, used to identify potential impairment, compares the fair value of the reporting unit with its carrying amount, including goodwill. If the fair value, which is based on discounted future cash flows, exceeds the carrying amount, goodwill is not considered impaired. If the carrying amount exceeds the fair value, the second step must be performed to measure the amount of the impairment loss, if any. The second step compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill.

In order to evaluate the sensitivity of the fair value calculations on the impairment analysis, we apply a hypothetical decrease to the fair value of each reporting unit. Based on our discounted cash flow models, there was sufficient fair value above the carrying amount of reporting units so that we would not expect near term changes in the operating results to trigger an impairment. Also, among the reporting units, when testing the goodwill for impairment allocated to our listed subsidiaries, consideration is given to each listed subsidiary's carrying amount and its market capitalization adjusted to include an estimated control premium, among other factors. The estimated control premium is derived from reviewing observable transactions involving the purchase of controlling interests in comparable companies. Although exchange traded, trading volumes may be low and the markets for the listed subsidiaries shares may not always be highly liquid. The market capitalization before including the estimated control premium is calculated using the relevant shares outstanding and a stock price at the test date. At the test date, the market capitalization before including the estimated control premium was below the carrying amount of the reporting units for Nidec Copal (which includes goodwill of ¥16,462 million in its carrying amount as of March 31, 2013), Nidec Copal Electronics (which includes goodwill of ¥6,561 million in its carrying amount as of March 31, 2013) and Nidec Tosok (which includes goodwill of ¥1,038 million in its carrying amount as of March 31, 2013). After including estimated control premiums, the adjusted market capitalization or fair value which is based on discounted

future cash flows exceeded the carrying value of reporting units for the listed subsidiaries. The exercise of reconciling the adjusted market capitalization to fair value, which is based on discounted future cash flows, further supports our conclusion on the fair value of each of the reporting unit exceeds its carrying amount.

When we determine that the carrying value of goodwill and other intangibles may not be recoverable, based upon the existence of one or more of the above indicators of impairment, we measure any impairment based on a projected discounted cash flow determined by our management to be commensurate with the risk inherent in our current business model. These models include assumptions which are subject to uncertainty, including forecasted cash flows, changes in technology, customer demand and the pace of economic recovery from natural disasters, which could differ from actual performance. Goodwill amounted to ¥132,893 million as of March 31, 2013.

Pension Plans

We account for our defined benefit pension plans based on actuarial valuations. For periodic pension calculation, we are required to assume some components, which include expected return on plan assets, discount rate, rate of increase in compensation levels and average remaining years of service. We use long-term historical actual return information and estimated future long-term investment returns by reference to external sources to develop our expected rate of return on plan assets. The discount rate is assumed based on the rates available on high-quality fixed-income debt instruments (rated AA by a recognized rating agency) for which the timing and amount of cash inflows approximates the estimated outflows of the defined benefit plan. We assume a rate of increase in compensation levels and average remaining years of service based on our historical data. Changes in these assumptions will have an impact on our net periodic pension cost.

The following table shows the sensitivity to a change in discount rates and the expected rate of return on plan assets, holding all other assumptions constant.

	Yen in millions	
	Effect on pre-tax income	Effect on PBO
	For the year ending March 31, 2014	As of March 31, 2013
Discount rates		
0.5% decrease	¥(12)	¥1,697
0.5% increase	(26)	(1,832)
Expected rate of return on plan assets		
0.5% decrease	¥(74)	
0.5% increase	74	

Income Taxes

We adopted FASB Accounting Standards Codification™ (ASC) 740 “Income Taxes” on April 1, 2007. We consider many factors when evaluating and estimating income tax uncertainties. These factors include an evaluation of the technical merits of the tax positions as well as the amounts and probabilities of the outcomes that could be realized upon settlement. The actual resolutions of those uncertainties will inevitably differ from those estimates, and such differences may be material to the financial statements.

Revenue recognition

We recognize revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collectibility is reasonably assured. For small precision motors, automotive, appliance, commercial and industrial products, and electronic and optical components, these criteria are generally met at the time a product is delivered to the customers' site, which is the time the customer has taken title to the product and the risk and rewards of ownership have been substantively transferred. These conditions are met at the time of delivery to customers in domestic sales (FOB destination) and at the time of shipment for export sales (FOB shipping point). Revenue for machinery sales is recognized upon receipt of final customer acceptance. At the time the related revenue is recognized, we make provisions for estimated product returns. Revenue from a part of sales of automotive, appliance, commercial and industrial products under long-term construction type arrangements are recognized under the percentage-of-completion method. Under the percentage-of-completion method, revenue is recognized as a percentage of estimated total revenue that incurred costs to date bear to estimated total costs after giving effect to estimates of costs to complete based upon the most recent information.

B. Liquidity and Capital Resources.

Our primary sources of liquidity include our net cash flows from operating activities and long-term debt. A critical part of our liquidity management is our focus on efficient use of working capital, which is defined as current assets less current liabilities, to improve our cash flows. Between March 31, 2012 and 2013, our working capital improved by ¥51,114 million to ¥135,813 million. In an effort to efficiently use our working capital, we continue to make effective use of our cash management system, which is shared among our subsidiaries in Japan and China.

Our principal capital needs include (1) purchases of property, plant and equipment and other assets, (2) research and development activities, (3) purchases of raw materials, (4) employees' salaries, wages and other payroll costs, (5) mergers and acquisitions, (6) investments in subsidiaries, (7) repayment of short-term borrowings and long-term debt, and (8) repurchase of shares of our common stock. As of March 31, 2013, we had ¥134,165 million of trade notes and accounts payable, ¥32,798 million of short-term borrowings, and ¥279,899 million of long-term debt, including the current portion of long-term debt. As of the same date, we had unused lines of credit from banks amounting to ¥212,634 million, under which we are authorized to obtain short-term financing at prevailing interest rates.

Investments for the purchase of property, plant, equipment and other assets totaled ¥61,368 million for the year ended March 31, 2013. We plan to invest ¥17,266 million in additions to the property, plant and equipment for the year ending March 31, 2014. Outstanding commitments for the purchase of property, plant and equipment and other assets amounted to ¥9,000 million as of March 31, 2013.

Research and development expenses were ¥34,278 million for the year ended March 31, 2013, and are expected to reach approximately ¥38,000 million for the year ending March 31, 2014. For further information on our research and development expenses, see "— C. Research and Development, Patents and Licenses, etc."

In the year ended March 31, 2013, we acquired Nidec Minster, Nidec ASI, Avtron, Kinetek, SCD and Nidec Kaiyu for a total of ¥90,467 million. We intend to continue to seek opportunities for acquiring other companies and making additional investments in our subsidiaries.

Our short-term borrowings, consisting of bank loans was ¥32,798 million as of March 31, 2013, a decrease of ¥53,810 million from ¥86,608 million as of March 31, 2012. In October 2011, we established a domestic commercial paper program allowing issuance of up to ¥100,000 million. We had no commercial paper as of March 31, 2013, and have no commercial paper as of the date of this annual report, issued under the program and outstanding in the Japanese commercial paper market.

Our current portion of long-term debt was ¥133,628 million as of March 31, 2013, an increase of ¥132,954 million from ¥674 million as of March 31, 2012. This increase was mainly due to the reclassification of the ¥100,000 million aggregate principal amount of zero coupon euro yen convertible bonds due 2015 from long-term debt to current portion of long-term debt, as the bonds will become redeemable at the option of holders of the bonds on September 20, 2013. Our current portion of long-term debt as of March 31, 2013 also includes the current portion of the Euro-denominated and U.S. dollar-denominated bank loans we obtained in July 2012 and December 2012, respectively, under a special government program, as further described below.

Our long-term debt was ¥146,271 million as of March 31, 2013, an increase of ¥45,035 million from ¥101,236 million as of March 31, 2012. This increase mainly reflected the Euro-denominated and U.S. dollar-denominated bank loans, as further described below, and the proceeds from the issuance in November 2012 of ¥100,000 million aggregate principal amount of domestic bonds, as further described below, offset in part by the reclassification of the convertible bonds from long-term debt to current portion of long-term debt.

In July 2012, in an effort to reduce financing costs and foreign exchange risks, we borrowed €240 million from major Japanese private commercial banks based on Euro-denominated credit lines to fund our future acquisition transactions under a special program of the Japan Bank for International Cooperation (“JBIC”), which has been implemented in response to the appreciation of the Japanese yen against other currencies. In December 2012, we borrowed an additional \$500 million from major Japanese private commercial banks based on U.S. dollar-denominated credit lines to fund our acquisition transactions under the JBIC program. As of March 31, 2013, we had €180 million and \$500 million of loans outstanding under the program, which were recorded in long-term debt and current portion of long-term debt on our audited consolidated balance sheet as of the same date.

In November 2012, we issued ¥65 billion aggregate principal amount of domestic corporate bonds due 2017, ¥15 billion aggregate principal amount of domestic corporate bonds due 2019, and ¥20 billion aggregate principal amount of domestic corporate bonds due 2022. The net proceeds from the issuance of the bonds are primarily used to repay commercial paper and other short-term borrowings. The bonds were issued pursuant to a shelf registration statement we filed with the Director General of the Kanto Local Finance Bureau of the Ministry of Finance of Japan in March 2012 for the issuance from time to time of up to ¥200 billion aggregate principal amount of bonds in Japan between April 5, 2012 and April 4, 2014. The shelf registration was intended to enhance our flexibility and agility in obtaining funding as an alternative source of funding in addition to financing through financial institutions and other sources and, through the further diversification of funding sources, improve our financial stability.

A substantial portion of our unsecured funding is raised by the parent company (Nidec Corporation), and is then lent to its subsidiaries to meet their respective capital requirements. Under this subsidiary funding policy, we seek to lower the financing cost, maintain sufficient line of credit, and ensure agile funding for our group companies.

We also consider further extending our funding options to direct financing in order to enhance our financial agility in mergers and acquisitions, research and development activities and facility investments.

We currently have a share repurchase plan pursuant to which we are authorized to repurchase the lesser of an aggregate of 3,000,000 shares of our common stock and an aggregate of ¥20.0 billion between January 25, 2013 and January 24, 2014. We repurchased an aggregate of 847,800 shares for approximately ¥4.5 billion under the plan between January 25, 2013 and March 31, 2013. Between April 1, 2013 and June 30, 2013, we repurchased an aggregate of 500,000 shares for approximately ¥2.7 billion under the plan. On January 24, 2013, we terminated our previous share repurchase plan, pursuant to which we repurchased an aggregate of 4,230,400 shares for approximately ¥26.7 billion between April 1, 2012 and January 24, 2013. For more information on our stock repurchase program, see “Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.”

We had cash and cash equivalents of ¥193,420 million as of March 31, 2013, compared to ¥130,290 million as of March 31, 2012.

We believe that the foregoing funding sources, together with our cash flow from operations, will sufficiently meet our capital requirements for the fiscal year ending March 31, 2014.

Assets, liabilities and shareholders' equity

Our total assets increased ¥204,451 million from ¥800,401 million as of March 31, 2012 to ¥1,004,852 million as of March 31, 2013. Excluding the impact of Nidec Minster, Nidec ASI, Avtron, Kinetek, SCD, Nidec Kaiyu and other newly consolidated subsidiaries, total assets increased ¥37,479 million from ¥800,401 million as of March 31, 2012 to ¥837,880 million as of March 31, 2013. The increase in total assets of ¥204,451 million was mainly due to an increase in goodwill of ¥52,368 million as a result of our acquisitions of Nidec Minster, Nidec ASI, Avtron, Kinetek, SCD and Nidec Kaiyu, as well as an increase in property, plant and equipment of ¥47,146 million mainly due to our acquisitions and the effect of the significant depreciation of the Japanese yen particularly against the U.S. dollar. In addition, other non-current assets increased ¥41,960 million as a result of our acquisitions. Cash and cash equivalents also increased ¥63,130 million as described below under "Cash Flows."

Our total liabilities increased ¥176,595 million from ¥374,790 million as of March 31, 2012 to ¥551,385 million as of March 31, 2013. Excluding the impact of Nidec Minster, Nidec ASI, Avtron, Kinetek, SCD, Nidec Kaiyu and other newly consolidated subsidiaries, total liabilities increased ¥132,779 million from ¥374,790 million as of March 31, 2012 to ¥507,569 million as of March 31, 2013. The increase in total liabilities of ¥176,595 million was primarily due to increases in long-term debt and current portion of long-term debt as a result of the €240 million and \$500 million of bank loans obtained under the JBIC program described above, and the ¥100,000 million of the newly issued domestic corporate bonds described above, partially offset by a decrease in short-term borrowings of ¥53,810 million.

Our working capital, defined as current assets less current liabilities, decreased ¥51,114 million from ¥186,927 million as of March 31, 2012 to ¥135,813 million as of March 31, 2013. This decrease was mainly due to an increase in current portion of long-term debt as described above.

Our receivable turnover ratio is calculated by dividing net sales for a fiscal year by the fiscal year-end trade notes and accounts receivable balance. Our receivable turnover ratio increased 0.8 points from 3.7 points for the year ended March 31, 2012 to 4.5 points for the year ended March 31, 2013. This was mainly due to a decrease in trade notes and accounts receivable as a result of earlier collections on accounts receivable. The inventory turnover ratio is calculated by dividing cost of products sold for a given year by the year-end inventory balance. Our inventory turnover ratio was 5.7 points for each of the years ended March 31, 2012 and 2013.

Our total shareholders' equity increased ¥45,320 million from ¥370,182 million as of March 31, 2012 to ¥415,502 million as of March 31, 2013. This increase was mainly due to a decrease in negative foreign currency translation adjustments of ¥60,384 million, reflecting the depreciation of the Japanese yen against other currencies. This increase was offset in part by the negative effect of the increase of ¥14,567 million in treasury stock. The increase in treasury stock was due to repurchases of shares in the year ended March 31, 2013, which were partially offset by the allocation of treasury shares to Nidec Sankyo shareholders in connection with the share exchange transaction to make Nidec Sankyo a wholly owned subsidiary in October 2012. The increase in Nidec Corporation shareholders' equity was also offset in part by a decrease in retained earnings of ¥4,127 million.

As a result of the foregoing, the ratio of Nidec Corporation shareholders' equity to total assets decreased 4.9 percentage points from 46.2% as of March 31, 2012 to 41.3% as of March 31, 2013.

Cash Flows

Cash Flows from Operating Activities

Net cash provided by operating activities increased ¥53,574 million from ¥56,712 million for the year ended March 31, 2012 to ¥110,286 million for the year ended March 31, 2013. The increase in net cash provided by operating activities was primarily due to the positive impact of changes in operating assets and liabilities of ¥84,187 million, partially offset by the decrease in consolidated net income of ¥37,415 million.

For the year ended March 31, 2013, we had ¥110,286 million of net cash inflows provided by operating activities primarily due to the positive impact of changes in operating assets and liabilities of ¥58,791 million, which consisted of a decrease in operating assets of ¥67,311 million and a decrease in operating liabilities of ¥8,520 million. The decrease in operating assets was primarily due to efforts to shorten our account receivable collection periods and to reduce inventories through improved management of, and coordination between, our manufacturing and sales operations. In addition, consolidated net income was ¥6,872 million.

For the year ended March 31, 2012, we had ¥56,712 million of cash inflows provided by operating activities mainly due to consolidated net income of ¥44,287 million. However, net cash provided by operating activities were negatively impacted by changes in operating assets and liabilities of ¥25,396 million, which consisted of an increase in operating assets of ¥15,076 million and a decrease in operating liabilities of ¥10,320 million. The increase in operating assets of ¥15,076 million was primarily due to the recovering demand of some customers for our products subsequent to the flooding in Thailand.

Net cash provided by operating activities decreased ¥26,372 million from ¥83,084 million for the year ended March 31, 2011 to ¥56,712 million for the year ended March 31, 2012. The decrease in net cash provided by operating activities was primarily due to the decrease in consolidated net income of ¥13,205 million and the negative impact of changes in operating assets and liabilities of ¥10,353 million.

For the year ended March 31, 2012, we had ¥56,712 million of cash inflows provided by operating activities mainly due to consolidated net income of ¥44,287 million. However, net cash provided by operating activities were negatively impacted by changes in operating assets and liabilities of ¥25,396 million, which consisted of an increase in operating assets of ¥15,076 million and a decrease in operating liabilities of ¥10,320 million. The increase in operating assets of ¥15,076 million was primarily due to the recovering demand of some customers for our products subsequent to the flooding in Thailand.

For the year ended March 31, 2011, we had ¥83,084 million of cash inflows mainly due to consolidated net income of ¥57,492 million. On the other hand, we had a decrease in operating assets and liabilities of ¥15,043 million which consisted of an increase in operating assets of ¥11,861 million and a decrease in operating liabilities of ¥3,182 million. The increase in operating assets of ¥11,861 million was primarily due to decrease customers demand caused by the earthquake and in northeastern Japan and increased orders from some customers, which resulted in higher inventory levels.

Cash Flows from Investing Activities

Net cash used in investing activities increased ¥113,936 million from ¥19,918 million for the year ended March 31, 2012 to ¥133,854 million for the year ended March 31, 2013. The increase in net cash used in investing activities was primarily due to an increase in acquisitions of business, net of cash acquired, of ¥85,085 million, a decrease in insurance proceeds related to property, plant and equipment damaged in flood of ¥19,924 million, and an increase in additions to property, plant and equipment of ¥19,922 million.

For the year ended March 31, 2013, we had ¥133,854 million of net cash outflows in investing activities mainly due to acquisitions of business, net of cash acquired, of ¥79,884 million and additions to property, plant and equipment of ¥61,368 million.

For the year ended March 31, 2012, ¥19,918 million of cash outflows was mainly due to additions to property, plant and equipments of ¥41,446 million, which was partially offset by insurance proceeds related to property, plant and equipment damaged in flood of ¥20,804 million.

Net cash used in investing activities decreased ¥87,024 million from ¥106,942 million for the year ended March 31, 2011 to ¥19,918 million for the year ended March 31, 2012. The decrease in net cash used in investing activities were primarily due to a decrease in acquisitions of business, net of cash acquired, of ¥56,795 million, insurance proceeds related to property, plant and equipment damaged in flood of ¥20,804 million, and a decrease in additions to property, plant and equipment of ¥13,564 million.

For the year ended March 31, 2012, ¥19,918 million of cash outflows was mainly due to additions to property, plant and equipments of ¥41,446 million, which was partially offset by insurance proceeds related to property, plant and equipment damaged in flood of ¥20,804 million.

For the year ended March 31, 2011, ¥106,942 million of cash outflows was mainly due to additions to property, plant and equipments of ¥55,010 million for constructions of additional plant, and acquisitions of business, net of cash acquired of ¥51,594 million.

Cash Flows from Financing Activities

Net cash provided by financing activities was ¥61,117 million for the year ended March 31, 2013, while net cash used in financing activities was ¥814 million for the year ended March 31, 2012.

For the year ended March 31, 2013, we had ¥61,117 million of net cash inflows from financing activities mainly due to ¥100,000 million of proceeds from issuance of corporate bonds and ¥71,307 million of proceeds from issuance of long-term debt, partially offset by a decrease in short-term borrowings of ¥52,199 million and purchases of treasury stock of ¥31,277 million.

For the year ended March 31, 2012, ¥814 million of the cash outflows was primarily due to dividends paid to shareholders of Nidec Corporation of ¥12,399 million and purchases of treasury stock of ¥10,155 million. Our cash inflows for the year ended March 31, 2012 resulted from an increase in short-term borrowings of ¥26,060 million.

Net cash used in financing activities was ¥814 million for the year ended March 31, 2012, while net cash provided by financing activities was ¥3,764 million for the year ended March 31, 2011.

For the year ended March 31, 2012, ¥814 million of the cash outflows was primarily due to dividends paid to shareholders of Nidec Corporation of ¥12,399 million and purchases of treasury stock of ¥10,155 million. Our cash inflows for the year ended March 31, 2012 resulted from an increase in short-term borrowings of ¥26,060 million.

For the year ended March 31, 2011, ¥3,764 million of the cash inflows was mainly due to the proceeds from the issuance of corporate bonds of ¥100,500 million. Our cash outflows for the year ended March 31, 2011 primarily resulted from a decrease in short-term borrowings of ¥63,205 million, purchases of treasury stock of ¥11,226 million and dividends paid to shareholders of Nidec Corporation of ¥11,143 million.

Cash and Cash Equivalents

As a result of the foregoing factors and the effect of exchange rate changes, our total outstanding balance of cash and cash equivalents increased ¥63,130 million from ¥130,290 million as of March 31, 2012 to ¥193,420 million as of March 31, 2013. Currency of cash and cash equivalents consists primarily of the U.S. dollar, the Chinese yuan, the Thai baht, the Japanese yen, and the Euro.

We believe that cash generated from operating activities, together with available funding sources, are sufficient to meet our cash obligations for the current fiscal year.

C. Research and Development, Patents and Licenses, etc.

In order to remain competitive, we need to maintain the ability to create products with specialized quality attributes that precisely meet the evolving performance and environmental requirements of our customers. In addition to the continued emphasis on improved running accuracy, controllability, compactness, operational quietness and energy efficiency, we have our research and development activities focus on designing ecology conscious and cost effective products that require less raw materials and energy to manufacture and operate in order to reduce our and our customers' environmental burden and manufacturing costs.

We allocate our research and development resources primarily towards the development of motors in the “Automotive, Appliance, Commercial and Industrial Products” and “Small Precision Motors” categories with key priorities placed on the following areas:

- Prototype development targeted at new markets and applications,
- Design improvements intended to reduce raw materials, such as aluminum, steel, copper and permanent magnets (rare-earth compounds), used in our products and thereby achieving superior suitability for miniaturization and low-cost automation,
- Internal development of electronic control units and integrated modular motor drives for automotive systems, and
- Energy-efficient, high-speed hard disk drives spindle motors for use in data center servers.

As of March 31, 2013, we employed 3,904 people engaged in research and development activities mainly in Japan as well as in China, the United States, Vietnam, Italy, Taiwan, Germany, Mexico, South Korea, Singapore, Spain, Thailand, Canada, Indonesia, Poland, Malaysia, the Philippines, France and Russia.

We incurred research and development expenses of ¥27,737 million, 30,050 million and 34,278 million for the fiscal years ended March 31, 2011, 2012 and 2013, respectively.

The following table sets forth our research and development expenses by operating segment for the year ended March 31, 2013:

	Yen in Millions
	For the year ended
	March 31, 2013
Nidec Corporation	¥ 18,340
Nidec Electronics (Thailand)	—
Nidec (Zhejiang)	—
Nidec (Dalian)	—
Nidec Singapore	—
Nidec (H.K.)	—
Nidec Philippines	—
Nidec Sankyo	4,297
Nidec Copal	2,096
Nidec Tosok	1,065
Nidec Copal Electronics	1,338
Nidec Techno Motor	1,155
Nidec Motor	3,324
Nidec Motors & Actuators	1,118
All Others	1,545
Total	<u>¥ 34,278</u>

Much of our research and development is conducted by our domestic subsidiaries, which we then reimburse for costs incurred. We also cooperate with our affiliates to conduct significant research and development. We anticipate spending approximately ¥38,000 million on research and development in the year ending March 31, 2014. We believe that our research and development expenses are sufficient for sustaining our competitiveness in the motor industry and other industries.

D. Trend Information.

The information required by this item is set forth in " — A. Operating Results," " — B. Liquidity and Capital Resources" and "Item 4.B. Information on the Company — Business Overview."

E. Off-Balance Sheet Arrangements.

We have guaranteed approximately ¥73 million of bank loans for employees in connection with their housing costs at March 31, 2013. If an employee defaults on his or her loan payments, we would be liable under the guarantees. The maximum undiscounted amount of our obligation to make future payments in the event of defaults is approximately ¥73 million. The current carrying amount of the liabilities for our obligations under the guarantees is zero.

F. Tabular Disclosure of Contractual Obligations.

The following tables represent our contractual obligations and other commercial commitments as of March 31, 2013:

Contractual Obligations:	(Yen in millions)				
	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
Long-term Debt	¥274,272	¥132,088	¥42,026	¥65,046	¥35,112
Capital Lease Obligations	5,627	1,540	3,057	1,009	21
Interest on debt ⁽¹⁾	1,005	409	527	69	0
Operating Lease Obligations	9,698	2,237	2,917	2,001	2,543
Purchase Commitments for Fixed Assets	9,000	9,000	-	-	-
Total Contractual Cash Obligations	299,602	145,274	¥48,527	¥68,125	¥37,676
Contribution under Pension Plans ⁽²⁾	¥3,732	¥3,732	-	-	-

Other Commercial Commitments: ⁽³⁾	(Yen in millions)				
	Amount of Commitment Expiration per Period				
	Total amounts committed	Less than 1 year	1-3 years	3-5 years	Over 5 years
Guarantees	¥73	¥20	¥12	¥10	¥31
Total Commercial Commitments	¥73	¥20	¥12	¥10	¥31

Notes:

- (1) Interest at variable interest rates is assumed based on the applicable rates as of March 31, 2013 ranging from 0.40% to 0.78%.
- (2) Amounts are only available for payments due in less than one year.
- (3) In addition to the guarantees for employees in connection with their housing loans included in the table, we are contingently liable under bid bonds, advance payment bonds, performance bonds, warranty bonds and payment bonds, totaling ¥5,822 million as of March 31, 2013, primarily for guarantees of our performance on projects currently in execution or under warranty. Those consist mainly of Nidec ASI S.p.A.'s contingent liabilities through acquisition of Nidec ASI. No material claims have been made against guarantees and, based on our current experience and expectations, we do not anticipate any material claims. We also guarantee the performance of products delivered and services rendered for a certain period or term. Estimates for warranty cost are made based on historical warranty claim experience. As of March 31, 2013, we had ¥5,822 million of product warranty liability.

We excluded unrecognized tax benefits from the above contractual obligation table as we are unable to make reasonable estimates of the period of settlements. As of March 31, 2013, we had unrecognized tax benefits of ¥2,361 million. For further information related to our unrecognized tax benefits, see Note 16 to our audited consolidated financial statements included elsewhere in this annual report.

We issued an aggregate principal amount of ¥100,000 million of euro yen convertible bonds due 2015 on September 21, 2010. The convertible bonds will become redeemable at the option of holders of the bonds on September 20, 2013 at 100% of their principal amount.

In July 2012, we borrowed €240 million from major Japanese private commercial banks based on euro-denominated credit lines to fund our future acquisition transactions under a special program of JBIC. In December 2012, we borrowed an additional \$500 million from major Japanese private commercial banks based on U.S. dollar-denominated credit lines under the JBIC program.

In November 2012, we issued ¥65 billion aggregate principal amount of domestic corporate bonds due 2017, ¥15 billion aggregate principal amount of domestic corporate bonds due 2019, and ¥20 billion aggregate principal amount of domestic corporate bonds due 2022. The bonds due 2017, 2019 and 2022 bear interest at the rate of 0.386% per annum, 0.595% per annum and 0.956% per annum, respectively.

For further information on our long-term debt, see Note 11 to our audited consolidated financial statements elsewhere in this annual report and “—B. Liquidity and Capital Resources.”

Our capital commitments as of March 31, 2012 and 2013 principally consisted of commitments to purchase property, plant and equipment. Our commitments outstanding for the purchase of property, plant and equipment and other assets increased from approximately ¥7,292 million as of March 31, 2012 to approximately ¥9,000 million as of March 31, 2013. Our commitments outstanding for the purchase of property, plant and equipment and other assets increased from approximately ¥315 million as of March 31, 2011 to approximately ¥7,292 million as of March 31, 2012. The increase in our capital commitments between March 31, 2011 and 2013 were mainly due to increases in commitments for constructions of our new research and development facilities in Japan, and purchases of property, plant and equipment.

We expect to make capital expenditures in addition to those for which we have outstanding commitments. See "Item 4.A. Information on the Company—History and Development of the Company." and Item 4.D. Information on the Company—Property, Plants and Equipment.”

G. Safe Harbor.

See the discussion under “Special Note Regarding Forward-looking Statements.”

Item 6. Directors, Senior Management and Employees.

A. Directors and Senior Management.

The following table provides information about our Directors and Audit and Supervisory Board Members as of the date of this annual report:

Name	Position	Date of birth	Month in which current term expires	Number of Nidec shares owned as of March 31, 2013 (in thousands)	Percentage of common stock outstanding as of March 31, 2013
Shigenobu Nagamori	Representative Director, President and Chief Executive Officer	August 28, 1944	June 2014	20,295	15.06%
Hiroshi Kobe	Representative Director, Executive Vice President and Chief Operating Officer	March 28, 1949	June 2014	237	*
Kenji Sawamura	Member of the Board, Executive Vice President	February 15, 1942	June 2014	8	*
Bunsei Kure	Member of the Board, Executive Vice President	May 20, 1956	June 2014	-	*
Akira Sato	Member of the Board, Executive Vice President	November 2, 1954	June 2014	0	*
Tadaaki Hamada	Member of the Board, First Senior Vice President	August 14, 1948	June 2014	4	*
Toshihiro Kimura	Member of the Board, First Senior Vice President	July 2, 1953	June 2014	29	*
Masuo Yoshimatsu	Member of the Board, First Senior Vice President and Chief Financial Officer	April 28, 1958	June 2014	3	*
Kazuya Hayafune	Member of the Board, First Senior Vice President	October 17, 1959	June 2014	0	*
Shozo Wakabayashi	Member of the Board	November 23, 1943	June 2014	-	*
Noriko Ishida	Member of the Board	August 30, 1948	June 2014	-	*
Ryuichi Tanabe	Audit and Supervisory Board Member	March 9, 1948	June 2015	0	*
Osamu Narumiya	Audit and Supervisory Board Member	August 6, 1951	June 2015	1	*

Name	Position	Date of birth	Month in which current term expires	Number of Nidec shares owned as of March 31, 2013	Percentage of common stock outstanding as of March 31, 2013
Tetsuo Inoue	Audit and Supervisory Board Member	June 22, 1948	June 2017	5	*
Chihiro Suematsu	Audit and Supervisory Board Member	January 29, 1956	June 2014	-	*
Kiichiro Kobayashi	Audit and Supervisory Board Member	November 29, 1957	June 2014	-	*

Notes:

- (1) "-" represents no beneficial ownership in any Nidec shares.
- (2) The asterisk represents beneficial ownership of less than 1%.

In October 2012, the title for our corporate auditors was changed from Corporate Auditors to Audit and Supervisory Board Members due to a change in the English translation of the Japanese term. There have been no changes to their power and duties.

Shigenobu Nagamori, who founded Nidec Corporation in July 1973, has since been serving as the Company's Representative Director, President and Chief Executive Officer (CEO). Mr. Nagamori is currently serving as Director and Chairman of Nidec Sankyo Corporation, Nidec Copal Electronics Corporation, Nidec-Read Corporation, and Nidec-Shimpo Corporation.

Hiroshi Kobe has since June 2006 served, and was most recently reappointed in June 2013 to serve, as Representative Director, Executive Vice President, and Chief Operating Officer (COO). Mr. Kobe joined Nidec Corporation in July 1973, and became a Member of the Board of Directors in November 1984, a Member of the Board and Managing Director in November 1991, a Member of the Board and Senior Managing Director in April 1996, a Member of the Board and Executive Vice President in April 2000, COO in April 2005, and Representative Director, Executive Vice President and COO in June 2006. Mr. Kobe is currently serving as Representative Director and Chairman of Nidec Logistics Corporation and Nidec Global Service Corporation as well.

Kenji Sawamura has since June 2006 served, and was most recently reappointed in June 2013 to serve, as a Member of the Board of Directors and Executive Vice President. Mr. Sawamura joined Nidec Corporation as Executive Director in October 1998, and became a Member of the Board in June 2000, a Member of the Board and Senior Managing Director in April 2002, and a Member of the Board and Executive Vice President in June 2006. Mr. Sawamura is currently Executive Advisor to President, supervises Corporate Strategy Office, and is serving as Representative Director and Chairman of Nidec Servo Corporation. Mr. Sawamura was a Member of the Board and Managing Director in his previous employment at Nissan Motor Co., Ltd.

Bunsei Kure, who was most recently appointed in June 2013 to serve as a Member of the Board of Directors and Executive Vice President, joined Nidec Corporation as Executive Consultant in April 2013, and is currently Executive Advisor to Mr. Nagamori (Representative Director, President and CEO) for Global Business Promotion Division, Automotive Motor & Electronic Control Business Unit, and Appliance, Commercial & Industrial Motor Business Unit, and is serving as Director and Chairman of Nidec Tosok Corporation, Nidec US Holdings Corporation and Nidec Motor Corporation, and Representative Director and Chairman of Nidec Techno Motor Corporation and Nidec Motor Holdings Corporation. Mr. Kure previously served as Representative Director, President and CEO of Calsonic Kansei Corporation.

Akira Sato has since April 2013 served, and was most recently reappointed in June 2013 to serve, as a Member of the Board of Directors and Executive Vice President. Mr. Sato joined Nidec Corporation as First Senior Vice President in January 2012, and became a Member of the Board and

<p>First Senior Vice President in June 2012. Mr. Sato currently supervises Compliance Office, CFO Strategy Office, Public Relations, Advertising & Investor Relations Dept., Affiliates Administration Dept., Legal Dept., Accounting Dept., Global Tax Planning Dept., Finance Dept., Corporate Administration & Internal Audit Dept., and CSR Promotion Office. Mr. Sato was Vice President in his previous employment at Nissan Motor Co., Ltd.</p>
<p>Tadaaki Hamada has since June 2009 served, and was most recently reappointed in June 2013 to serve, as a Member of the Board of Directors and First Senior Vice President. Mr. Hamada, originally from The Mitsubishi Bank, Ltd.(currently, The Bank of Tokyo-Mitsubishi UFJ, Ltd.) which he joined in April 1971, joined Nidec Corporation as Executive Director in February 2000, and became a Member of the Board in June 2004, Managing Director in April 2005, and a Member of the Board and Senior Vice President in June 2008. Mr. Hamada currently supervises Human Resources Dept., Corporate Planning Dept., Intellectual Property Dept, International Business Administration Dept., Strategic Technology and Business Planning Dept., and Nidec Research and Development Center, Japan, and is serving as Chairman of Trade Control Committee for Security.</p>
<p>Toshihiro Kimura, who was appointed to serve as a Member of the Board of Directors and First Senior Vice President of Nidec Corporation in June 2013, joined Nidec in April 1978 and was appointed to serve as a Member of the Board in June 1997, Representative Director and President of Nidec Shibaura Corporation (currently, Nidec Techno Motor Corporation) in October 2005, and First Senior Vice President of Nidec Corporation and Representative Director and Chairman of Nidec Techno Motor Corporation in April 2013. Mr. Kimura currently serves as Representative Director and Chairman of Nidec Copal Corporation.</p>
<p>Masuo Yoshimatsu has since April 2013 served, and was most recently reappointed in June 2013 to serve, as a Member of the Board of Directors, First Senior Vice President and Chief Financial Officer (CFO). Mr. Yoshimatsu joined Nidec Corporation as Executive Consultant in January 2008, and became a Member of the Board and Vice President in June 2008. He has since June 2009 served, and was reappointed in June 2012 to serve, as a Member of the Board, Senior Vice President and CFO. Mr. Yoshimatsu currently supervises CFO Strategy Office, Public Relations, Advertising & Investor Relations Dept., Accounting Dept., Global Tax Planning Dept., and Finance Dept., and serves as General Manager of CFO Strategy Office. He also serves as Director and Chairman of Nidec Management Shanghai Corporation. Mr. Yoshimatsu was a Member of the Board and General Manager of Finance and Accounting Division in his previous employment at SS Pharmaceutical Co., Ltd.</p>
<p>Kazuya Hayafune, who was appointed to serve as a Member of the Board of Directors and First Senior Vice President of Nidec Corporation in June 2013, joined Nidec as Executive Consultant in August 2010 and was appointed to serve as Vice President in October 2010, Senior Vice President in April 2012, and First Senior Vice President in January 2013. Mr. Hayafune currently supervises Nidec Corporation's Automotive Motor & Electronic Control (AMEC) Business Unit and General Application Motor & Solutions (GAMS) Business Unit, and serves as President of AMEC Business Unit and General Manager of its Production Division. He also supervises Shiga Technical Center's Engineering & Business Service Unit, and serves as Representative Director, Chairman and CEO of Nidec Electronics GmbH, and Chairman of Nidec Automobile Motor (Zhejiang) Corporation and Nidec Kaiyu Auto Electric (Jiangsu) Co., Ltd.</p>
<p>Shozo Wakabayashi has since June 2010 served, and was most recently reappointed in June 2013 to serve, as an Outside Member of the Board of Directors. Mr. Wakabayashi joined Ministry of Finance of Japan in April 1967, was appointed to serve as Chief of the Osaka Regional Taxation Bureau in July 1994, Secretary-General of the Securities and Exchange Surveillance Commission in July 1996, Administrative Vice-Minister of Okinawa Development Agency in June 1998, and Senior Managing Director of Japan Securities Dealers Association in July 2001. Mr. Wakabayashi currently serves as Representative Director and Chairman of Japan Earthquake Reinsurance Co., Ltd.</p>
<p>Noriko Ishida has since June 2012 served, and was most recently reappointed in June 2013 to serve, as an Outside Member of the Board of Directors. Ms. Ishida became Osaka Bar Association's registered attorney in April 1976, Deputy Chairperson of the Association in April 2001, an Executive Board Member of Japan Federation of Bar Associations in April 2010, and</p>

<p>Refugee Examination Counselor in May 2010. Ms. Ishida serves as President of Ishida Law Firm (currently, Lion Bashi Law Firm).</p>
<p>Ryuichi Tanabe was appointed to serve as an Outside Audit and Supervisory Board Member in June 2011. Mr. Tanabe joined Ministry of Foreign Affairs of Japan in April 1970. He was appointed to serve as Director of Overseas Public Relations of Information Bureau in May 1986, and became Counselor of the Japanese Embassy in Germany in July 1988, Minister of the Japanese Embassy in Saudi Arabia in October 1990, Minister of the Japanese Embassy in Austria in August 1992, Consul-General in Munich, Germany in August 1994, Minister of the Japanese Embassy in India in July 1997, Director-General for International Affairs of the Tokyo Metropolitan Government in July 1999, Ambassador Extraordinary and Plenipotentiary of Japan to Serbia and Montenegro in April 2003, Ambassador Extraordinary and Plenipotentiary of Japan in charge of Afghanistan Assistance Coordination in September 2005, Ambassador Extraordinary and Plenipotentiary of Japan to Poland in September 2006, Ambassador Extraordinary and Plenipotentiary for Kansai Region in September 2009, and Representative of the Government of Japan in June 2010.</p>
<p>Osamu Narumiya was appointed to serve as an Audit and Supervisory Board Member in June 2011. Mr. Narumiya joined the Ministry of International Trade and Industry (currently, Ministry of Economy, Trade and Industry) of Japan in April 1976. He was appointed to serve as First Secretary at the Embassy of Japan in Singapore in April 1987, and became Director of the Information Management Division at Minister's Secretariat in May 1995, Deputy Director-General (responsible for bilateral cooperation) at the Minister's Secretariat in July 2002, Director of the Japan Bicycle Racing Association in September 2003, and Senior Managing Director of the National Federation of Small Business Associations in June 2004. Mr. Narumiya joined Nidec Corporation as Executive Consultant in June 2007 and became a Member of the Board in the same month. Mr. Narumiya served as Vice President of Nidec Corporation from June 2008 to June 2011.</p>
<p>Tetsuo Inoue was appointed to serve as an Audit and Supervisory Board Member in June 2013. Mr. Inoue joined The Sumitomo Bank (currently, Sumitomo Mitsui Banking Corporation) in April 1972, joined Nidec Corporation as Executive Director in December 1999, and was appointed to serve as a Member of the Board of Directors in June 2002, a Member of the Board and Vice President in June 2008, and a Member of the Board and Senior Vice President in June 2010.</p>
<p>Chihiro Suematsu was appointed to serve as an Outside Audit and Supervisory Board Member in June 2010. Dr. Suematsu joined McKinsey & Company in November 1985, founded and was appointed to serve as Managing Director of Advanced Consulting Network, Inc. in November 1988, and became an assistant professor at Kyoto University Graduate School of Economics in April 2001. Dr. Suematsu currently serves as a professor at Kyoto University Graduate School of Management and Graduate School of Economics, and an Outside Member of the Board of Directors of Zero-Sum, Ltd.</p>
<p>Kiichiro Kobayashi was appointed to serve as an Outside Audit and Supervisory Board Member in June 2010. Dr. Kobayashi joined Mitsukoshi, Ltd. in April 1980, became a Senior Researcher at the Mitsubishi Research Institute, Inc. in March 1989, and completed his doctoral program at Keio University Graduate School of Business Administration (Ph.D.) in September 1996. Dr. Kobayashi then became a Visiting Scholar at Harvard Business School in April 1997, a Full-time Lecturer at Keio University Graduate School of Business Administration in April 1998, an assistant professor at the same school in April 2000, and an Outside Member of the Board of Directors of NEC Fielding, Ltd. in June 2010. Currently, Dr. Kobayashi teaches at Keio University as a professor.</p>

Our Board of Directors has the ultimate responsibility for the administration of our affairs. Our Articles of Incorporation provide for not more than twenty Directors. Directors are elected at a general meeting of shareholders, and the normal term of office of Directors is one year, although they may serve any number of consecutive terms. The Board of Directors elects one or more Representative Directors, who have the authority individually to represent us. The Board of Directors may also elect one Chairman of the Board of Directors, one Vice Chairman of the Board of Directors, one President, one or more Executive Vice Presidents, First Senior Vice Presidents, Senior Vice Presidents and Vice Presidents. Shigenobu Nagamori is the Representative Director, President and Chief Executive Officer. Hiroshi Kobe is the Representative Director, Executive Vice President and Chief Operating Officer, and Masuo Yoshimatsu is a Member of the Board, First Senior Vice President and Chief Financial Officer. Our Executive Officers serve at the discretion of the Board of Directors.

Our Articles of Incorporation provide for not more than five Audit and Supervisory Board Members. Currently, we have five Audit and Supervisory Board Members: Ryuichi Tanabe, Osamu Narumiya, Tetsuo Inoue, Chihiro Suematsu and Kiichiro Kobayashi. The Audit and Supervisory Board Members may not at the same time be directors, officers or employees of us or any of our subsidiaries, and at least one-half of them must be a person who has never been a director, officer or employee of us or any of our subsidiaries at any time prior to their election as an Audit and Supervisory Board Member. Audit and Supervisory Board Members are elected at a general meeting of shareholders, and the normal term of office of an Audit and Supervisory Board Member is four years, although they may serve any number of consecutive terms.

Three of our Audit and Supervisory Board Members, Ryuichi Tanabe, Osamu Narumiya, and Tetsuo Inoue are full-time Audit and Supervisory Board Members. Three of our Audit and Supervisory Board Members, Ryuichi Tanabe, Chihiro Suematsu and Kiichiro Kobayashi are from outside the Nidec group. Our five Audit and Supervisory Board Members form our Audit and Supervisory Board. Audit and Supervisory Board Members are under a statutory duty to review the administration of our affairs by the Directors, to examine our financial statements and business reports to be submitted by the Board of Directors to the general meetings of shareholders and to report their opinions thereon to the shareholders. They are required to attend meetings of the Board of Directors and are entitled to express their opinions, but they are not entitled to vote. Audit and Supervisory Board Members also have a statutory duty to provide their report to the Audit and Supervisory Board, which must submit its auditing report to the Representative Directors. The Audit and Supervisory Board also determines matters relating to the duties of the Audit and Supervisory Board Members, such as auditors' policy and methods of investigation of our affairs.

In addition to Audit and Supervisory Board Members, we must appoint independent certified public accountants, who have the statutory duties to examine the financial statements to be submitted by the Board of Directors to the annual general meetings of shareholders, report on the financial statements to the Audit and Supervisory Board and the Representative Directors, and examine the financial statements to be filed with the Minister of Finance of Japan.

No family relationship exists among any of our Directors and Audit and Supervisory Board Members. None of our Directors or Audit and Supervisory Board Members is party to a service contract with us that provides for benefits upon termination of employment.

B. Compensation.

The aggregate compensation paid, including bonuses and benefits in kind granted, but excluding retirement allowances paid, to our Directors and Audit and Supervisory Board Members by Nidec Corporation during the fiscal year ended March 31, 2013 was ¥311 million. Of this amount, an aggregate of ¥249 million was paid to our Directors (excluding our outside Directors), an aggregate of ¥15 million to our Audit and Supervisory Board Members (excluding our outside Audit and Supervisory Board Members), and an aggregate of ¥47 million to our outside Directors and outside Audit and Supervisory Board Members. None of our Directors and Audit and Supervisory Board Members were paid any compensation for their respective services in any capacities to our subsidiaries.

Under the applicable Japanese disclosure rules, we are required to disclose the amount of compensation paid by us and our subsidiaries to a Director or Audit and Supervisory Board Member on an individual basis if the amount is ¥100 million or more during a fiscal year. For the fiscal year ended March 31, 2013, none of our Directors or Audit and Supervisory Board Members received compensation equal to or exceeding ¥100 million.

On a group-wide basis, the aggregate compensation paid, including bonuses and benefits in kind granted, but excluding retirement allowances paid, to our Directors and Audit and Supervisory Board Members by Nidec Corporation and to the directors and audit and supervisory board members of our subsidiaries by such subsidiaries during the fiscal year ended March 31, 2013 was ¥3,751 million.

In accordance with customary Japanese business practices, a retiring directors and audit and supervisory board members receives a lump-sum retirement allowance, which is subject to the approval of the general meeting of shareholders. In the fiscal year ended March 31, 2013, no such retirement allowance was paid to our Directors or Audit and Supervisory Board Members. Separately, an aggregate ¥11 million in retirement allowances was paid by our subsidiaries to their respective retiring directors and audit and supervisory board members, none of whom are Directors or Audit and Supervisory Board Members of Nidec Corporation.

C. Board Practices.

The information required by this item is set forth in “— A. Directors and Senior Management.”

D. Employees.

The following table shows the number of our employees as of the dates indicated:

	As of March 31,		
	2011	2012	2013
Japan	8,730	10,470	8,116
North and South America	6,954	7,305	8,146
Asia and Oceania	88,219	87,947	85,062
Europe	1,970	1,767	3,173
Total	105,873	107,489	104,497

Japan

In Japan, as of March 31, 2013, we had 8,116 employees. Of these employees, 3,359 employees were engaged in manufacturing operations, 2,070 in research and development and 877 in sales activities.

Most of our employees receive compensation on the basis of fixed annual salaries and twice-a-year bonuses. In addition, we have a separate bonus system to reward employees who make significant technological contributions to our operations as reflected primarily by patent registrations. We emphasize and reward individual skills and performance. We have started to incorporate performance-linked elements into our domestic compensation and promotion systems to make us more competitive in Japan in recruiting and retaining highly-skilled individuals. Under our retirement allowance system, eligible employees are entitled to a lump-sum allowance and a retirement annuity upon their retirement.

In Japan, although Nidec Corporation has no labor union, labor unions have been organized in some of its subsidiaries. There have been no material strikes or labor disputes. We believe that the relationship between us and our employees is favorable.

Overseas

As of March 31, 2013, we had 96,381 employees overseas. Of these employees, 83,626 employees were engaged in manufacturing operations, 1,834 in research and development and 1,413 in sales activities.

No material strikes or labor disputes have occurred overseas and we believe that the relationship between us and our employees is favorable.

E. Share Ownership.

The information required by this item is set forth in “— A. Directors and Senior Management.”

Item 7. Major Shareholders and Related Party Transactions.

A. Major Shareholders.

As of March 31, 2013, there were 134,681,558 shares of our common stock outstanding held by 50,897 shareholders of record, excluding 10,393,522 shares held in treasury. According to our shareholders of record, as of March 31, 2013, the following persons are our largest shareholders:

	Number of shares of common stock owned (thousands)	Percentage of common stock outstanding (excluding treasury stock)
Shigenobu Nagamori (1)	20,295	15.0%
State Street Bank and Trust Company	7,755	5.7%
The Master Trust Bank of Japan, Ltd. (trust account)	7,443	5.5%
Japan Trustee Services Bank, Ltd. (trust account)	7,322	5.4%
The Bank of Kyoto, Ltd.	6,000	4.4%
The Dai-Ichi Mutual Life Insurance Company	3,974	2.9%
The Bank of Tokyo-Mitsubishi UFJ, Ltd. (2)	3,514	2.6%
Nippon Life Insurance Company	3,371	2.5%
Meiji Yasuda Life Insurance Company	3,201	2.3%

Notes:

- (1) As of March 31, 2013, Mr. Shigenobu Nagamori, our CEO, directly held of record 9.0%, and, indirectly through S.N. Kosan, an entity indirectly wholly owned by Mr. Nagamori, held of record 4.1%, of our outstanding shares. Mr. Nagamori's immediate family member held an additional 1.9% of our outstanding shares as of the same date. In April 2013, S.N. Kosan merged with Green Kosan, an entity wholly owned by Mr. Nagamori, with Green Kosan being the surviving entity and renamed SN Kosan Limited Company.
- (2) According to a beneficial ownership report on Schedule 13G filed with the U.S. Securities and Exchange Commission by Mitsubishi UFJ Financial Group, Inc., or MUFG, the parent company of The Bank of Tokyo-Mitsubishi UFJ, Ltd., or BTMU, on February 13, 2013, MUFG and its consolidated subsidiaries, including BTMU, beneficially owned an aggregate of 5.9% of the outstanding shares of our common stock, including 2.6% beneficially owned by BTMU, as of December 31, 2012. Other than as described in the table above, we have not independently confirmed this beneficial ownership information.
- (3) According to a large shareholding report jointly filed in Japan by Nomura Securities Co., Ltd., Nomura International plc, Nomura Securities International, Inc., Nomura Holding America Inc., Nomura Asset Management Co., Ltd. and Nomura Principal Investments Asia Limited on April 22, 2013, the filers beneficially owned an aggregate of 5.22% of the outstanding shares of our common stock as of April 15, 2013. Other than as described in the table above, we have not independently confirmed this beneficial ownership information.
- (4) According to a large shareholding report filed in Japan by Dodge & Cox, on April 5, 2013, the filer beneficially owned 5.06% of the outstanding shares of our common stock as of March 29, 2013. Other than as described in the table above, we have not independently confirmed this beneficial ownership information.
- (5) According to a large shareholding report jointly filed in Japan by Sumitomo Mitsui Trust Bank, Limited, Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd. on December 20, 2012, the filers beneficially owned an aggregate of 3.75% of the outstanding shares of our common stock as of December 14, 2012. Other than as described in the table above, we have not independently confirmed this beneficial ownership information.

The voting rights of the shareholders described above are identical to those of our other shareholders.

As of March 31, 2013, there were 122 shareholders of record with addresses in the United States who held 17,849,986 shares, representing approximately 13.2%, of our outstanding common stock (excluding treasury stock) as of that date.

To our knowledge, we are not, directly or indirectly, owned or controlled by any other corporation or by any government or by any other natural or legal persons, severally or jointly. We know of no arrangements the operation of which may at a later time result in a change of control of us.

In October 2012, Mr. Shigenobu Nagomori, our CEO, received 153,136 shares of our common stock previously held in treasury in exchange for the 1.1% ownership interest he had in Nidec Sankyo Corporation in connection with a share exchange transaction between us and Nidec Sankyo to make Nidec Sankyo a wholly owned subsidiary. Nidec Sankyo was a consolidated subsidiary in which we had a 74.6% ownership interest immediately prior to the share exchange transaction. For a detailed discussion of the share exchange transaction, see Note 20 to our audited consolidated financial statements included elsewhere in this annual report.

In April 2013, we and Nidec Copal Corporation, a consolidated subsidiary in which we held an approximately 66.5% ownership interest as of March 31, 2013, entered into a share exchange agreement pursuant to which we will acquire the remaining ownership interest in Nidec Copal in exchange for an aggregate of 2,575,845 shares of our common stock held in treasury. The share exchange transaction was approved by shareholders of Nidec Copal in June 2013 and is expected to be completed on October 1, 2013. As of March 31, 2013, Mr. Nagamori, The Bank of Tokyo-Mitsubishi UFJ, Ltd. and The Bank of Kyoto, Ltd. held approximately 3.8%, 2.2% and 1.5% of the total outstanding shares in Nidec Copal, respectively, and are expected to receive approximately 294,000, 169,000 and 121,000 shares of our common stock, respectively, in connection with the share exchange transaction.

In April 2013, we and Nidec Tosok Corporation, a consolidated subsidiary in which we held an approximately 72.3% ownership interest as of March 31, 2013, entered into a share exchange agreement pursuant to which we will acquire the remaining ownership interest in Nidec Tosok in exchange for an aggregate of 1,312,016 shares of our common stock held in treasury. The share exchange transaction was approved by shareholders of Nidec Tosok in June 2013 and is expected to be completed on October 1, 2013. As of March 31, 2013, Mr. Nagamori, The Bank of Kyoto, Ltd., Japan Trustee Services Bank, Ltd. (trust account) and The Master Trust Bank of Japan, Ltd. (trust account) held approximately 3.3%, 1.0%, 1.0% and 0.7% of the total outstanding shares in Nidec Tosok, respectively, and are expected to receive approximately 161,000, 49,000, 47,000 and 37,000 shares of our common stock, respectively, in connection with the share exchange transaction.

In September 2010, we issued an aggregate principal amount of ¥100,000 million of zero coupon euro yen convertible bonds with stock acquisition rights due 2015. As of March 31, 2013, assuming all of the outstanding stock acquisition rights were exercised, the convertible bonds would be convertible into 9,410,878 shares of our common stock, representing 6.4% of the total outstanding shares. For more information on the convertible bonds, see Note 11 to our audited consolidated financial statements included elsewhere in this annual report.

For information on our share repurchase plan, see “Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.”

B. Related Party Transactions.

We and certain entities over which some members of management exercise significant influence entered, and expect to enter in the future, into transactions in the ordinary course of business. As summarized in the table below, for the fiscal years ended March 31, 2011, 2012 and 2013, our transactions with such entities were conducted on an arms' length basis as described below, and had no material impact on our consolidated financial position, results of operations or liquidity.

	Yen in million		
	For the year ended March 31		
	2011	2012	2013
S.N. Kosan (1)(2)	¥(5)	¥(4)	¥(5)
Green Kosan (1)(2)	(11)	(11)	(11)
Hamaguchi Denki Seisakusho Co., Ltd. (1)	(32)	(5)	(4)
Hamaguchi Denki Vietnam Co., Ltd. (3)	-	-	19
Minster Capital, LLC(1)	-	-	(10)
Plus Minus Zero Co., Ltd. (1)	-	-	(0)
Oersted International, Ltd. (1)	(0)	-	-
Oersted International, Ltd. (3)	-	0	-

Notes:

(1) Total amount paid by us.

(2) In April 2013, S.N. Kosan, an entity indirectly wholly owned by Shigenobu Nagamori, our CEO, merged with Green Kosan, an entity wholly owned by Mr. Nagamori, with Green Kosan being the surviving entity and renamed SN Kosan Limited Company.

(3) Total amount paid to us.

For the fiscal years ended March 31, 2011, 2012 and 2013, we entered into service transactions with S.N. Kosan, an entity indirectly owned by Mr. Nagamori, our CEO, where S.N. Kosan provided restaurant services at the time to entertain our customers. We paid a total of approximately ¥5 million, ¥4 million and ¥5 million for the services for the fiscal years ended March 31, 2011, 2012 and 2013, respectively.

For each of the three fiscal years ended March 31, 2013, Nidec-Shimpo Corporation, our wholly owned subsidiary, paid a total of approximately ¥11 million, to Green Kosan, an entity wholly owned by Mr. Nagamori, under their lease agreement for office equipment.

We purchased iron cores from Hamaguchi Denki Seisakusho Co., Ltd., in which one of our directors, Mr. Yasuo Hamaguchi, directly and indirectly holds an ownership interest, for a total of approximately ¥32 million, ¥5 million and ¥4 million for the fiscal years ended March 31, 2011, 2012 and 2013, respectively. We sold manufacturing equipment to Hamaguchi Denki Vietnam Co., Ltd., a subsidiary of Hamaguchi Denki Seisakusho, for a total of approximately ¥19 million for the fiscal year ended March 31, 2013. We made no sales to Hamaguchi Denki Vietnam in the fiscal year ended March 31, 2011 or 2012.

For the fiscal year ended March 31, 2013, Nidec Minster Corporation, our consolidated subsidiary, paid a total of approximately ¥10 million in lease payments under a customer education and service facility lease agreement with Minster Capital, LLC, in which some of the directors of Nidec Minster Corporation, directly hold ownership interests.

For the fiscal year ended March 31, 2013, Nidec Global Service Corporation, our consolidated subsidiary, purchased home appliance products from Plus Minus Zero Co., Ltd., an entity of which one of our CEO's sons is a director, for a total of approximately ¥110,000. The son of our CEO and S.N. Kosan hold an aggregate 10.5% ownership interest in LEC Inc., the parent company of Plus Minus Zero, as of March 31, 2013.

For the fiscal year ended March 31, 2011, Nidec Tosok Corporation, our consolidated subsidiary, purchased office equipment from Oersted International, Ltd., in which our CEO's son directly holds an ownership interest, for a total of approximately ¥51,000. For the fiscal year ended March 31, 2012, Nidec Logistics Corporation, our consolidated subsidiary, received from Oersted International fees for logistics services of a total of approximately ¥157,000.

In addition, we entered, and expect in the future to enter, into various manufacturing, sales and purchase transactions with our affiliates, most of which involve the production of components or products that we sell.

C. Interests of Experts and Counsel.

Not applicable.

Item 8. Financial Information.

A. Consolidated Statements and Other Financial Information.

Financial Statements

The information required by this item is set forth in our audited consolidated financial statements included elsewhere in this annual report.

Legal or Arbitration Proceedings

The information on legal or arbitration proceedings required by this item is set forth in "Item 4.B. Information on the Company — Business Overview — Legal Proceedings."

Dividend Policy

We generally aim to pay cash dividends twice per year. Our Board of Directors resolves a year-end dividend to be paid following the end of each fiscal year. If approved by resolution of our Board of Directors, the dividend is paid to holders of record as of the immediately preceding March 31. In addition to year-end dividends, we may pay interim dividends in the form of cash distributions from our retained earnings to our shareholders of record as of September 30 in each year by resolution of our Board of Directors. If paid, the interim dividend is generally paid in December and the year-end dividend is generally paid in June.

Based on the viewpoint that "shareholders own the company," we aim to maximize shareholder value by achieving higher growth, profit and stock prices over the long-term with a vision that enables us to effectively respond to the constantly changing business environment. We seek to distribute our profits to shareholders through regular dividend payments, and aim to maintain our dividend payments to around 30% of net income attributable to Nidec Corporation per share (basic), subject to future earnings, financial condition and other factors, including statutory and other restrictions with respect to the payment of dividends.

Reserves are used to strengthen our operational structure and expand our business to improve profitability.

Our Board of Directors has determined the year-end dividend to be ¥40.0 per share for the fiscal year ended March 31, 2013. As a result, together with the interim dividend of ¥45.0 per share, the full-year dividend for the fiscal year ended March 31, 2013 is ¥85.0 per share. The dividend payout ratio, which is obtained by dividing the dividends declared for a fiscal year by net income attributable to Nidec Corporation for the same period, for the fiscal year ended March 31, 2013, is 143.17%.

The following table sets forth the year-end and interim dividends paid to holders of record of our common stock for each of the record dates shown.

Record date	Dividends per share
	Yen
September 30, 2008.....	30.0
March 31, 2009.....	30.0
September 30, 2009.....	25.0
March 31, 2010.....	40.0
September 30, 2010.....	40.0
March 31, 2011.....	45.0
September 30, 2011.....	45.0
March 31, 2012.....	45.0
September 30, 2012.....	45.0
March 31, 2013.....	40.0

Dividends paid to shareholders outside Japan on shares of common stock or ADSs are generally subject to a Japanese withholding tax at the temporary rate of 7.147% (applicable until December 31, 2013) or standard rate of 15.315% (applicable on January 1, 2014 and thereafter). Reduced rates for withholding apply to shareholders in some countries which have income tax treaties with Japan. U.S. holders eligible for the benefits of the income tax treaty between the United States of America and Japan are generally subject to a maximum withholding rate of 10% under the treaty. If the applicable tax rate under the domestic tax law is lower than that promulgated under the applicable income tax treaty, then the domestic tax rate is still applicable due to the so-called preservation doctrine.

For more information, see “Item 10.D. Additional Information—Exchange Controls.” and “Item 10.E. Additional Information—Taxation.”

B. Significant Changes.

Other than as described in this annual report, we are not aware of any significant changes since March 31, 2013, the date of our last audited consolidated financial statements.

Item 9. The Offer and Listing.

A. Offer and Listing Details.

In Japan, our common stock is listed on the First Section of the Tokyo Stock Exchange. Our common stock was also listed on the Osaka Securities Exchange prior to its integration with the Tokyo Stock Exchange on July 16, 2013. ADSs, each representing one-fourth of one share of our common stock, are quoted on the New York Stock Exchange under the symbol, “NJ”.

The following table sets forth, for the periods indicated, the closing high and low sale prices per share of our common stock on the Osaka Securities Exchange, and the closing high and low sale prices per ADS of our ADSs on the New York Stock Exchange:

	Osaka Securities Exchange Price Per Share of Common Stock		New York Stock Exchange Price Per ADS	
	High	Low	High	Low
<u>Year ended March 31,</u>				
2009.....	¥8,260	¥3,340	\$19.47	\$8.87
2010.....	10,030	4,350	27.36	11.33
2011.....	10,050	6,350	27.07	20.17
2012.....	7,860	5,820	25.20	18.80
First Quarter.....	7,600	6,710	22.99	20.37
Second Quarter.....	7,860	5,970	25.20	21.55
Third Quarter.....	7,130	5,820	22.54	18.80
Fourth Quarter.....	7,680	6,820	23.52	20.30
2013.....	7,590	4,680	23.08	13.65
First Quarter.....	7,590	6,020	23.08	19.13
Second Quarter.....	6,710	5,660	21.13	18.19
Third Quarter.....	5,680	4,680	17.90	13.98
Fourth Quarter.....	5,760	5,030	15.51	13.65
<u>Calendar period</u>				
January 2013.....	5,400	5,030	15.51	13.71
February 2013.....	5,710	5,130	14.98	13.65
March 2013.....	5,760	5,400	15.07	14.17
April 2013.....	6,630	5,320	16.94	13.56
May 2013.....	7,300	6,540	18.05	16.75
June 2013.....	6,920	6,170	17.52	15.59

B. Plan of Distribution.

Not applicable.

C. Markets.

The information required by this item is set forth in “— A. Offer and Listing Details.”

D. Selling Shareholders.

Not applicable.

E. Dilution.

Not applicable.

F. Expenses of the Issue.

Not applicable.

Item 10. Additional Information.

A. Share Capital.

Not applicable.

B. Memorandum and Articles of Association.

Objects and Purposes in Our Articles of Incorporation

Article 2 of our Articles of Incorporation, which are attached as Exhibit 1.1 to this annual report, provides our corporate objects and purposes, including:

- manufacture, sales and development of electric, electronic, precision, industrial and other equipment, machines, drives, components and other products,
- insurance agent business,
- sales, purchase, lease, brokering, and management of moveable and real property, and
- travel agent and advertising businesses.

Provisions Regarding Our Directors

There is no provision in our Articles of Incorporation as to a Director's power to vote on a proposal in which the Director is materially interested but, under the Company Law of Japan and our Regulations of the Board of Directors, a Director is required to refrain from voting on such matters at meetings of the Board of Directors.

The Company Law provides that compensation for directors is determined at a general meeting of shareholders of a company. Within the upper limit approved by the shareholders' meeting, the board of directors will determine the amount of compensation for each director. The board of directors may, by its resolution, leave such decision to the discretion of the company's representative director.

The Company Law requires directors to "perform their duties faithfully on behalf of the company," thus subjecting directors to a duty of loyalty (*chujitsu gimu*). This duty is supplemented by other duties such as to avoid self-dealing and competition with the company as well as to abide by all laws and regulations, articles of incorporation and resolutions of general meetings of shareholders.

Directors can be held liable for damages caused by their negligence in performing their duties, including any action to violate a law, an ordinance or articles of incorporation. For example, directors can be liable for damages caused by declaring an unlawful dividend or distribution of money or by offering some benefit to a shareholder in exchange for the exercise of that shareholder's rights as shareholder.

There is no mandatory retirement age for our Directors under the Company Law or our Articles of Incorporation.

There is no requirement concerning the number of shares one individual must hold in order to qualify him or her as a Director either under the Company Law or our Articles of Incorporation.

Holding of Our Shares by Foreign Investors

There are no limitations on the rights of non-residents or foreign shareholders to hold or exercise voting rights on our shares imposed by the laws of Japan or our Articles of Incorporation or our other constituent documents.

Rights of Our Shareholders

Set forth below is information relating to our common stock, including brief summaries of the relevant provisions of our Articles of Incorporation and Share Trading Regulations, as currently in effect, and of the Company Law and related legislation.

General

Our authorized share capital is 480,000,000 shares, of which 145,075,080 shares were issued and outstanding as of March 31, 2013.

The shares of all Japanese companies listed on any Japanese stock exchange, including our shares, are subject to the central clearing system established pursuant to the Law Concerning Book-Entry Transfer of Corporate Bond, Stocks, etc. (including regulations promulgated thereunder, the "Book-Entry Law"). Currently, Japan Securities Depository Center, Inc. ("JASDEC") is the only institution that is designated by the relevant authorities as a clearing house which is permitted to engage in the clearing operations of shares of Japanese listed companies under the Book-Entry Law. Under the clearing system, in order for any person to hold, sell or otherwise dispose of shares of Japanese listed companies, it must have an account at an account managing institution unless such person has an account at JASDEC. "Account managing institutions" are financial instruments firms (i.e., securities companies), banks, trust companies and certain other financial institutions which meet the requirements prescribed by the Book-Entry Law.

Under the Book-Entry Law, transfer of shares is effected through entry in the books maintained by JASDEC and the account management institutions, and title to the shares passes to the transferee at the time when the transferred number of the shares is recorded at the transferee's account at JASDEC or an account managing institution. The holder of an account at JASDEC or an account managing institution is presumed to be the legal owner of the shares held in such account.

Under the Company Law and the Book-Entry Law, in order for shareholders to assert against us the rights they are entitled to as of a record date, including the rights to vote at a general meeting of shareholders or to receive dividends, shareholders must have their names and addresses registered in our register of shareholders. Under the central book-entry system operated by JASDEC, shareholders shall notify the relevant account managing institutions of certain information prescribed under the Book-Entry Law, including their names and addresses, and the registration of shareholders in our register is made upon our receipt of necessary information from JASDEC. On the other hand, in order for shareholders to assert against us the rights they are entitled to regardless of the record date, such as the minority shareholders' right to propose a matter to be considered at a general meeting of shareholders, they only need to request an account management institution to have JASDEC issue a notification of certain information to us, including the names and addresses of such shareholders. We can subsequently request such shareholders to submit a reception sheet (*uketsuke-hyou*) issued by the account management institution in connection with their request for JASDEC's notification as well as their identifications in accordance with our Share Trading Regulations. See “—Share Registrar” and “—Record Date” below.

The registered beneficial holder of deposited shares underlying the ADSs is the depository for the ADSs. Accordingly, holders of ADSs will not be able to directly assert shareholders' rights.

Shareholders' Rights to Bring Actions Against Directors

The Company Law provides for the Japanese shareholder derivative action mechanism, which allows any shareholder who has held a share for the previous six months to demand that the corporation take action to protect the company and enforce a director's duties. Derivative actions may be brought to “enforce the liability of directors” which refers to situations including, but not limited to, those where directors engage in self-interested transactions, or violate any law, ordinance or the articles of incorporation. If the board has not instituted an action within sixty days, the plaintiff-shareholder may initiate a lawsuit as a derivative action. The Company Law provides an exception to the sixty day waiting period, however, for cases in which waiting sixty days might cause the company irreparable damage. In such cases, the shareholder may institute the action immediately, but after having brought the action must notify the company without delay. So, for example, if a company might suffer irreparable damage from an illegal act of a director, a shareholder who has owned a share (in our case, under our Articles of Incorporation, excluding a holder of shares representing less than one unit under the unit share system described below) continuously for the previous six months may seek a provisional injunction prohibiting the director from performing the illegal act.

Distribution of Surplus

General

Under the Company Law, distributions of cash or other assets by joint stock corporations to their shareholders, so called “dividends,” are referred to as “distributions of Surplus” (“Surplus” is defined in “—*Restriction on Distributions of Surplus*” below). We may make distributions of Surplus to the shareholders any number of times per fiscal year, subject to certain limitations described in “—*Restriction on Distributions of Surplus*.” Under the Company Law, distributions of Surplus are required to be authorized by a resolution of a general meeting of shareholders unless the board of directors is so authorized under the articles of incorporation. Our Articles of Incorporation provide that the Board of Directors has the authority to decide to make distribution of Surplus except for limited exceptions as provided by the Company Law, since we have satisfied the following requirements:

- (a) the normal term of office of our Directors terminates on or prior to the date of conclusion of the ordinary general meeting of shareholders relating to the last fiscal year ending within the period of one year from the election of the Directors; and
- (b) our non-consolidated annual financial statements and certain documents for the last fiscal year present our assets and profit or loss fairly, as required by the ordinances of the Ministry of Justice.

Under our Articles of Incorporation, year-end dividends and interim dividends, if any, may be distributed to shareholders (or pledgees) appearing in the register of shareholders as of March 31 and September 30 of each year, respectively, pursuant to a resolution of our Board of Directors. In addition, as stated above, under the Company Law and our Articles of Incorporation, we may make further distributions of Surplus by resolution of our Board of Directors. Under our Articles of Incorporation, we are not obliged to pay any dividends in the form of cash that are left unclaimed for a period of three years after the date on which they first became payable.

Distributions of Surplus may be distributed in cash or in kind in proportion to the number of shares held by each shareholder. A resolution of our Board of Directors authorizing a distribution of Surplus must specify the kind and aggregate book value of the assets to be distributed, the manner of allocation of such assets to shareholders, and the effective date of the distribution. If a distribution of Surplus is to be made in kind, we may, pursuant to a resolution of our Board of Directors, grant a right to our shareholders to require us to make such distribution in cash instead of in kind. If no such right is granted to shareholders, the relevant distribution of Surplus must be approved by a special resolution of a general meeting of shareholders.

Restriction on Distributions of Surplus

When we make a distribution of Surplus, we must, until the aggregate amount of our additional paid-in capital and legal reserve reaches one-quarter of our stated capital, set aside in our additional paid-in capital and/or legal reserve an amount equal to one-tenth of the amount of Surplus so distributed.

The amount of Surplus at any given time shall be calculated in accordance with the following formula:

$$A + B + C + D - (E + F + G)$$

In the above formula:

“A” = the total amount of ‘other capital surplus’ and ‘other retained earnings’, each such amount being that appearing on our non-consolidated balance sheet as of the end of the last fiscal year;

“B” = (if we have disposed of our treasury stock after the end of the last fiscal year) the amount of the consideration for such treasury stock received by us less the book value thereof;

“C” = (if we have reduced our stated capital after the end of the last fiscal year) the amount of such reduction less the portion thereof that has been transferred to additional paid-in capital or legal reserve (if any);

“D” = (if we have reduced our additional paid-in capital or legal reserve after the end of the last fiscal year) the amount of such reduction less the portion thereof that has been transferred to stated capital (if any);

“E” = (if we have cancelled our treasury stock after the end of the last fiscal year) the book value of such treasury stock;

“F” = (if we have distributed Surplus to our shareholders after the end of the last fiscal year) the total book value of the Surplus so distributed; and

“G” = certain other amounts set forth in the ordinances of the Ministry of Justice, including (if we have reduced Surplus and increased our stated capital, additional paid-in capital or legal reserve after the end of the last fiscal year) the amount of such reduction and (if we have distributed Surplus to our shareholders after the end of the last fiscal year) the amount set aside in our additional paid-in capital or legal reserve (if any) as required by the ordinances of the Ministry of Justice.

The aggregate book value of Surplus distributed by us may not exceed a prescribed distributable amount (the “Distributable Amount”), as calculated on the effective date of such distribution. The Distributable Amount at any given time shall be equal to the amount of Surplus less the aggregate of the followings:

- (a) the book value of our treasury stock;
- (b) the amount of consideration for our treasury stock disposed of by us after the end of the last fiscal year; and
- (c) certain other amounts set forth in the ordinances of the Ministry of Justice, including (if the sum of one-half of goodwill and the deferred assets exceeds the total of stated capital, additional paid-in capital and legal reserve, each such amount being that appearing on our non-consolidated balance sheet as of the end of the last fiscal year) all or certain part of such exceeding amount as calculated in accordance with the ordinances of the Ministry of Justice.

If we have become at our option a company with respect to which consolidated balance sheets should also be taken into consideration in the calculation of the Distributable Amount (*renketsu haito kisei tekiyo kaisha*), it will be required to further deduct from the amount of Surplus the excess amount, if any, of (x) the total amount of shareholders’ equity appearing on our non-consolidated balance sheet as of the end of the last fiscal year and certain other amounts set forth in the ordinances of the Ministry of Justice over (y) the total amount of shareholders’ equity and certain other amounts set forth in the ordinances of the Ministry of Justice appearing on our consolidated balance sheet as of the end of the last fiscal year.

If we have prepared interim financial statements as described below, and if such interim financial statements have been approved by the Board of Directors or (if so required by the Company Law) by a general meeting of shareholders, the Distributable Amount must be adjusted to take into account the amount of profit or loss, and the amount of consideration for our treasury stock disposed of by us, during the period in respect of which such interim financial statements have been prepared. We may prepare non-consolidated interim financial statements consisting of a balance sheet as of any date subsequent to the end of the last fiscal year and an income statement for the period from the first day of the current fiscal year to the date of such balance sheet. Interim financial statements so prepared by us must be approved by the Board of Directors and audited by our independent auditors, as required by the ordinances of the Ministry of Justice.

For information as to Japanese taxes on dividends, see “—E. Taxation—Japanese Taxation.”

Capital and Reserves

When we issue new shares, the entire amount of cash or other assets paid or contributed by subscribers for those new shares is required to be accounted for as stated capital, although we may account for an amount not exceeding one-half of the amount of such cash or assets as additional paid-in capital by resolution of the Board of Directors.

We may reduce our additional paid-in capital or legal reserve generally by resolution of a general meeting of shareholders, and in the case of reduction of additional paid-in capital and if so decided by the same resolution, may account for the whole or any part of the amount of such reduction as stated capital. On the other hand, we may reduce our stated capital generally by special resolution of a general meeting of shareholders and, if so decided by the same resolution, may account for the whole or any part of the amount of such reduction as additional paid-in capital. In addition we may reduce our Surplus and increase either (i) stated capital or (ii) additional paid-in capital and/or legal reserve by the same amount, in either case by resolution of a general meeting of shareholders.

Stock Splits

We may at any time split the issued shares into a greater number of shares by resolution of our Board of Directors. When a stock split is to be made, so long as the only class of our outstanding stock is our common stock, we may increase the number of authorized shares to the extent that the ratio of such increase in authorized shares does not exceed the ratio of such stock split by amending our Articles of Incorporation, which amendment may be made without approval by shareholders.

Before a stock split, we must give public notice of the stock split, specifying the record date therefor, not less than two weeks prior to such record date. Under the new clearing system, we must also give notice to JASDEC regarding a stock split at least two weeks prior to the relevant effective date. On the effective date of the stock split, the numbers of shares recorded in all accounts held by our shareholders at account managing institutions or JASDEC will be increased in accordance with the applicable ratio.

Japanese Unit Share System

Our Articles of Incorporation provide that 100 shares of common stock constitute one “unit.” The Company Law permits us, by resolution of our Board of Directors, to reduce the number of shares that constitutes one unit or abolish the unit share system, and amend our Articles of Incorporation to this effect without the approval of a shareholders’ meeting. The number of shares constituting a unit may not exceed 1,000 shares.

Transferability of Shares Representing Less Than One Unit

Under the new clearing system, shares constituting less than one unit are transferable. Under the rules of the Japanese stock exchanges, however, shares constituting less than one unit do not comprise a trading unit, except in limited circumstances, and accordingly may not be sold on the Japanese stock exchange.

Right of a Holder of Shares Representing Less Than One Unit to Require Us to Purchase Its Shares

A holder of shares representing less than one unit may at any time require us to purchase our shares through the relevant account management institution. These shares will be purchased at:

- the closing price of our shares reported by the Tokyo Stock Exchange on the day a request to purchase is made; or
- if our shares are not traded on the Tokyo Stock Exchange on such day or if the Tokyo Stock Exchange is closed on such day, the price at which our shares are first traded on the Tokyo Stock Exchange on the following day; or
- if our shares are not traded on the Tokyo Stock Exchange on such following day, the price at which our shares are first traded on the Tokyo Stock Exchange thereafter.

In such case, we will request payment of an amount equal to the brokerage commission applicable to the shares purchased. However, because holders of ADSs representing less than one unit are not able to withdraw the underlying shares from deposit, these holders will not be able to exercise this right as a practical matter.

Voting Right of a Holder of Shares Representing Less Than One Unit

A holder of shares representing less than one unit cannot exercise any voting rights pertaining to those shares. In calculating the quorum for various voting purposes, the aggregate number of shares representing less than one unit will be excluded from the number of outstanding shares. A holder of shares representing one or more whole units will have one vote for each unit of shares, except as stated in “— Voting Rights” below.

A holder of shares representing less than one unit does not have any rights relating to voting, such as the right to participate in a demand for the resignation of a director, the right to participate in a demand for the convocation of a general meeting of shareholders and the right to join with other shareholders to propose an agenda item to be addressed at a general meeting of shareholders. In addition, a holder of shares constituting less than one unit does not have the right to institute a representative action by shareholders.

Other Rights of a Holder of Shares Representing Less Than One Unit

In accordance with the Company Law, our Articles of Incorporation provide that a holder of shares representing less than one unit does not have any other rights of a shareholder in respect of those shares, other than those provided by our Articles of Incorporation including the following rights:

- to receive distribution of dividends;
- to receive shares, cash or other assets in case of consolidation or split of shares, exchange or transfer of shares or corporate merger;
- to be allotted rights to subscribe for new shares and other stock acquisition rights when such rights are granted to shareholders; and
- to participate in any distribution of surplus assets upon liquidation.

Ordinary General Meeting of Shareholders

We normally hold our annual general meeting of shareholders in June of each year. In addition, we may hold an extraordinary general meeting of shareholders whenever necessary by giving at least two weeks' advance notice. Under the Company Law, notice of any shareholders' meeting must be given to each shareholder having voting rights or, in the case of a non-resident shareholder, to his resident proxy or mailing address in Japan in accordance with our Share Trading Regulations, at least two weeks prior to the date of the meeting.

Voting Rights

A shareholder is generally entitled to one vote per one unit of shares, as described under “— Japanese Unit Share System” above. In general, under the Company Law, a resolution can be adopted at a general meeting of shareholders by a majority of the voting rights represented at the meeting. The Company Law and our Articles of Incorporation require a quorum for the election of Directors and Audit and Supervisory Board Members of not less than one-third of the voting rights. Our shareholders are not entitled to cumulative voting in the election of Directors. A corporate shareholder whose outstanding voting rights are in turn more than one-quarter directly or indirectly owned by us does not have voting rights. Shareholders may exercise their voting rights through proxies, provided that those proxies are also shareholders who have voting rights.

The Company Law and our Articles of Incorporation provide that certain important matters shall be approved by a “special resolution” of general meeting of shareholders. Our Articles of Incorporation provide that the quorum for a special resolution is one-third of the total number of voting rights and the approval of at least two-thirds of the voting rights presented at the meeting is required for adopting a special resolution. Such important matters include:

- (a) reduction of the stated capital;
- (b) amendment to the Articles of Incorporation;
- (c) establishment of a 100% parent-subsidiary relationship by way of share exchange or share transfer;
- (d) dissolution, merger or consolidation;
- (e) company split;
- (f) transfer of the whole or an important part of our business;
- (g) taking over of the whole of the business of any other corporation;
- (h) removal of an Audit and Supervisory Board Member;
- (i) any issuance of shares or transfer of existing shares as treasury stock to persons other than the shareholders at a “specially favorable” price;
- (j) any issuance of stock acquisition rights (including those incorporated in bonds with stock acquisition rights) to persons other than the shareholders under “specially favorable” conditions;
- (k) purchase of shares by us from a specific shareholder other than our subsidiary;
- (l) consolidation of shares;

- (m) distribution of Surplus in kind with respect to which shareholders are not granted the right to require us to make such distribution in cash instead of in kind; and
- (n) exemption from a portion of liability of the Directors, Audit and Supervisory Board Members or independent auditors.

However, under the Company Law, no shareholder approval, whether by an ordinary resolution or a special resolution at a general meeting of shareholders, is required for any matter described in (a) through (g) above, and such matter may be decided by the Board of Directors, if it satisfies certain criteria prescribed by the Company Law as are necessary to determine that its impact is immaterial.

The voting rights of holders of ADSs are exercised by the depositary based on instructions from those holders. See “—American Depositary Receipts.”

Subscription Rights

Holders of shares have no pre-emptive rights. Authorized but unissued shares may be issued at such times and upon such terms as our Board of Directors determines, subject to the limitations as to the issue of new shares at a “specially favorable” price in which case a special resolution of general meeting of shareholders is required as described in “— Voting Rights” above. The Board of Directors may, however, determine that shareholders be given subscription rights in connection with a particular issue of new shares. In this case, such rights must be given on uniform terms to all shareholders as of a specified record date of which not less than two weeks’ prior public notice must be made. Each of the shareholders to whom such rights are given must also be given at least two weeks’ prior notice of the date on which such rights will expire.

Stock Acquisition Rights

We may issue stock acquisition rights (*shinkabu yoyakuken*) or bonds with stock acquisition rights (*shinkabu yoyakuken-tsuki shasai*). Except where the issue would be on “specially favorable” conditions, the issue of stock acquisition rights or bonds with stock acquisition rights may be authorized by a resolution of the Board of Directors. Subject to the terms and conditions thereof, holders of stock acquisition rights may acquire a prescribed number of shares by exercising their stock acquisition rights and paying the exercise price at any time during the exercise period thereof. Upon exercise of stock acquisition rights, we will be obliged to either issue the relevant number of new shares or transfer the necessary number of existing shares held by us as treasury stock to the holder.

Liquidation Rights

In the event of liquidation, the assets remaining after payment of all debts, liquidation expenses and taxes will be distributed among the shareholders in proportion to the number of shares they own.

Liability to Further Calls or Assessments

All of our currently outstanding shares, including shares represented by the ADSs, are fully paid and nonassessable.

Share Registrar

Sumitomo Mitsui Trust Bank, Limited is the share registrar for the shares. Sumitomo Mitsui Trust's office is located at 5-33, Kitahama 4-chome, Chuo-ku, Osaka, 540-0041, Japan. Under the new clearing system, Sumitomo Mitsui Trust maintains our register of shareholders and records transfers of record ownership upon our receipt of necessary information from JASDEC and other information in the register of shareholders.

Record Date

The close of business on March 31 is the record date for our year-end dividends, if paid, and the close of business on September 30 is the same for our interim dividends, if paid. A holder of shares constituting one or more "units" who is registered as a holder on our register of shareholders at the close of business as of March 31 is also entitled to exercise shareholders' voting rights at the annual general meeting of shareholders with respect to the fiscal year ending on March 31. In addition, we may set a record date for determining the shareholders entitled to other rights and for other purposes by giving at least two weeks' public notice.

Under the Book-Entry Law, we are required to give notice of each record date to JASDEC at least two weeks prior to such record date. JASDEC is required to promptly give us notice of the names and addresses of our shareholders, the numbers of shares held by them and other relevant information as of such record date.

The shares are generally traded ex-dividend or ex-rights in the Japanese stock exchanges on the second business day before a record date (or if the record date is not a business day, the third business day prior thereto), for the purpose of dividends or rights offerings.

Repurchase by Nidec of Shares

Under the Company Law and our Articles of Incorporation, we may acquire our shares (i) by soliciting all our shareholders to offer to sell our shares held by them (in this case, the certain terms of such acquisition, such as the total number of the shares to be purchased and the total amount of consideration, shall be set by an ordinary resolution of a general meeting of shareholders in advance, and acquisition shall be effected pursuant to a resolution of the Board of Directors), (ii) from a specific shareholders other than any of our subsidiaries (pursuant to a special resolution of a general meeting of shareholders), (iii) from any of our subsidiaries (pursuant to a resolution of the Board of Directors), or (iv) by way of purchase on any Japanese stock exchange on which our shares are listed or by way of tender offer (in either case pursuant to a resolution of the Board of Directors). In the case of (ii) above, any other shareholder may make a request to the Board of Directors that such other shareholder be included as a seller in the proposed purchase, provided that no such right will be available if the purchase price or any other consideration to be received by the relevant specific shareholder will not exceed the last trading price of the shares calculated in a manner set forth in the ordinances of the Ministry of Justice.

These acquisitions are subject to the condition that the aggregate amount of the purchase price must not exceed the Distributable Amount as described in “— Distribution of Surplus” above. We may hold our shares acquired in compliance with the provisions of the Company Law, and may generally dispose of or cancel such shares by resolution of the Board of Directors.

In addition, we may acquire our shares by means of repurchase of any number of shares constituting less than one “unit” upon the request of the holder of those shares, as described under “— Japanese Unit Share System” above.

American Depositary Receipts

JPMorgan Chase Bank, N.A., as depositary, will issue the American Depositary Shares, or ADSs. Each ADS will represent an ownership interest in one-fourth of a share of our common stock deposited with the custodian, as agent of the depositary, under the deposit agreement among us, the depositary and you as an ADS holder. Each ADS will also represent any securities, cash or other property deposited with the depositary but not distributed to ADS holders. Your ADSs will be evidenced by what are known as American depositary receipts or ADRs. The depositary's office is located at 1 Chase Manhattan Plaza, Floor 58 New York, NY 10005.

You may hold ADSs either directly or indirectly through your broker or other financial institution. If you hold ADSs directly, by having an ADS registered in your name on the books of the depositary, you are an ADS holder. If you hold the ADSs through your broker or financial institution nominee, you must rely on the procedures of such broker or financial institution to assert the rights of an ADS holder. You should consult with your broker or financial institution to find out what those procedures are.

Because the depositary's nominee will actually be the registered owner of the shares, you will have to rely on it to exercise your rights as a shareholder on your behalf. The obligations of the depositary and its agents are set out in the deposit agreement. The deposit agreement and the ADSs are governed by New York law.

For more information on the ADSs, see the amended and restated deposit agreement, including the form of ADR, filed as an exhibit to the registration statements on Form F-6 with the SEC on February 21, 2012. See “—H. Documents on Display.”

For a description of the fees relating to the ADSs, see “Item 12.D. Description of Securities Other Than Equity Securities—American Depositary Shares.”

Reporting of Substantial Shareholdings

The Financial Instruments and Exchange Law of Japan and its related regulations require any person who has become, solely or jointly, a holder of more than 5% of the total issued shares with voting rights of a company that is listed on any Japanese stock exchange to file a report with the Director of the competent Local Finance Bureau of the Ministry of Finance within five business days. With certain exceptions, a similar report must also be filed in respect of any subsequent change of 1% or more in the holding of shares with voting rights or of any specified changes set out in any previously-filed reports. For this purpose, shares issuable to such person upon exercise of stock acquisition rights are taken into account in determining both the number of shares with voting rights held by the holder and the issuer's total issued shares with voting rights.

Daily Price Fluctuation Limits under Japanese Stock Exchange Rules

Share prices on Japanese stock exchanges are determined on a real-time basis by the equilibrium between bids and offers. These exchanges are order-driven markets without specialists or market makers to guide price formation. To prevent excessive volatility, these exchanges set daily upward and downward price fluctuation limits for each share, based on the previous day's closing price. Although transactions may continue at the upward or downward limit price if the limit price is reached on a particular trading day, no transactions may take place outside these limits. Consequently, an investor wishing to sell at a price above or below the relevant daily limit may not be able to sell shares at such price on a particular trading day, or at all.

On July 12, 2013, the closing price of our shares on the Tokyo Stock Exchange was ¥7,080 per share. The following table shows the daily price limit for a stock on the Tokyo Stock Exchange with a closing price of between ¥5,000 and ¥7,000 per share, as well as the daily price limit if our per share price were to rise to between ¥7,000 and ¥10,000, or ¥10,000 and ¥15,000, or fall to between ¥3,000 and ¥5,000. Other daily price limits would apply if our per share price moved to other ranges.

Selected Daily Price Limits

Previous Day's Closing Price or Special Quote				Maximum Daily Price Movement
Over	¥3,000	Less than	¥5,000	¥700
Over	5,000	Less than	7,000	1,000
Over	7,000	Less than	10,000	1,500
Over	10,000	Less than	15,000	3,000

For a history of the trading price of our shares on the Osaka Securities Exchange, which was integrated with the Tokyo Stock Exchange on July 16, 2013, see "Item 9.A. The Offer and Listing—Offer and Listing Details."

C. Material Contracts.

Except as described elsewhere in this annual report, we have not entered into any material contracts, other than in the ordinary course of business, within the two years immediately preceding the date of this document or any contract, other than in the ordinary course of business, which contains any provision under which we have any obligation or entitlement which is material to us as at the date of this document.

D. Exchange Controls.

Acquisition or Disposition of Shares or ADS

The Foreign Exchange and Foreign Trade Law of Japan governs certain aspects relating to the acquisition and holding of securities by “non-residents of Japan” and “foreign investors.”

In general, acquisition of shares of stock of a Japanese company listed on any Japanese stock exchange by a non-resident of Japan from a resident of Japan is not subject to any prior notification requirement, but subject to a post reporting requirement by the resident.

If a foreign investor acquires shares of a Japanese company listed on a Japanese stock exchange and as a result of this acquisition directly or indirectly holds, aggregated with existing holdings, 10% or more of the issued shares of the company, the foreign investor is, in general, required to report the acquisition to the Minister of Finance and any other competent ministers via the Bank of Japan by the 15th day of the month immediately following the month in which such acquisition took place. In exceptional cases, a prior notification is required in respect of the acquisition.

“Non-residents of Japan” are generally defined as individuals who are not resident in Japan and corporations whose principal offices are located outside Japan. Branches and other offices of Japanese corporations located outside Japan are considered as non-residents of Japan, and branches and other offices located within Japan of foreign corporations are considered as residents of Japan. “Foreign investors” are generally defined to be (i) individuals not resident in Japan, (ii) corporations which are organized under the laws of foreign countries or whose principal offices are located outside Japan, and (iii) corporations of which (a) 50% or more of the shares are held directly or indirectly by (i) or (ii) above, (b) a majority of officers consists of non-residents of Japan or (c) a majority of officers having the power of representation consists of non-residents of Japan.

Dividends and Proceeds of Sale

Under the Foreign Exchange and Foreign Trade Law, dividends paid on, and the proceeds of sales in Japan of, shares held by non-residents of Japan may in general be converted into any foreign currency and repatriated abroad. Under the terms of the deposit agreement pursuant to which our ADSs are issued, the depositary is required, to the extent that in its judgment it can convert yen on a reasonable basis into dollars and transfer the resulting dollars to the United States, to convert all cash dividends that it receives in respect of deposited shares into dollars and to distribute the amount received (after deduction of applicable withholding taxes) to the holder of ADSs. For additional information regarding our ADSs, see “— B. Memorandum and Articles of Association — American Depositary Receipts.”

E. Taxation.

United States Federal Income Taxation

This section describes the material United States federal income tax consequences of owning and disposing of our shares or ADSs to a U.S. holder (as defined below). This discussion is not a complete analysis or listing of all of the possible tax consequences of transactions relating to our shares or ADSs and does not address all tax considerations that might be relevant to particular holders in light of their personal circumstances. This discussion applies to you only if you are a U.S. holder and you hold our shares or ADSs as capital assets for tax purposes. This section does not apply to you if you are a member of a special class of holders subject to special rules, including:

- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- a dealer or trader in securities or currencies;
- a tax-exempt organization;
- an insurance company;
- a person liable for alternative minimum tax;
- a person that actually or constructively owns 10% or more of the voting stock of us;
- a person that holds our shares or ADSs as part of a straddle or a hedging or conversion transaction;
- a person who acquired our shares or ADSs through the exercise or cancellation of employee stock options or otherwise as compensation for their services;
- a U.S. expatriate; or
- a person whose functional currency is not the U.S. dollar.

This section is based on the United States Internal Revenue Code of 1986, as amended (the "Code"), its legislative history, existing and proposed Treasury regulations, published rulings and court decisions and the laws of the United States all as currently in effect, as well as on the income tax treaty between the United States of America and Japan (the "Treaty"). These laws are subject to change, possibly on a retroactive basis. We have not requested, and will not request, a ruling from the U.S. Internal Revenue Service (the "IRS") with respect to any of the U.S. federal income tax consequences described below, and as a result there can be no assurance that the IRS will not disagree with or challenge any of the conclusions we have reached and describe herein. In addition, this section is based in part upon the representations of the depositary and the assumption that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms.

As used herein, a “U.S. holder” is a beneficial owner of our shares or ADSs and is:

- a citizen or resident alien of the United States, as determined for U.S. federal income tax purposes;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States or any state thereof or the District of Columbia;
- an estate whose income is subject to United States federal income tax regardless of its source; or
- a trust if (1) a United States court can exercise primary supervision over the trust’s administration and one or more United States persons are authorized to control all substantial decisions of the trust or (2) the trust has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

If a partnership or other pass-through entity for U.S. federal income tax purposes is a beneficial owner of our shares or ADSs, the tax treatment of a partner or other owner will generally depend upon the status of the partner (or other owner) and the activities of the entity. If you are a partner (or other owner) of a pass-through entity that acquires our shares or ADSs, you should consult your tax advisor regarding the tax consequences of owning or disposing of our shares or ADSs.

You should consult your own tax advisor regarding the United States federal, state and local and the Japanese and other tax consequences of owning and disposing of our shares or ADSs in your particular circumstances.

In general, and taking into account the earlier assumptions, for United States federal income tax purposes, if you hold ADRs evidencing ADSs, you will be treated as the owner of the shares represented by those ADRs. Exchanges of shares for ADRs, and ADRs for shares, generally will not be subject to United States federal income tax.

Notwithstanding the foregoing, the U.S. Treasury has expressed concerns that intermediaries in the chain of ownership between the holder of an ADS and the issuer of the security underlying the ADS may be taking actions that are inconsistent with the beneficial ownership of the underlying shares (for example, pre-releasing ADSs to persons who do not have the beneficial ownership of the securities underlying the ADSs). Accordingly, the analysis of the creditability of Japanese taxes and the availability of the favorable rate of tax for dividends received by certain non-corporate U.S. holders, each as described below, could be affected by actions taken by intermediaries in the chain of ownership between the holder of ADSs and us if, as a result of such actions, the holders of ADSs are not properly treated as beneficial owners of the underlying shares. We are not aware of any intention to take any such actions, and accordingly, the remainder of this discussion assumes that holders of ADSs will be properly treated as beneficial owners of the underlying shares.

Taxation of Dividends

Under the United States federal income tax laws, and subject to the passive foreign investment company (“PFIC”) rules as discussed below, if you are a U.S. holder, the gross amount of any distribution paid by us out of our current or accumulated earnings and profits (as determined for United States federal income tax purposes) will be subject to U.S. federal income taxation as foreign source dividend income. The dividend will be taxable to you when you, in the case of shares, or the depository, in the case of ADSs, receive the dividend, in accordance with your regular method of accounting for U.S. federal income tax purposes, actually or constructively.

You must include any Japanese tax withheld from the dividend payment in this gross amount even though you do not in fact receive it. The amount of the dividend distribution that you must include in income as a U.S. holder will be the U.S. dollar value of the yen payments made, determined at the spot yen/U.S. dollar rate on the date the dividend distribution is includible in your income, regardless of whether the payment is in fact converted into U.S. dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date you include the dividend payment in income to the date you convert the payment into U.S. dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income (discussed below). The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

Dividends we pay with respect to the shares or ADSs generally will be qualified dividend income. If you are a non-corporate U.S. holder, dividends paid to you that constitute qualified dividend income will be taxable to you at the favorable rates applicable to long-term capital gains provided that you hold the shares or ADSs for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meet other holding period requirements. Dividends we pay will not be eligible for the dividends-received deduction generally allowed to United States corporations in respect of dividends received from other United States corporations.

Distributions in excess of our current and accumulated earnings and profits, as determined for United States federal income tax purposes, will be treated as a non-taxable return of capital to the extent of your basis in the shares or ADSs and thereafter as capital gain. However, we do not maintain calculations of our earnings and profits in accordance with U.S. federal income tax principles, and you should therefore assume that any distribution by us with respect to our shares or ADSs will constitute ordinary dividend income.

If you are eligible for benefits under the Treaty, you may be able to claim a reduced rate of Japanese withholding tax, see “—Japanese Taxation” below for a discussion of the Treaty. You should consult your own tax advisor about your eligibility for reduction of Japanese withholding tax. You may claim a deduction or a foreign tax credit, subject to other applicable limitations, only for tax withheld at the appropriate rate. You should not be allowed a foreign tax credit for withholding tax for any portion of the tax that could have been avoided by claiming benefits under the Treaty. Dividends paid with respect to our shares or ADSs will, depending on your circumstances, be “passive” or “general” income which, in either case, is treated separately from other types of income for purposes of computing the foreign tax credit allowable to you. The rules governing the foreign tax credit are complex and involve the application of rules that depend upon your particular circumstances. Accordingly, you are urged to consult your tax advisor regarding the availability of the foreign tax credit under your particular circumstances.

Taxation of Capital Gains

Subject to the PFIC rules as discussed below, if you are a U.S. holder and you sell, exchange or otherwise dispose of our shares or ADSs, you generally will recognize capital gain or loss for United States federal income tax purposes equal to the difference between the U.S. dollar value of the amount that you realize and your tax basis, determined in U.S. dollars, in your shares or ADSs. Such gain or loss will be long-term capital gain or loss if such holder held the shares or ADSs for more than one year. If you are a non-corporate U.S. holder, long-term capital gains are subject to taxation at favorable rates. The deductibility of capital losses is subject to limitations under the Code.

The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. Consequently, you may not be able to use any foreign tax credits arising from any Japanese tax imposed on the sale, exchange or other taxable disposition of shares unless such credit can be applied (subject to applicable limitations) against tax due on other income treated as derived from foreign sources or unless the Treaty provides otherwise.

PFIC Rules

Special, and generally unfavorable, U.S. federal income tax rules apply to U.S. persons owning stock of a PFIC. A foreign corporation will be considered a PFIC for any taxable year in which (i) 75% or more of its gross income is passive income, or (ii) 50% or more of the average value (or, if elected, the adjusted tax basis) of its assets are considered “passive assets” (generally, assets that generate passive income).

We believe that we currently are not a PFIC for United States federal income tax purposes. However, the determination of PFIC status is a factual determination that is made annually and thus it is possible that we may become a PFIC in the current taxable year or in future years. If we were treated as a PFIC for any taxable year during which a U.S. holder held our shares or ADSs, gain recognized by a U.S. holder on the sale or other disposition of our shares or ADSs would be allocated ratably over its holding period for such shares or ADSs. The amounts allocated to the taxable year of the sale or other disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect in such taxable year for individuals or corporations, as appropriate, and an interest charge would be imposed on the tax liability attributable to such allocated amounts. Further, any distribution in respect of our shares or ADSs in excess of 125% of the average of the annual distributions on such shares or ADSs received by a U.S. holder during the preceding three years or its holding period, whichever is shorter, would be subject to taxation as described immediately above. Certain elections (including a mark-to-market election) may be available to a U.S. holder that may mitigate the adverse tax consequences resulting from PFIC status. However, we do not intend to provide information necessary for U.S. holders to make a “qualified electing fund” election, which is sometimes available to shareholders of a PFIC. Notwithstanding any elections, dividends received from us by a U.S. holder would not be eligible for the special tax rates applicable to qualified dividend income if we were treated as a PFIC with respect to the U.S. holder either in the taxable year of the distribution or the preceding taxable year.

You are urged to consult your tax advisor concerning the U.S. federal income tax consequences of holding our shares or ADSs if we are considered a PFIC in any taxable year.

Medicare Tax on Net Investment Income

For taxable years beginning after December 31, 2012, certain non-corporate U.S. holders will be subject to an additional 3.8% tax on all or a portion of their “net investment income,” which may include dividends on, or capital gains from the sale or other disposition of, our shares or ADSs. U.S. holders should consult their tax advisors regarding the applicability of this tax to any of their income or gains in respect of our shares or ADSs.

Information Reporting and Backup Withholding

In general, information reporting will apply to dividends paid to you in respect of our shares or ADSs and the proceeds received by you from the sale, exchange or other disposition of our shares or ADSs within the United States unless you are a corporation or other exempt recipient. A backup withholding tax may apply to such payments if you fail to provide a taxpayer identification number or certification of exempt status or fail to report in full dividend and interest income.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against your U.S. federal income tax liability, provided that the required information is furnished to the IRS.

Certain U.S. holders who are individuals may be required to report information relating to their ownership of an interest in certain foreign financial assets, including stock of a non-U.S. person, generally on IRS Form 8938, subject to certain exceptions (including an exception for stock in custodial accounts maintained by a U.S. financial institution). Failure to report the required information could be subject to substantial penalties. Certain U.S. holders that are entities may be subject to similar rules in the future. U.S. holders are urged to consult their tax advisors regarding their reporting obligations with respect to our shares or ADSs.

Japanese Taxation

The following is a summary of the principal Japanese tax consequences to owners of our shares who are non-resident individuals or non-Japanese corporations without a permanent establishment in Japan to which the relevant income is attributable. The changes are subject to changes in the applicable Japanese laws or double taxation conventions occurring after that date. This summary is not exhaustive of all possible tax considerations which may apply to a particular investor. Potential investors should satisfy themselves as to:

- the overall tax consequences of the acquisition, ownership and disposition of shares or ADSs, including specifically the tax consequences under Japanese law;
- the laws of the jurisdiction of which they are resident; and
- any tax treaty between Japan and their country of residence,

by consulting their own tax advisers.

Generally, a non-resident shareholder is subject to Japanese withholding tax on dividends on the shares paid by us. A stock split is not subject to Japanese income or corporation tax, as it is characterized merely as an increase of number of shares (as opposed to an increase of value of shares) from Japanese tax perspectives. A conversion of retained earnings or legal reserve (but other than additional paid-in capital, in general) into stated capital on a non-consolidated basis is not characterized as a deemed dividend for Japanese tax purposes, and therefore such a conversion does not trigger Japanese withholding taxation.

Unless applicable tax treaties, conventions or agreements reducing the maximum rate of withholding tax apply, the rate of Japanese withholding tax applicable to dividends on the listed shares such as those paid by us to non-resident shareholders is currently 7.147% for dividends to be paid on or before December 31, 2013, will be 15.315% for dividends paid between January 1, 2014 and December 31, 2037, and 15% for dividends paid thereafter. Notwithstanding the foregoing, with respect to dividends paid to any individual shareholder who holds 3% or more of the outstanding shares, the applicable rate is 20.42% until December 31, 2037 and will be 20% thereafter. These withholding tax rates during the period beginning on January 1, 2013 and ending on December 31, 2037 include a special surtax aimed to secure funds for reconstruction from the Great East Japan Earthquake, which is calculated by multiplying the original tax rate by 2.1%.

Japan is a party to a number of income tax treaties, conventions and agreements (collectively, “tax treaties”), whereby the maximum withholding tax rate for dividend payment is set at, in most cases, 15% for portfolio investors who are non-resident shareholders. Such tax treaties setting the maximum tax rate at 15% have been entered into with, among other countries, Belgium, Canada, Denmark, Finland, Germany, Ireland, Italy, Luxembourg, New Zealand, Norway, Singapore, Spain and Sweden. Japan's income tax treaties with Australia, France, the Netherlands, Switzerland and the United Kingdom have been amended to generally reduce the maximum withholding tax rate to 10%. Pursuant to the tax treaty between the United States and Japan, portfolio investors who are qualified U.S. residents eligible for benefits of the treaty are subject to 10% withholding tax on dividends paid by a Japanese corporation if they do not have a permanent establishment in Japan and the shares for which such dividends are paid are not effectively connected with such permanent establishment. It shall be noted that, under the treaty, pension funds that are qualified U.S. residents eligible for benefits of the treaty are exempt from such withholding, provided that the dividends are not derived from the carrying on of a business, directly or indirectly, by such pension funds.

Non-resident shareholders who are entitled to a reduced treaty rate of Japanese withholding tax on payment by us of dividends on the shares are required to submit an Application Form for Income Tax Convention regarding Relief from Japanese Income Tax on Dividends in advance through us, which is the case for ADS holders, or (in cases where the relevant withholding taxpayer for the dividend payment is not us but a financial institution in Japan) through the financial institution, to the relevant tax authority before payment of dividends. A standing proxy for non-resident shareholders may provide such application service. See Item 10.B. of this annual report. Non-resident shareholders who do not submit an application in advance will be entitled to claim the refund of withholding taxes withheld in excess of the rate of an applicable tax treaty from the relevant Japanese tax authority.

While the treaty rate normally overrides the tax rate under the domestic law, if the Japanese statutory rate of withholding tax on dividends is lower than the rate applicable under the applicable income tax treaty, then the Japanese statutory tax rate applies due to the so-called “preservation doctrine.” If the Japanese statutory tax rate still applies, no treaty application is required to be filed.

Gains derived from the sale of shares outside Japan, or from the sale of shares within Japan by a non-resident shareholder as a portfolio investor, are generally not subject to Japanese income or corporation taxes.

Japanese inheritance and gift taxes may be assessed against an individual who has acquired shares as a legatee, heir or donee, even if the individual is not a Japanese resident.

F. Dividends and Paying Agents.

Not applicable.

G. Statement by Experts.

Not applicable.

H. Documents on Display.

We file periodic reports and other information with the U.S. Securities and Exchange Commission. You may read and copy any document that we file with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of its public reference room. The Securities and Exchange Commission also maintains a web site at www.sec.gov that contains reports, proxy statements and other information regarding registrants that file electronically with the Securities and Exchange Commission. Some of this information may also be found on our website at www.nidec.co.jp/english/ir/index.html. Information on our website does not form part of this annual report.

As a foreign private issuer, we are exempt from the rules under the Securities Exchange Act of 1934 prescribing the furnishing and content of proxy statements to shareholders.

I. Subsidiary Information.

Not applicable.

Item 11. Quantitative and Qualitative Disclosures About Market Risk.

We hold financial instruments in the normal course of business and are exposed to market risk, including changes in foreign exchange rates, interest rates, equity prices and commodity prices. We employ a variety of measures to manage market risk related to our financial instruments, including cash and cash equivalents, financial receivables, securities investments, long-term debt and other borrowings.

We make an effort to manage the exposures to fluctuations in foreign exchange rates, interest rates and commodity prices through the use of derivative financial instruments, including foreign exchange forward contracts, currency option contracts, interest rate swap agreements and commodities futures. Foreign exchange forward contracts and currency option contracts are designed to reduce our exposure to losses resulting from adverse fluctuations in foreign exchange rates on our foreign currency accounts receivable, other receivables and accounts payable. Interest rate swap agreements are designed to reduce our exposure to losses resulting from adverse fluctuations in interest rates on our financial instruments. Commodity futures are designed to reduce our exposure to losses resulting from adverse fluctuations in commodity prices, mainly prices of metals used to manufacture our products.

Foreign Currency Exchange Rate Risk

Transaction Risk

A significant portion of our business is conducted in currencies other than the Japanese yen, most significantly the U.S. dollar and Euro. Our sales denominated in a currency other than the Japanese yen are, to a significant extent, offset by costs denominated in the same currency. To the extent that there are any open foreign currency positions, we are exposed to the risk of foreign currency fluctuations. Any resulting gains and losses are recorded in our results of operations for the relevant period. Foreign exchange gains and losses represent the differences between the value of monetary assets and liabilities when they are originated at exchange rates when a purchase or sale occurs and their value at the prevailing exchange rate when they are settled or translated at year-end. Foreign currency-denominated monetary assets may include bank deposits, trade receivables and other receivables, and foreign currency-denominated monetary liabilities may include trade and notes payable, borrowings and debt.

Translation Risk

Our reporting currency is the Japanese yen. We have assets and liabilities outside Japan that are subject to fluctuations in foreign currency exchange rates. Our assets and liabilities that are outside Japan are primarily located in the United States, China, Thailand and Italy. We prepare financial statements of our foreign operations in their functional currencies prior to consolidation in our financial statements. Translation gains and losses arising from changes in the value of the reporting currency relative to the functional currencies of the underlying operations are recorded outside of our statement of operations in other comprehensive income until the relevant foreign operation is disposed of or liquidated.

Foreign Currency Risk Management

From time to time we utilize foreign currency forward contracts and currency option contracts derivative instruments to manage exposure to exchange rate volatility for accounts payable, accounts receivable and anticipated transactions denominated in foreign currencies. However, we do not use instruments with leverage, or exotic options, to mitigate market risk. Changes in the fair value of derivatives are charged to current earnings. However certain derivatives may qualify for hedge accounting as a cash flow hedge, if the hedging relationship is expected to be highly effective in achieving offsetting of cash flows of the hedging instruments and hedged items. Under hedge accounting, changes in the fair value of the effective portion of these derivatives designated as cash flow hedge derivatives are deferred in accumulated other comprehensive income and charged to earnings when the underlying transaction being hedged occurs. The table below sets forth the aggregate contract amounts and weighted-average contracted forward rates for annual maturities of our foreign exchange forward contracts and currency option contracts for the next five years and thereafter as well as the item's fair value.

Foreign Currency Derivatives at March 31, 2013

	Maturity date						Total	Fair Value
	For the year ending March 31							
	2014	2015	2016	2017	2018	There-after		
Foreign Exchange Forward Contracts								
Sell U.S. dollars (Buy Mexican peso)								
Contract amounts (Yen in millions).....	¥5,103	¥1,638	-	-	-	-	¥6,741	¥675
Weighted-average contracted forward Rate (MXN per U.S.\$1)	13.79	13.98	-	-	-	-	13.84	
Sell Euro (Buy Hungarian forint)								
Contract amounts (Yen in millions).....	¥770	-	-	-	-	-	¥770	¥(22)
Weighted-average contracted forward Rate (HUF per €1).....	300.65	-	-	-	-	-	300.65	
Sell U.S. dollars (Buy Euro)								
Contract amounts (Yen in millions).....	¥41	-	-	-	-	-	¥41	¥(0)
Weighted-average contracted forward Rate (EUR per U.S.\$1).....	1.29	-	-	-	-	-	1.29	
Currency Option Contracts								
Sell Yen (Buy Euro)								
Contract amounts (Yen in millions).....	¥231	-	-	-	-	-	¥231	¥10
Weighted-average contracted forward Rate (EUR per ¥1).....	111.00	-	-	-	-	-	111.00	

As our investments in foreign subsidiaries with functional currencies other than the Japanese yen are generally considered long-term, we do not hedge these net investments.

Interest Rate Risk

We have long-term receivables and debt, with fixed and variable rates. We enter into interest rate swap agreements and other contracts to reduce our market risk exposure to changes in interest rates and to stabilize the fair values and cash flows of our receivables and debt.

The table below sets forth information about our financial instruments that are sensitive to changes in interest rates. For our loan receivables and debts, the table indicates whether the interest component is fixed or variable, the amount of the cash flows and the expected weighted-average interest rate for the next five years and thereafter as well as the items' fair value. For our interest rate swap agreements, the table presents payment type, notional principal amounts and weighted-average interest rates by expected (contracted) maturity dates and the items' fair value. Notional amounts are used to calculate the contractual payments to be exchanged under the contracts.

Interest Rate Risk at March 31, 2013

	Maturity date						Total	Fair Value
	For the year ending March 31							
	2014	2015	2016	2017	2018	There-af-ter		
Long-term Loan Receivable	(Yen in millions, except percentages)							
Fixed Rate								
Principal cash flows	-	52	9	3	16	9	89	91
Weighted-average interest rate	-	1.48%	2.07%	3.25%	0.22%	3.33%	1.55%	
Long-term Debt								
Fixed Rate (long-term loans)								
Principal cash flows	66	60	48	26	20	112	332	314
Weighted-average interest rate	0.84%	0.65%	0.55%	0.46%	0.18%	0.28%	0.50%	
Fixed Rate (straight bonds)								
Principal cash flows	-	100	-	-	65,000	35,000	100,100	100,616
Weighted-average interest rate	-	0.72%	-	-	0.39%	0.80%	0.53%	
Fixed Rate (convertible bonds)								
Principal cash flows	100,000	-	-	-	-	-	100,000	100,234
Weighted-average interest rate	0.00%	-	-	-	-	-	0.00%	
Floating Rate (long-term loans)								
Principal cash flows	31,775	24,531	17,287	-	-	-	73,593	73,593
Weighted-average interest rate	0.23%	0.00%	0.18%	-	-	-	0.09%	
Interest Rate Swaps								
Fixed rate payments								
Notional amounts	13,620	10,722	7,863	-	-	-	32,205	(20)
Weighted-average interest rate	0.60%	0.58%	0.55%	-	-	-	0.58%	
Floating rate receivables								
Notional amounts	13,620	10,722	7,863	-	-	-	32,205	
Weighted-average interest rate	0.40%	0.00%	0.23%	-	-	-	0.21%	

The fixed rate straight bonds in the table include ¥65 billion aggregate principal amount of domestic corporate bonds due 2017, ¥15 billion aggregate principal amount of domestic corporate bonds due 2019, and ¥20 billion aggregate principal amount of domestic corporate bonds due 2022, all of which we issued in November 2012.

The fixed rate convertible bonds in the above table, which represent our outstanding euro yen convertible bonds with stock acquisition rights due 2015, are classified as having a maturity date in the fiscal year ending March 31, 2014 because the convertible bonds will become redeemable at the option of holders of the bonds on September 20, 2013 at 100% of their principal amount.

The floating rate long-term loans in the table include €240 million and U.S.\$500 million of loans we obtained in July and December 2012, respectively, from Japanese private commercial banks under a special program of the Japan Bank for International Cooperation.

For further information on our long-term receivables and debt, see “Item 5.B. Operating and Financial Review and Prospects—Liquidity and Capital Resources.”

Equity Price Risk

We hold available-for-sale securities and held-to-maturity securities that are included in our marketable securities. At March 31, 2012, the fair value of available-for-sale securities and held-to-maturity securities were ¥14,051 million and ¥302 million, respectively. At March 31, 2013, the fair value of available-for-sale securities and held-to-maturity securities were ¥14,060 million and ¥304 million, respectively.

If the fair value of available-for-sale securities were to change by 10%, the impact on the carrying amount of those securities as of March 31, 2013 would be ¥1,406 million.

For further information relating to marketable securities, see “Item 5.A. Operating and Financial Review and Prospects—Operating Results—Application of Critical Accounting Policies—Other-than-temporary Losses on Marketable Securities” and Note 9 to our consolidated financial statements included in this annual report.

Commodity Price Risk

We are exposed to market risk arising from changes in prices of commodities, mainly including metals used to manufacture our products. We enter into commodity future contracts to reduce such exposure. The following table provides the contract amount and fair value of our commodity futures at March 31, 2012 and 2013.

Commodity Price Risk at March 31, 2013

	For the year ended March 31			
	2012		2013	
	Contract amount	Fair value	Contract amount	Fair value
		(Yen in millions)		
Commodity futures				
To buy commodity	3,102	(22)	3,739	(181)

Item 12. Description of Securities Other Than Equity Securities.

A. Debt Securities.

Not applicable.

B. Warrants and Rights.

Not applicable.

C. Other Securities.

Not applicable.

D. American Depositary Shares.

According to the Deposit Agreement among us, holders of our ADSs and the ADS depositary, J.P. Morgan Chase Bank, N.A., or the Depositary, holders of our ADSs may have to pay to the Depositary, either directly or indirectly, fees or charges up to the amounts set forth below:

Category	Depositary Actions	Associated Fee
Depositing or substituting underlying shares	Acceptance of shares deposited, and issuance of ADSs against deposits of shares, including deposits and issuances in respect of share distributions, rights and other distributions	US\$5.00 for each 100 ADSs (or portion thereof) evidenced by the new ADRs delivered (The Depositary may sell sufficient securities and property received in respect of stock distributions, rights and other distributions prior to deposits to pay charges.)
Selling or exercising rights	Distribution or sale of shares, the fee being in an amount equal to the fee for the execution and delivery of ADSs which would have been charged as a result of the deposit of such shares	US\$5.00 for each 100 ADSs (or portion thereof)
Withdrawing underlying shares	Acceptance of ADSs surrendered for withdrawal of deposited shares	US\$5.00 for each 100 ADSs (or portion thereof) evidenced by the ADSs surrendered
Expenses of the Depositary	Expenses incurred on behalf of holders in connection with: <ul style="list-style-type: none">• Stock transfer or other taxes and other governmental charges, including stamp duty and withholding taxes• Cable, telex, facsimile transmission and delivery• Transfer or registration fees for the registration of transfer of deposited securities on any applicable register in connection with the deposit or withdrawal of deposited securities• Expenses of the Depositary in connection with the conversion of foreign currency into U.S. dollars• Any other charge payable by the Depositary or its agents	Expenses payable at the sole discretion of the Depositary by billing holders or by deducting charges from one or more cash dividends or other cash distributions

Fees and Payments made by the Depositary to the Issuer

The Depositary has agreed to reimburse certain reasonable company expenses related to our ADR program and incurred by us in connection with the ADR program, including investor relations expenses and stock exchange application and listing fees. There are limits on the amount of expenses for which the Depositary will reimburse us, but the amount of reimbursement available to us is not related to the amounts of fees the Depositary collects from investors. Under certain circumstances, including where the ADR program is terminated prior to the expiration of the current term of J.P. Morgan Chase Bank's appointment as the ADS depositary on February 21, 2022, we are required to repay to the Depositary the amounts reimbursed in prior periods. For the calendar year 2012, the Depositary reimbursed us an aggregate of U.S.\$100,000 consisting of U.S.\$58,000 for investor relations activities in the United States and U.S.\$42,000 for continued ADR listing on the New York Stock Exchange.

For more information on our ADR program, see "Item 10.B. Additional Information—Memorandum and Articles of Association."

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies.

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds.

None.

Item 15. Controls and Procedures.

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, management conducted an evaluation of the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act), as of March 31, 2013. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2013, our disclosure controls and procedures were effective. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management has evaluated the effectiveness of our internal control over financial reporting based upon criteria established in "Internal Control — Integrated Framework (1992)" issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on this evaluation, management determined that we maintained effective internal control over financial reporting as of March 31, 2013.

Management has excluded Nidec ASI S.p.A. and its subsidiaries (“Nidec ASI”) and Kinetek Group Inc. and its subsidiaries (“Kinetek”) from its assessment of the effectiveness of our internal control over financial reporting as of March 31, 2013 because we consummated the acquisition of the Nidec ASI in May 2012 and the acquisition of the Kinetek in November 2012. As of and for the fiscal year ended March 31, 2013, net sales and total assets of Nidec ASI and Kinetek, in total, accounted for 4.9% and 12.7% of our net sales and total assets, respectively, reported in our audited consolidated financial statements included elsewhere in this annual report.

Our independent registered public accounting firm, PricewaterhouseCoopers Kyoto (formerly Kyoto Audit Corporation), has audited the effectiveness of our internal control over financial reporting as of March 31, 2013, as stated in their report which appears on page F-2 of this annual report.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting during the fiscal year ended March 31, 2013 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 16A. Audit Committee Financial Expert.

Our Audit and Supervisory Board has determined that we do not have an “audit committee financial expert” as defined in Item 16A of Form 20-F serving on the Audit and Supervisory Board. Our Board of Directors and Audit and Supervisory Board believe that the combined knowledge, skills and experience of the Audit and Supervisory Board, elected by shareholders and acting in accordance with the Company Law of Japan, enables its members, as a group, to act effectively in the fulfillment of their tasks and responsibilities, including those under the U.S. Sarbanes-Oxley Act of 2002. In addition, the members of our Audit and Supervisory Board have the power and authority to engage outside experts as they deem appropriate to provide them with advice on matters related to their responsibilities.

For more information on our Audit and Supervisory Board, see “Item 6.A. Directors, Senior Management and Employees—Directors and Senior Management.”

Item 16B. Code of Ethics.

We have adopted a written code of ethics for our chief executive officer, chief financial officer, chief accounting officer and other senior officers. The code of ethics is also applicable to our directors, Audit and Supervisory Board members, other officers and all employees.

Our code of ethics is available at www.nidec.co.jp/english/ir/governance/compliance.html and also attached as Exhibit 11 to this annual report.

Item 16C. Principal Accountant Fees and Services.

Principal Independent Registered Public Accounting Firm Audit Fees and Services Fees

The following table presents the aggregate fees for professional services and other services rendered by PricewaterhouseCoopers Kyoto (formerly Kyoto Audit Corporation), a member firm of PricewaterhouseCoopers, and by other member firms of the PricewaterhouseCoopers network to us in fiscal years ended March 31, 2012 and 2013:

Type of Fees:	Yen in millions	
	For the year ended March 31,	
	2012	2013
Audit Fees ⁽¹⁾	¥756	¥894
Audit-Related Fees ⁽²⁾	6	4
Tax Fees ⁽³⁾	23	22
All Other Fees ⁽⁴⁾	3	-
Total	¥788	¥920

Notes:

- (1) Audit fees consist of fees for professional services provided in connection with the audit of our annual financial statements and review of our quarterly financial statements and audit services provided in connection with other statutory or regulatory filings.
- (2) Audit related fees are fees for assurance and related services that were reasonably related to the performance of the audit or review of our financial statements and were not otherwise included in Audit Fees. These fees include fees for audits of employee benefit plans, due diligence related to mergers and acquisitions, attestations that are not required by statute or regulation, and consulting on financial accounting and reporting standards.
- (3) Tax fees represent fees for professional services for tax compliance, tax advice and tax planning.
- (4) All other fees include fees for products and services provided other than the services reported above.

The Audit and Supervisory Board has concluded the provision of the non-audit services listed above is compatible with maintaining the independence of PricewaterhouseCoopers Kyoto.

Pursuant to Rule 2-01(c)(7) of Regulation S-X, the Audit and Supervisory Board pre-approves the engagement of our principal accountants and the engagement of the member firms of the PricewaterhouseCoopers network to render audit and non-audit services to us. As a general rule, the Audit and Supervisory Board specifically pre-approves the engagement of such services after examining the details of the proposal engagement submitted by our management. With respect to certain specified audit and non-audit services, once every year, the Audit and Supervisory Board generally pre-approves the engagement of our principal accountants and their affiliates to render such services pursuant to the Board's pre-approval policies and procedures. Under the pre-approval policies and procedures, services that are the subject of general pre-approval are specifically identified, together with the maximum aggregate fee amount that may be paid for each such service. The Audit and Supervisory Board reviews this list of specific services and related matters on an annual basis. All services to be rendered by our principal accountants or their affiliates that are not specifically identified must be specifically pre-approved by the Audit and Supervisory Board. Even for those services that are specifically identified, the rendering of such services for fees in excess of the maximum aggregate fee amount under the pre-approval policies and procedures must be specifically pre-approved by the Audit and Supervisory Board.

In each of the fiscal years ended March 31, 2012 and 2013, none of the services described above under this Item 16C were waived from the pre-approval requirement pursuant to the exemption provided under Rule 2-01(c)(7)(i)(C) of Regulation S-X.

Item 16D. Exemptions from the Listing Standards for Audit Committees.

With respect to the requirements of Rule 10A-3 under the U.S. Securities Exchange Act of 1934 relating to listed company audit committees, which apply to us through Section 303A.06 of the New York Stock Exchange's Listed Company Manual, we rely on the exemption provided by paragraph (c)(3) of that Rule available to foreign private issuers with audit and supervisory boards meeting certain requirements. For a New York Stock Exchange-listed Japanese company with an audit and supervisory board, the requirements for relying on paragraph (c)(3) of Rule 10A-3 are as follows:

- (a) The audit and supervisory board is established, and its members are selected, pursuant to Japanese law expressly requiring such a board for Japanese companies that elect to have a corporate governance system with audit and supervisory board members.
- (b) Japanese law requires the audit and supervisory board to be separate from the board of directors.
- (c) None of the members of the audit and supervisory board is elected by management, and none of the listed company's executive officers is a member of the audit and supervisory board.
- (d) Japanese law sets forth standards for the independence of the members of the audit and supervisory board from the listed company or its management.
- (e) The audit and supervisory board, in accordance with Japanese law or the listed company's governing documents, is responsible, to the extent permitted by Japanese law, for the appointment, retention and oversight of the work of any registered public accounting firm engaged (including, to the extent permitted by Japanese law, the resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the listed company, including its principal accountant which audits its consolidated financial statements included in its annual reports on Form 20-F.
- (f) To the extent permitted by Japanese law:
 - the audit and supervisory board establishes procedures for (i) the receipt, retention and treatment of complaints received by the listed company regarding accounting, internal accounting controls, or auditing matters, and (ii) the confidential, anonymous submission by the listed company's employees of concerns regarding questionable accounting or auditing matters;
 - the audit and supervisory board has the authority to engage independent counsel and other advisers, as it determines necessary to carry out its duties; and
 - the listed company provides for appropriate funding, as determined by its audit and supervisory board, for payment of (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the listed company, (ii) compensation to any advisers employed by the audit and supervisory board, and (iii) ordinary administrative expenses of the audit and supervisory board that are necessary or appropriate in carrying out its duties.

In our assessment, our Audit and Supervisory Board meets the requirements for reliance on the exemption in paragraph (c)(3) of Rule 10A-3 described above and is not materially less effective than an audit committee meeting all the requirements of paragraph (b) of Rule 10A-3 (without relying on any exemption provided by that Rule) in acting independently and satisfy the other requirements of the Rule.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

The following table sets forth information concerning the purchases of shares of our common stock made by us during the fiscal year ended March 31, 2013:

	Shares	Yen	Shares	Shares
	Total number of shares purchased ⁽¹⁾	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under the plans or programs
Year 2012				
April 1 – 30 ⁽²⁾	27	¥7,383	-	3,000,000
May 1 – 31	1,264,144	6,443	1,264,100	1,735,900
June 1 – 30 ⁽³⁾	1,351,157	6,432	1,351,000	2,384,900
July 1 – 31	1,355,036	6,164	1,355,000	1,029,900
August 1 – 31	137	6,312	-	1,029,900
September 1 – 30	260,373	5,873	260,300	769,600
October 1 – 31	2,318	5,116	-	769,600
November 1 – 30 ⁽⁴⁾	7,951	5,718	-	769,600
December 1 – 31	272	4,974	-	769,600
Year 2013				
January 1 – 31 ⁽⁵⁾	234	5,268	-	3,000,000
February 1 – 29	726,892	5,282	726,400	2,273,600
March 1 – 31	121,800	5,413	121,400	2,152,200
Total	5,090,341	¥6,144	5,078,200	

Notes:

- (1) During the fiscal year ended March 31, 2013, in addition to the shares repurchased through our publicly announced plan or program and the shares repurchased in connection with the share exchange transaction described in Note (4) below, a total of 4,598 shares were purchased through our purchases of shares constituting less than one unit (100 shares) from registered holders of such shares at the current market price of those shares. For a discussion of the shareholder right to require us to repurchase such shares, see “Item 10.B. Additional Information—Memorandum and Articles of Association—Japanese Unit Share System.”
- (2) We announced, on February 5, 2012, a share repurchase plan where we were authorized by the Board of Directors to repurchase up to the smaller of 3,000,000 shares or ¥25.0 billion between February 7, 2012 and February 6, 2013.
- (3) On June 9, 2012, we announced a modification to the share repurchase plan that was announced on February 5, 2012 to increase the authorized repurchase amount to the smaller of 5,000,000 shares or ¥40.0 billion. We terminated the modified share repurchase plan on January 24, 2013.

- (4) A total of 843 shares were repurchased on November 22, 2012, for an aggregate repurchase price of ¥4,536,175 through our purchases of shares constituting less than one unit (100 shares) from registered holders who received such shares in connection with a share exchange transaction between us and Nidec Sankyo Corporation on October 1, 2012 to make Nidec Sankyo a wholly owned subsidiary. On November 29, 2012, a total of 6,700 shares were repurchased for an aggregate repurchase price of ¥38,726,000 through our purchases of shares from registered holders who dissented to the share exchange transaction. For a detailed discussion of the share exchange transaction, see “Item 4.A. Information on the Company—History and Development of the Company.”
- (5) On January 24, 2013, we announced a share repurchase plan where we are authorized by the Board of Directors to repurchase up to the smaller of 3,000,000 shares or ¥20.0 billion between January 25, 2013 and January 24, 2014.

Between April 1, 2013 and June 30, 2013, we repurchased an aggregate of 500,000 shares under the current share repurchase plan described above.

Item 16F. Change in Registrant’s Certifying Accountant.

None.

Item 16G. Corporate Governance.

Companies listed on the New York Stock Exchange, or NYSE must comply with certain listing standards regarding corporate governance under the NYSE’s Listed Company Manual, or NYSE Corporate Governance Standards. Listed companies that are foreign private issuers, such as us, however, are permitted, with certain exceptions, to follow home country practices in lieu of the NYSE Corporate Governance Standards. Our corporate governance practices, which comply with Japanese laws, regulations and stock exchange rules, and the NYSE Corporate Governance Standards followed by U.S. listed companies have the following significant differences:

Director Independence

A company listed on the NYSE must have a majority of directors that meet the independent requirements under Section 303A of the NYSE’s Listed Company Manual. The Company Law (Law No.86, 2005) of Japan, or the Company Law, does not require Japanese companies with audit and supervisory boards, such as us, to have a director who is independent as defined in the NYSE Corporate Governance Standards, on their boards of directors.

Audit Committee

A company listed on the NYSE must have an audit committee composed entirely of independent directors. We are generally exempted, with some exceptions, from this requirement by virtue of paragraph (c)(3) of Rule 10A-3 of the U.S. Securities Exchange Act of 1934, or the Exchange Act.

Consistent with the requirements of the Company Law, the members of our Audit and Supervisory Board are elected by a resolution at a general meeting of shareholders. We currently have five members on our Audit and Supervisory Board, which exceeds the minimum of three audit and supervisory board members required by the Company Law. Our Audit and Supervisory Board has a statutory duty to monitor, review and report on the administration of our affairs and accounts for the benefit of our shareholders.

The Company Law requires that at least half of a company's audit and supervisory board members be "outside audit and supervisory board members," which is defined as an audit and supervisory board member who has not been a director, executive officer, manager or employee of the company or any of its subsidiaries at any time prior to his or her election. Three of the five current members of our Audit and Supervisory Board are outside audit and supervisory board members as of the date of this annual report.

Compensation Committee

A company listed on the NYSE must have a compensation committee comprised entirely of independent directors. A compensation committee must also have authority to retain or obtain the advice of compensation advisers, subject to prescribed independence criteria that the committee must consider prior to engaging any compensation adviser. We are generally exempted from these requirements by virtue of paragraph (b)(5)(i) of Rule 10C-1 of the Exchange Act.

Under the Company Law, we and other Japanese companies with audit and supervisory boards are not required to establish a compensation committee. The Company Law requires that the total amount of remuneration to be paid to all directors and the total amount of remuneration to be paid to all audit and supervisory board members must be approved by a resolution of the general meeting of shareholders, unless their remuneration is provided for in the articles of incorporation. The distribution of remuneration among directors is broadly delegated to the board of directors, and distribution of remuneration among audit and supervisory board members is determined by consultation among the audit and supervisory board members.

Nominating/Corporate Governance Committee

A company listed on the NYSE must also have a nominating or corporate governance committee comprised entirely of independent directors. Under the Company Law, we and other Japanese companies with audit and supervisory boards are not required to establish a nominating or corporate governance committee. Pursuant to the Company Law, our Board of Directors nominates and submits a proposal for election of directors for shareholder approval. Our shareholders elect or dismiss directors by a simple majority of votes at a general meeting of shareholders. The members of our Audit and Supervisory Board are also elected or dismissed at a general meeting of shareholders. A proposal by our Board of Directors to elect a member of the Audit and Supervisory Board needs the consent of our Audit and Supervisory Board.

Corporate Governance Guidelines

A company listed on the NYSE must adopt and disclose corporate governance guidelines. Under the Financial Instruments and Exchange Law of Japan and applicable stock exchange rules, we are not required to adopt or disclose corporate governance guidelines. However, we are required to disclose policies and the present status of our corporate governance under the Financial Instruments and Exchange Law of Japan in respect of timely disclosure.

Code of Business Conduct and Ethics

A company listed on the NYSE must adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors and executive officers. Under the Company Law, the Financial Instruments and Exchange Law of Japan and applicable stock exchange rules, we are not required to adopt or disclose such code of business conduct and ethics. However, we maintain and disclose as an exhibit to this annual report our Compliance Code of Conduct, which we believe is consistent with the code of ethics described under Section 406 of the U.S. Sarbanes-Oxley Act of 2002.

Shareholder Approval of Equity-Compensation Plans

A company listed on the NYSE must obtain shareholder approval for an equity compensation plan. Under the Company Law, a public company seeking to issue rights to acquire from the company shares of its stock at a prescribed price, or “stock acquisition rights,” must obtain the approval of its board of directors.

Under the Company Law, if a company desires to adopt an equity-compensation plan in which stock acquisition rights are granted on specially favorable terms to the plan's recipients, then the company must obtain shareholder approval by a "special resolution" of a general meeting of shareholders, where the quorum is one-third of the total number of voting rights and the approval of at least two-thirds of the voting rights represented at the meeting is required.

Executive Sessions

A company listed on the NYSE must hold regularly scheduled executive sessions where participants are limited to non-management directors. Under the Company Law, Japanese corporations are not required to hold such executive sessions.

Item 16H. Mine Safety Disclosure.

Not applicable.

PART III

Item 17. Financial Statements.

In lieu of responding to this item, we have responded to Item 18 of this annual report.

Item 18. Financial Statements.

The information required by this item is set forth in our audited consolidated financial statements included elsewhere in this annual report.

Item 19. Exhibits.

Exhibit Number	Description
1.1	Articles of Incorporation of Nidec Corporation (English translation) (last updated on June 25, 2013)
1.2	Share Trading Regulations of Nidec Corporation (English translation) (last updated on July 16, 2013)
1.3	Regulations of the Board of Directors of Nidec Corporation (English translation) (last updated on June 24, 2008) (Incorporated by reference to Nidec's annual report on Form 20-F/A for the year ended March 31, 2008 filed on December 24, 2008)
1.4	Regulations of the Audit and Supervisory Board of Nidec Corporation (English translation) (last updated on July 5, 2008)
2.1	Form of Deposit Agreement, amended and restated as of February 21, 2012 between Nidec Corporation, JPMorgan Chase Bank, N.A. as Depository and holders of American Depositary Receipts (Incorporated by reference to the Registration Statement on Form F-6 (file no. 333-179604) filed on February 21, 2012)
2.2	Form of American Depositary Receipt (Incorporated by reference to the Registration Statement on Form F-6 (file no. 333-179604) filed on February 21, 2012)
4.1	Share Exchange Agreement, dated April 24, 2012 between Nidec Corporation and Nidec Sankyo Corporation (Incorporated by reference to Nidec's annual report on Form 20-F for the year ended March 31, 2012 filed on June 28, 2012)
4.2	Share Exchange Agreement, dated April 23, 2013 between Nidec Corporation and Nidec Copal Corporation
4.3	Share Exchange Agreement, dated April 23, 2013 between Nidec Corporation and Nidec Tosok Corporation
8.1	Subsidiaries of Nidec Corporation
11.1	Compliance Code of Conduct (English translation) (Incorporated by reference to Nidec's annual report on Form 20-F for the year ended March 31, 2011 filed on June 23, 2011)
12.1	Certification of the Chief Executive Officer required by Rule 13a-14(a)
12.2	Certification of the Chief Financial Officer required by Rule 13a-14(a)
13.1	Certification of the Chief Executive Officer required by Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code
13.2	Certification of the Chief Financial Officer required by Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

We have not included as exhibits certain instruments with respect to our long-term debt, the amount of debt authorized under each of which does not exceed 10% of our total assets, and we agree to furnish a copy of any such instrument to the Securities and Exchange Commission upon request.

NIDEC CORPORATION
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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of
Nihon Densan Kabushiki Kaisha
("NIDEC Corporation")

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows present fairly, in all material respects, the financial position of NIDEC Corporation and its subsidiaries at March 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2013 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2013, based on criteria established in *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 15. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As described in Management's Report on Internal Control over Financial Reporting appearing under Item 15, management has excluded Nidec ASI S.p.A. and its subsidiaries ("Nidec ASI") and Kinetek Group Inc. and its subsidiaries ("Kinetek") from its assessment of internal control over financial reporting as of March 31, 2013 because it was acquired by the Company in a purchase business combination in May and November, 2012 respectively. We have also excluded Nidec ASI and Kinetek from our audit of internal control over financial reporting. Nidec ASI and Kinetek are wholly-owned subsidiaries whose total assets and net sales, in total, represent 12.7% and 4.9% of the related consolidated financial statement amounts as of and for the year ended March 31, 2013.

/s/ PricewaterhouseCoopers Kyoto
Kyoto, Japan
June 26, 2013

NIDEC CORPORATION
CONSOLIDATED BALANCE SHEETS
ASSETS

	Yen in millions	
	March 31	
	2012	2013
Current assets:		
Cash and cash equivalents	¥130,290	¥193,420
Trade notes and accounts receivable, net of allowance for doubtful accounts of ¥496 million on March 31, 2012 and ¥860 million on March 31, 2013:		
Notes	11,207	10,479
Accounts	171,255	148,606
Inventories	91,453	99,826
Other current assets	35,082	48,359
Total current assets	<u>439,287</u>	<u>500,690</u>
Marketable securities and other securities investments	14,818	15,900
Investments in and advances to affiliated companies	754	1,246
	<u>15,572</u>	<u>17,146</u>
Property, plant and equipment:		
Land	39,996	43,523
Buildings	133,911	159,270
Machinery and equipment	289,139	330,425
Construction in progress	22,196	21,837
	<u>485,242</u>	<u>555,055</u>
Less - Accumulated depreciation	<u>(254,411)</u>	<u>(277,078)</u>
	<u>230,831</u>	<u>277,977</u>
Goodwill	80,525	132,893
Other non-current assets, net of allowance for doubtful accounts of ¥506 million on March 31, 2012 and ¥515 million on March 31, 2013	34,186	76,146
Total assets	<u>¥800,401</u>	<u>¥1,004,852</u>

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

NIDEC CORPORATION
CONSOLIDATED BALANCE SHEETS
LIABILITIES AND SHAREHOLDERS' EQUITY

	Yen in millions	
	March 31	
	2012	2013
Current liabilities:		
Short-term borrowings	¥86,608	¥32,798
Current portion of long-term debt	674	133,628
Trade notes and accounts payable	107,345	134,165
Accrued expenses	22,983	31,854
Other current liabilities	34,750	32,432
Total current liabilities	252,360	364,877
Long-term liabilities:		
Long-term debt	101,236	146,271
Accrued pension and severance costs	12,715	19,235
Other long-term liabilities	8,479	21,002
Total long-term liabilities	122,430	186,508
Commitments and contingencies (Note 21 and 23)		
Equity:		
Common stock authorized 2012 and 2013: 480,000,000 shares; issued:		
2012- 145,075,080 shares /		
2013- 145,075,080 shares	66,551	66,551
Additional paid-in capital	66,762	70,518
Retained earnings	326,777	322,650
Accumulated other comprehensive income (loss):		
Foreign currency translation adjustments	(47,911)	12,473
Net unrealized gains and losses on securities	1,013	1,187
Net gains and losses on derivative instruments	73	242
Pension liability adjustments	(643)	(1,112)
Treasury stock, at cost:		
2012- 8,240,496 shares /		
2013- 10,393,522 shares	(42,440)	(57,007)
Total Nidec Corporation shareholders' equity	370,182	415,502
Noncontrolling interests	55,429	37,965
Total equity	425,611	453,467
Total liabilities and equity	¥800,401	¥1,004,852

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

NIDEC CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

	Yen in millions		
	For the year ended		
	March 31		
	2011	2012	2013
Net sales	¥675,988	¥682,320	¥709,270
Operating expenses:			
Cost of products sold	500,034	523,729	572,605
Selling, general and administrative expenses	55,348	55,471	84,760
Research and development expenses	27,737	30,050	34,278
	<u>583,119</u>	<u>609,250</u>	<u>691,643</u>
Operating income	<u>92,869</u>	<u>73,070</u>	<u>17,627</u>
Other income (expense):			
Interest and dividend income	1,049	1,634	1,831
Interest expense	(355)	(299)	(679)
Foreign exchange loss, net	(9,108)	(1,756)	(2,973)
Loss on marketable securities, net	(238)	(202)	(87)
Other, net	(2,251)	(1,591)	(2,292)
	<u>(10,903)</u>	<u>(2,214)</u>	<u>(4,200)</u>
Income from continuing operations before income taxes	<u>81,966</u>	<u>70,856</u>	<u>13,427</u>
Income taxes	(18,309)	(18,801)	(6,568)
Equity in net income of affiliated companies	6	0	13
Income from continuing operations	<u>63,663</u>	<u>52,055</u>	<u>6,872</u>
Loss on discontinued operations	<u>(6,171)</u>	<u>(7,768)</u>	<u>-</u>
Consolidated net income	<u>57,492</u>	<u>44,287</u>	<u>6,872</u>
Less: Net income attributable to noncontrolling interests	<u>(5,159)</u>	<u>(3,556)</u>	<u>1,126</u>
Net income attributable to Nidec Corporation	<u>¥52,333</u>	<u>¥40,731</u>	<u>¥7,998</u>
	Yen		
Per share data:			
Earning per share - basic			
Income from continuing operations attributable to Nidec Corporation	¥406.10	¥336.33	¥59.37
Loss on discontinued operations attributable to Nidec Corporation	(30.19)	(40.08)	-
Net income attributable to Nidec Corporation	<u>375.91</u>	<u>296.25</u>	<u>59.37</u>
Earning per share - diluted			
Income from continuing operations attributable to Nidec Corporation	¥391.96	¥314.41	¥55.07
Loss on discontinued operations attributable to Nidec Corporation	(29.16)	(37.52)	-
Net income attributable to Nidec Corporation	<u>362.80</u>	<u>276.89</u>	<u>55.07</u>
Cash dividends paid	<u>¥80.00</u>	<u>¥90.00</u>	<u>¥90.00</u>

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

NIDEC CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(continued)

	Yen in millions		
	For the year ended		
	March 31		
	2011	2012	2013
Net income attributable to Nidec Corporation			
Income from continuing operations attributable to Nidec Corporation	¥56,536	¥46,242	¥7,998
Loss on discontinued operations attributable to Nidec Corporation	(4,203)	(5,511)	-
Net income attributable to Nidec Corporation	¥52,333	¥40,731	¥7,998

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

NIDEC CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Yen in millions		
	For the year ended		
	March 31		
	2011	2012	2013
Consolidated net income	¥57,492	¥44,287	¥6,872
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments	(16,461)	(2,560)	61,964
Net unrealized gains and losses on securities	(907)	(7)	151
Net gains and losses on derivative instruments	219	(146)	169
Pension liability adjustments	433	93	(433)
Total	(16,716)	(2,620)	61,851
Total comprehensive income (loss)	40,776	41,667	68,723
Less: Comprehensive (income) loss attributable to noncontrolling interests	(4,344)	(3,983)	(467)
Comprehensive income (loss) attributable to Nidec Corporation	¥36,432	¥37,684	¥68,256

NIDEC CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Yen in millions								
	Common stock		Additional Paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Nidec Corporation total shareholders' equity	Non- controlling interests	Total
	Shares	Amount							
Balance at March 31, 2010	145,075,080	¥66,551	¥69,090	¥257,255	¥(28,520)	¥(24,067)	¥340,309	¥61,222	¥401,531
Comprehensive income:									
Net income				52,333			52,333	5,159	57,492
Other comprehensive income (loss)									
Foreign currency translation adjustments					(15,928)		(15,928)	(533)	(16,461)
Unrealized gains and losses on securities					(681)		(681)	(226)	(907)
Unrealized gains and losses on derivative instruments					219		219	-	219
Pension liability adjustments					489		489	(56)	433
Total comprehensive income							36,432	4,344	40,776
Purchase of treasury stock						(11,226)	(11,226)	-	(11,226)
Change in ownership of subsidiaries in connection with share exchange transaction			1,186			3,002	4,188	(3,725)	463
Dividends paid to shareholders of Nidec Corporation				(11,143)			(11,143)	-	(11,143)
Dividends paid to noncontrolling interests							-	(1,655)	(1,655)
Capital transaction with consolidated subsidiaries and other			(3,316)			6	(3,310)	(4,930)	(8,240)
Balance at March 31, 2011	145,075,080	¥66,551	¥66,960	¥298,445	¥(44,421)	¥(32,285)	¥355,250	¥55,256	¥410,506
Comprehensive income:									
Net income				40,731			40,731	3,556	44,287
Other comprehensive income (loss)									
Foreign currency translation adjustments					(2,749)		(2,749)	189	(2,560)
Unrealized gains and losses on securities					(53)		(53)	46	(7)
Unrealized gains and losses on derivative instruments					(146)		(146)	-	(146)
Pension liability adjustments					(99)		(99)	192	93
Total comprehensive income							37,684	3,983	41,667
Purchase of treasury stock						(10,155)	(10,155)	-	(10,155)
Dividends paid to shareholders of Nidec Corporation				(12,399)			(12,399)	-	(12,399)
Dividends paid to noncontrolling interests							-	(1,444)	(1,444)
Capital transaction with consolidated subsidiaries and other			(198)				(198)	(2,366)	(2,564)
Balance at March 31, 2012	145,075,080	¥66,551	¥66,762	¥326,777	¥(47,468)	¥(42,440)	¥370,182	¥55,429	¥425,611

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

NIDEC CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(continued)

	Yen in millions								
	Common stock		Additional Paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Nidec Corporation total shareholders' equity	Non- controlling interests	Total
	Shares	Amount							
Balance at March 31, 2012	145,075,080	¥66,551	¥66,762	¥326,777	¥(47,468)	¥(42,440)	¥370,182	¥55,429	¥425,611
Comprehensive income:									
Net income				7,998			7,998	(1,126)	6,872
Other comprehensive income (loss)									
Foreign currency translation adjustments					60,384		60,384	1,580	61,964
Unrealized gains and losses on securities					174		174	(23)	151
Unrealized gains and losses on derivative instruments					169		169	-	169
Pension liability adjustments					(469)		(469)	36	(433)
Total comprehensive income							68,256	467	68,723
Purchase of treasury stock						(31,277)	(31,277)	-	(31,277)
Change in ownership of subsidiaries in connection with share exchange transaction			3,270			16,710	19,980	(19,980)	-
Dividends paid to shareholders of Nidec Corporation				(12,125)			(12,125)	-	(12,125)
Dividends paid to noncontrolling interests							-	(1,421)	(1,421)
Acquisitions of new subsidiaries							-	3,391	3,391
Capital transaction with consolidated subsidiaries and other			486				486	79	565
Balance at March 31, 2013	145,075,080	¥66,551	¥70,518	¥322,650	¥12,790	¥(57,007)	¥415,502	¥37,965	¥453,467

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

NIDEC CORPORATION
CONSOLIDATED STATEMENTS OF CASHFLOWS

	Yen in millions		
	For the year ended		
	March 31		
	2011	2012	2013
Cash flows from operating activities:			
Consolidated net income	¥57,492	¥44,287	¥6,872
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	32,981	31,511	34,935
Amortization	2,729	2,819	4,756
Loss on marketable securities, net	238	200	87
Loss on sales, disposal or impairment of property, plant and equipment	545	15,705	10,300
Loss recovery and gain on property, plant and equipment damaged in flood	-	(19,662)	(4,027)
Deferred income taxes	(4,496)	12,835	(12,049)
Equity in net (income) loss of affiliated companies	(6)	0	(13)
Foreign currency adjustments	5,523	236	1,744
Accrual for pension and severance costs, net payments	(3,745)	(915)	(396)
Changes in operating assets and liabilities:			
Decrease (increase) in notes and accounts receivable	3,995	(14,819)	53,221
(Increase) decrease in inventories	(15,856)	(257)	14,090
Decrease in notes and accounts payable	(3,058)	(8,061)	(1,257)
Decrease in accrued income taxes	(124)	(2,259)	(7,263)
Other	6,866	(4,908)	9,286
Net cash provided by operating activities	<u>¥83,084</u>	<u>¥56,712</u>	<u>¥110,286</u>

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

NIDEC CORPORATION
CONSOLIDATED STATEMENTS OF CASHFLOWS
(continued)

	Yen in millions		
	For the year ended		
	March 31		
	2011	2012	2013
Cash flows from investing activities:			
Additions to property, plant and equipment	¥(55,010)	¥(41,446)	¥(61,368)
Proceeds from sales of property, plant and equipment	960	2,725	1,036
Insurance proceeds related to property, plant and equipment damaged in flood	-	20,804	880
Purchases of marketable securities	(12)	(213)	(147)
Proceeds from sale or redemption of marketable securities	72	414	692
Acquisitions of business, net of cash acquired	(51,594)	5,201	(79,884)
Other	(1,358)	(7,403)	4,937
Net cash used in investing activities	<u>(106,942)</u>	<u>(19,918)</u>	<u>(133,854)</u>
Cash flows from financing activities:			
(Decrease) increase in short-term borrowings	(63,205)	26,060	(52,199)
Proceeds from issuance of long-term debt	278	-	71,307
Repayments of long-term debt	(2,016)	(1,229)	(12,392)
Proceeds from issuance of corporate bonds	100,500	-	100,000
Purchases of treasury stock	(11,226)	(10,155)	(31,277)
Payments for additional investments in subsidiaries	(7,827)	(454)	(92)
Dividends paid to shareholders of Nidec Corporation	(11,143)	(12,399)	(12,125)
Dividends paid to noncontrolling interests	(1,655)	(1,444)	(1,421)
Other	58	(1,193)	(684)
Net cash provided by (used in) financing activities	<u>3,764</u>	<u>(814)</u>	<u>61,117</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(8,894)</u>	<u>(11)</u>	<u>25,581</u>
Net (decrease) increase in cash and cash equivalents	(28,988)	35,969	63,130
Cash and cash equivalents at beginning of year	<u>123,309</u>	<u>94,321</u>	<u>130,290</u>
Cash and cash equivalents at end of year	<u>¥94,321</u>	<u>¥130,290</u>	<u>¥193,420</u>

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

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of operations:

NIDEC Corporation (the “Company”) and its subsidiaries (collectively “NIDEC”) are primarily engaged in the design, development, manufacture and marketing of i) small precision motors, which include spindle motors for hard disk drives, motors for optical disk drives, small precision fans, motor appliances and other small motors; ii) automotive, appliance, commercial and industrial products, which are used in various electric household appliances, commercial and industrial equipment and automobiles; iii) machinery, which includes, test systems, measuring equipment, power transmission equipment, factory automation systems, press machines, card readers and industrial robots; iv) electronic and optical components, which include camera shutters, camera lens units, switches, trimmer potentiometers, processing and precision plastic mold products; and v) other products, which include other services. Manufacturing operations are located primarily in Asia (China, Thailand, Vietnam and the Philippines), Japan and North America, and sales subsidiaries are primarily located in Asia, Japan, North America and Europe.

The main customers for NIDEC are manufacturers of hard disk drives. NIDEC also sells its products to the manufacturers of various electric household appliances, automation equipment, automotive components, home video game consoles, telecommunication equipment and audio-visual equipment.

The product category has been renamed from “General motors” to “Automotive, appliance, commercial and industrial products.” For more information, see Note 25 to our audited consolidated financial statements included elsewhere in this annual report.

2. Summary of significant accounting policies:

The Company and its subsidiaries in Japan maintain their records and prepare their financial statements in accordance with accounting principles generally accepted in Japan, and its foreign subsidiaries in conformity with those of their countries of domicile. Certain adjustments and reclassifications have been incorporated in the accompanying consolidated financial statements to conform with accounting principles generally accepted in the United States of America. Significant accounting policies after reflecting adjustments for the above are as follows:

Estimates -

The preparation of NIDEC’s consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Some of the more significant estimates include the valuation of inventories, allowance for doubtful accounts, depreciation and amortization of long-lived assets, valuation allowance for deferred tax assets, valuation of investment securities, fair value of financial instruments, uncertain tax positions, pension liabilities, the recoverability of long-lived assets and goodwill, and fair value of assets acquired and liabilities assumed. Actual results could differ from those estimates.

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

Basis of consolidation and accounting for investments in affiliated companies -

The consolidated financial statements include the accounts of the Company and those of its majority-owned subsidiary companies. All significant intercompany transactions and accounts have been eliminated. Companies over which NIDEC exercises significant influence, but which it does not control, are classified as affiliated companies and accounted for using the equity method. Consolidated net income includes NIDEC's equity in current earnings (losses) of such companies, after elimination of unrealized intercompany profits.

On occasion, NIDEC may acquire additional shares of the voting rights of a consolidated subsidiary or dispose of a part of those shares or a Nidec consolidated subsidiary may issue its shares to third parties. With respect to such transactions, all transactions for changes in a parent's ownership interest in a subsidiary that do not result in the subsidiary ceasing to be a subsidiary are recognized as equity transactions.

The FASB Accounting Standards Codification™(ASC) 810, "Consolidation" requires the consolidation or disclosure of variable interest entities. NIDEC does not hold any variable interests in a variable interest entity.

Translation of foreign currencies -

Non monetary asset and liability accounts of foreign subsidiaries and affiliates are translated into Japanese yen at the year-end exchange rates and all income and expense accounts are translated at exchange rates that approximate those prevailing at the time of the transactions. The resulting translation adjustments are included as a component of accumulated other comprehensive income in shareholders' equity.

Monetary assets and liabilities denominated in foreign currencies are translated at the year-end exchange rates and the resulting transaction gains or losses are taken into income.

Cash and cash equivalents -

Cash and cash equivalents include all highly liquid investments, with original maturities of three months or less that are readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

Inventories -

Inventories are stated at the lower of cost or market. Cost is determined principally on the weighted average cost basis. Cost includes the cost of materials, labor and applied factory overhead. Projects in progress, which mainly relate to production of factory automation equipment based on contracts with customers, are stated at the lower of cost or market, cost being determined as the accumulated production cost.

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

Marketable securities -

Marketable securities consist of equity securities that are listed on recognized stock exchanges and debt securities. Equity securities designated as available-for-sale are carried at fair value with changes in unrealized gains or losses included as a component of accumulated other comprehensive income in shareholders' equity, net of applicable taxes. Realized gains and losses are determined on the average cost method and are reflected in the statement of income. Other than temporary declines in market value of individual securities classified as available-for-sale are charged to income in the period the loss occurs. Debt securities designated as held-to-maturity securities are recorded at amortized cost, adjusted for the amortization or accretion of premiums or discounts.

Derivative financial instruments -

NIDEC manages the exposures of fluctuations in foreign exchange rate, interest rate and commodity prices movements through the use of derivative financial instruments which include foreign exchange forward contracts, currency option contracts, interest rate swap agreements and commodities agreements. NIDEC does not hold derivative financial instruments for trading purposes.

Derivatives are accounted for under ASC 815, "Derivatives and Hedging." All derivatives are recorded as either assets or liabilities on the balance sheet and measured at fair value. Changes in the fair value of derivatives are charged in current earnings. However certain derivatives may qualify for hedge accounting as a cash flow hedge, if the hedging relationship is expected to be highly effective in achieving offsetting of cash flows of the hedging instruments and hedged items. Under hedge accounting, changes in the fair value of the effective portion of these derivatives designated as cash flow hedge derivatives are deferred in accumulated other comprehensive income and charged to earnings when the underlying transaction being hedged occurs.

NIDEC designates certain foreign exchange forward contracts, interest rate swap agreements and commodities agreements as cash flow hedges. NIDEC formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as cash flow hedges to specific assets and liabilities on the balance sheet or forecasted transactions. NIDEC also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting cash flows of hedged items. When it is determined that a derivative is not a highly effective hedge or that it has ceased to be a highly effective hedge, NIDEC discontinues hedge accounting prospectively. When a cash flow hedge is discontinued, the previously recognized net derivative gains or losses remain in accumulated other comprehensive income until the hedged transaction occurs, unless it is probable that the forecasted transaction will not occur at which point the derivative gains or losses are reclassified into earnings immediately.

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Property, plant and equipment -

Property, plant and equipment are stated at cost. Major renewals and improvements are capitalized; minor replacements, maintenance and repairs are charged to expense in the year incurred.

Effective April 1, 2011, NIDEC changed the depreciation method from the declining-balance method to the straight-line method as a result of taking business situation into consideration.

NIDEC believes that the straight-line method better reflects the pattern of consumption of the future benefits to be derived from those assets being depreciated. Under the provisions of ASC 250, "Accounting Changes and Error Corrections," a change in depreciation method is treated as a change in accounting estimate. The effect of the change in depreciation method has been reflected on a prospective basis beginning April 1, 2011, and prior period results were not restated. The change in depreciation methods caused an increase in Income from continuing operations before income taxes by ¥1,241 million, Income from continuing operations by ¥813 million and Earning per share by ¥5.92 respectively for the year ended March 31, 2012.

Depreciation of property, plant and equipment is computed on the straight-line method at rates based on the estimated useful lives of the assets. Estimated useful lives range from 10 to 20 years for most spindle motor factories, from 7 to 47 years for factories to produce other products, 50 years for the head office and sales offices, from 3 to 18 years for leasehold improvements, and from 2 to 15 years for machinery and equipment.

Depreciation expense amounted to ¥32,981 million, ¥31,511 million, and ¥34,935 million for the years ended March 31, 2011, 2012 and 2013, respectively.

Lease-

NIDEC capitalizes leases and related obligations when any of the four criteria are met within the guidance of ASC 840 "Leases". Under ASC840, these leases and related obligations are capitalized at the commencement of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Goodwill and other intangible assets -

Goodwill and other intangible assets are accounted for under ASC350, "Intangibles - Goodwill and Other".

Goodwill acquired in business combinations is not amortized but tested annually for impairment. NIDEC tests for impairment at the reporting unit level on January 1st of each year. In addition, NIDEC tests for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. This test is a two-step process. The first step of the goodwill impairment test, used to identify potential impairment, compares the fair value of the reporting unit with its carrying amount, including goodwill. If the fair value, which is based on discounted future cash flows, exceeds the carrying amount, goodwill is not considered impaired. If the carrying amount exceeds the fair value, the second step must be performed to measure the amount of the impairment loss, if any. The second step compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill.

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

Other intangible assets include proprietary technology and customer relationships, as well as software and other intangible assets acquired in business combinations. Intangible assets with an indefinite life are not subject to amortization and are tested for impairment once on January 1st of each year or more frequently if an event occurs or circumstances change. Intangible assets with a definite life are amortized on a straight-line basis over their estimated useful lives. The weighted average amortization period for proprietary technology, customer relationships and software are 12 years, 18 years and 6 years, respectively.

Long-lived assets -

NIDEC reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. An impairment loss would be recognized when the carrying amount of an asset group exceeds the estimated undiscounted future cash flows expected to result from the use of the asset group and its eventual disposition. The amount of the impairment loss to be recorded is calculated as the excess of the assets group's carrying value over its fair value. Long-lived assets that are to be disposed of other than by sale are considered to be held and used until the disposal. Long-lived assets that are to be disposed of by sale are reported at the lower of their carrying value or fair value less costs to sell. Reductions in carrying value are recognized in the period in which long-lived assets are classified as held for sale.

Revenue recognition -

NIDEC recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collectibility is reasonably assured. For small precision motors, automotive, appliance, commercial and industrial products and electronic and optical components, these criteria are generally met at the time a product is delivered to the customers' site which is the time the customer has taken title to the product and the risk and rewards of ownership have been substantively transferred. These conditions are met at the time of delivery to customers in domestic sales (FOB destination) and at the time of shipment for export sales (FOB shipping point). Revenue for machinery sales is recognized upon receipt of final customer acceptance. At the time the related revenue is recognized, NIDEC makes provisions for estimated product returns. Revenue from a part of sales of automotive, appliance, commercial and industrial products under long-term construction type arrangements are recognized under the percentage-of-completion method. Under the percentage-of-completion method, revenue is recognized as a percentage of estimated total revenue that incurred costs to date bear to estimated total costs after giving effect to estimates of costs to complete based upon the most recent information.

Research and development expenses-

Research and development expenses, mainly consisting of personnel and depreciation expenses at research and development branches, are charged to operations as incurred.

Advertising costs -

Advertising and sales promotion costs are expensed as incurred. Advertising costs were ¥246 million, ¥228 million, and ¥296 million for the years ended March 31, 2011, 2012 and 2013, respectively.

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Income taxes -

The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

NIDEC recognizes the financial statement effects of tax positions when it is more likely than not, based on the technical merits, that the tax positions will be sustained upon examination by the tax authorities. Benefits from tax positions that meet the more-likely-than-not recognition threshold are measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement. Interest and penalties accrued related to unrecognized tax benefits are included in other, net in the consolidated statements of income.

Earnings per share -

Basic net income per common share is calculated by dividing net income by the weighted-average number of shares outstanding during the reported period. The calculation of diluted net income per common share is similar to the calculation of basic net income per share, except that the weighted-average number of shares outstanding includes the additional dilution from potential common stock equivalents such as convertible bonds and options.

Other comprehensive income -

NIDEC's other comprehensive income is primarily comprised of unrealized gains and losses on marketable securities designated as available-for-sale, foreign currency translation adjustments, adjustments to recognize pension liabilities associated with NIDEC's defined benefit pension plans and unrealized gains (or losses) from derivative instruments qualifying cash flow hedge.

Reclassification

Certain reclassifications of previously reported amounts have been made to the consolidated statements of income and cash flows for the years ended March 31, 2011 and 2012 to conform to the current year presentation.

As of March 31, 2011, NIDEC discontinued its specialty lens unit business. The results of the specialty lens unit business were previously recorded in the Nidec Copal reporting segments. As of March 31, 2012, NIDEC discontinued its lens actuator business and its tape drive and disk drive mechanism business included within the Nidec Sankyo reportable segment, and its compact digital camera lens unit business included within the Nidec Copal reportable segment. The operating results of the discontinued businesses and exit costs with related taxes were recorded as "Loss on discontinued operations" in the consolidated statement of income in accordance with ASC 205-20, "Presentation of Financial Statements-Discontinued Operations".

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Accounting Changes

As of April 1, 2012, NIDEC adopted FASB Accounting Standards Codification™ (ASC) 220 “Comprehensive Income” updated by Accounting Standards Update (ASU) No. 2011-05 “Presentation of Comprehensive Income” and ASU 2011-12 “Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05.” ASU 2011-05 eliminates the option to report other comprehensive income and its components in the consolidated statement of changes in equity and requires an entity to report components of comprehensive income in either a continuous statement of comprehensive income or two separate but consecutive statements. ASU 2011-12 indefinitely defers the requirement in ASU 2011-05 to present reclassification adjustments out of accumulated other comprehensive income by component in both the statement in which net income is presented and the statement in which other comprehensive income is presented. During the deferral period, the existing requirements in U.S. GAAP for the presentation of reclassification adjustments must continue to be followed. These standards are provisions for disclosure. The adoption of these standards did not have any impact on NIDEC’s consolidated financial position, results of operations and liquidity.

As of April 1, 2012, NIDEC adopted FASB ASC 350 “Intangibles-Goodwill and Other.” updated by ASU 2011-08 “Testing Goodwill for Impairment.” ASU 2011-08 allows an entity the option of performing a qualitative assessment before calculating the fair value of a reporting unit. If an entity determines, on the basis of qualitative factors, that the fair value of the reporting unit is more likely than not less than the carrying amount, the two-step impairment test would be required. The adoption of this standard did not have material impact on NIDEC’s consolidated financial position, results of operations and liquidity.

Recent Accounting Pronouncements to be adopted in future periods

In July 2012, the FASB issued ASU No. 2012-02, “Intangibles-Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment.” ASU 2012-02 allows an entity the option of performing a qualitative assessment before calculating the fair value of an indefinite-lived intangible asset and performing the quantitative impairment test. If an entity determines, on the basis of qualitative factors, that it is more likely than not that the asset is impaired, the quantitative impairment test would be required. ASU 2012-02 is effective for annual and interim impairment tests of indefinite-lived intangible assets performed for fiscal years beginning after September 15, 2012. Early adoption is permitted. NIDEC is currently evaluating the potential impact from adopting ASU 2012-02 on its consolidated financial position, results of operations and liquidity.

In February 2013, the FASB issued ASU No. 2013-02, “Comprehensive income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income.” ASU 2013-02 requires an entity to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. ASU 2013-02 is effective for reporting periods beginning after December 15, 2012. This standard is provision for disclosure. The adoption of this standard will not have any impact on NIDEC’s consolidated financial position, results of operations and liquidity.

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

3. Acquisitions

On September 30, 2010, NIDEC acquired all of the assets, the liabilities and the voting rights of Emerson Electric Co.'s motors and controls business which consists of industrial, air conditioning and home appliance motor business (subsequently renamed "Nidec Motor Corporation") for cash of ¥57,442 million in order to address the need of rapidly globalizing customers by securing a strong presence in North America to complement existing operations in Asia and Europe. NIDEC also aims to complement and expand its product lineup and accelerate operational growth by effectively blending NIDEC's industry-leading brushless motor technologies with the EMC business.

On July 1, 2011, NIDEC acquired all of the voting rights of Sanyo Seimitsu Co., Ltd. which consists of small precision motor product category, particularly vibration motors for mobile phones of Sanyo Electric Co., Ltd., in order to further develop and expand our small precision motor product category by effectively using the operational resources of, and efficiently developing new products and expanding sales opportunities for small precision motor product category. Sanyo Seimitsu Co., Ltd. was subsequently renamed Nidec Seimitsu Corporation. This acquisition did not have a material impact on NIDEC's consolidated financial position, results of operations or liquidity.

On April 2, 2012, NIDEC acquired all of the voting rights in The Minster Machine Company ("Minster"), which consists of machinery product category, particularly medium-sized and large-sized high-speed, high-rigidity press machines and large-sized press machines for dies for motor parts, in order to continue to pursue NIDEC's group-wide growth strategy by seeking to increase sales by expanding our business not only in NIDEC's existing electronic parts market but also in wider markets, including the beverage can and automobile parts markets. The Minster Machine Company, was subsequently renamed Nidec Minster Corporation.

On May 31, 2012, NIDEC acquired all of the voting rights in Ansaldo Sistemi Industriali S.p.A. ("Ansaldo"), an Italian company, which consists of automotive, appliance, commercial and industrial products business for cash of ¥36,564 million, where NIDEC has increasingly focused our efforts as one of the principal growth area, in order to accelerate the global expansion of NIDEC's industrial motor business by gaining sales platforms in markets where NIDEC currently do not have significant sales and by expanding NIDEC's product offering to include a wide range of products that are currently not in our product portfolio. Ansaldo Sistemi Industriali S.p.A was subsequently renamed Nidec ASI S.p.A.

On September 28, 2012, NIDEC acquired all of the voting rights in Avtron Industrial Automation, Inc. ("Avtron"), which consists of rich system engineering resources, experience, the customer relationship and a sales channel in North America, in order to strengthen the industrial motor and automation solutions business and accelerate the Company's strategy to achieve synergies with acquired companies.

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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On October 2, 2012, NIDEC acquired 51.4% of the voting rights of SCD Co., Ltd. (“SCD”), a South Korean company, which consists of development, manufacturing and sale of motor drive units for refrigerators and motors for air conditioners, in order to gain an opportunity to enter into business with South Korean home appliance manufacturers that have a strong presence in emerging economies, and seeks to expand sales of its rich product line-up.

On November 1, 2012, NIDEC acquired all of the voting rights in Kinetek Group Inc. (“Kinetek”), which conducts its commercial motor business on a global basis and occupies a leading position in various markets for commercial motors used in such end-products as elevators/escalators, commercial food refrigerators, floor care equipment, golf and utility vehicles, material handling vehicles and aerial lifts for cash of ¥35,697 million, in order to strengthen NIDEC’s commercial motor business.

On December 28, 2012, NIDEC acquired 51.0% of the voting rights of Nidec Kaiyu Auto Electric (Jiangsu) Co., Ltd. (“Kaiyu”), a Chinese company, which consists of development, manufacturing and sale of brush motors for electric power steering (“EPS”) systems and automotive fans, in order to acquire technologies for brush motors for EPS systems, which NIDEC currently does not possess, and business opportunities in the Chinese automobile market, new entry into which has been difficult.

The total amount of the acquisition of the voting rights of Minster, Avtron, SCD and Kaiyu is cash of ¥18,386 million.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date.

	Yen in millions					
	April 2, 2012	May 31, 2012	September 28, 2012	October 2, 2012	November 1, 2012	December 28, 2012
	Minster	Ansaldo	Avtron	SCD	Kinetek	Kaiyu
Cash and cash equivalents	¥2,585	¥976	¥53	¥642	¥5,632	¥874
Accounts receivable	1,260	7,668	358	449	5,465	361
Inventories	2,995	3,432	411	305	5,706	128
Other current assets	215	8,171	59	1,004	1,475	39
Property, plant and equipment	1,915	5,964	313	2,165	4,271	87
Goodwill	4,785	18,902	2,778	1,597	12,342	870
Intangible assets	4,286	12,296	2,016	-	14,960	180
Other non-current assets	1,840	446	-	581	1,619	39
Total assets acquired	19,881	57,855	5,988	6,743	51,470	2,578
Accounts payable	(684)	(6,666)	(230)	(617)	(3,898)	(452)
Other current liabilities	(4,069)	(8,552)	(121)	(264)	(2,888)	(387)
Other non-current liabilities	(5,926)	(6,073)	(776)	(139)	(8,987)	-
Total liabilities assumed	(10,679)	(21,291)	(1,127)	(1,020)	(15,773)	(839)
Noncontrolling interests	-	-	-	(2,418)	-	(721)
Net assets acquired	¥9,202	¥36,564	¥4,861	¥ 3,305	¥35,697	¥1,018

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

Intangible assets of ¥29,227 million subject to amortization include customer relationships of ¥20,464 million, developed technologies of ¥6,493 million and other intangible assets of ¥2,270 million. NIDEC has estimated the weighted average amortization period for the customer relationships and developed technologies to be 15 year and 18 year, respectively.

Intangible assets not subject to amortization include trademarks of ¥4,511 million.

<u>Allocated Operating Segment</u>	<u>Amount of Goodwill</u>
Nidec Sankyo	1,597
Nidec Motor	34,021
Nidec Motors & Actuators	870
All Others	4,785
Total	<u>41,273</u>

It is allocated to Nidec Motor segment is attributable primarily to expected synergies of accelerate the global expansion of NIDEC's industrial motor business and strengthen NIDEC's commercial motor business.

No goodwill is considered to be tax-deductible.

The fair value of noncontrolling interests was measured based on the market price per share of SCD as of the acquisition date.

Acquisition-related cost of ¥554 million was included in selling, general and administrative expenses in the consolidated statements of income for the year ended March 31, 2013.

Net sales and losses of these companies that are included in the consolidated statement of income for the year ended March 31, 2013 are ¥49,845 million and ¥215 million respectively.

The following represents the unaudited pro forma results of operations of NIDEC for the year ended March 31, 2012 and 2013, as if the acquisition in these companies had occurred on April 1, 2011 and 2012. The unaudited pro forma results of operations are presented for comparative purposes only and are not necessarily indicative of the results of operations that may occur in the future or that would have occurred had the acquisitions been in effect on the dates indicated. And the unaudited pro forma excludes acquisition and integration costs which the acquirees paid.

	Yen in millions	
	For the year ended March 31	
	(Unaudited)	
	2012	2013
Pro forma net sales	¥772,786	¥741,211
Pro forma net income	39,851	7,948
	Yen	
Pro forma net income attributable to Nidec Corporation per share		
- basic	¥289.85	¥59.00
- diluted	270.90	54.73

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

4. Goodwill and other intangible assets:

Intangible assets subject to amortization are summarized as follows:

	Yen in millions			
	March 31			
	2012		2013	
	Gross carrying amounts	Accumulated amortization	Gross carrying amounts	Accumulated amortization
Proprietary technology	¥1,690	¥870	¥9,831	¥1,454
Customer relationships	16,114	3,150	42,684	5,801
Software	10,879	5,242	13,830	6,878
Other	4,095	1,946	5,725	1,925
Total	¥32,778	¥11,208	¥72,070	¥16,058

The weighted average amortization periods for proprietary technology, customer relationships and software are 12 years, 18 years and 6 years, respectively.

Total amortization of intangible assets for the years ended March 31, 2011, 2012 and 2013 amounted to ¥2,605 million, ¥2,664 million and ¥4,595 million, respectively.

Total indefinite lived intangible assets amounted to ¥1,755 million and ¥7,208 million as of March 31, 2012 and 2013, respectively.

The estimated aggregate amortization expense for intangible assets for the next five years is as follows:

<u>Years ending March 31,</u>	<u>Yen in millions</u>
2014	¥5,733
2015	5,408
2016	5,174
2017	4,765
2018	4,314

NIDEC has completed the annual impairment test for existing goodwill and indefinite lived intangible assets as required by ASC 350 as of January 1, 2013. For the years ended March 31, 2011, 2012 and 2013, NIDEC has determined that the fair value of each reporting unit which includes goodwill has been in excess of its carrying amount. Accordingly, for the years ended March 31, 2011, 2012 and 2013, no goodwill impairment loss has been recorded except for losses due to the discontinued operations described below.

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

As of March 31, 2012, NIDEC discontinued the lens actuator (“LAC”) business and the tape drive and disk drive mechanism (“PGN”) business included within the "Nidec Sankyo" reportable segment. The goodwill impairment loss was ¥1,359 million. As of March 31, 2012, NIDEC discontinued the compact digital camera lens unit (“CLU”) business included within the "Nidec Copal" reportable segment. The goodwill impairment loss was ¥686 million.

Goodwill impairment losses of the LAC, PGN and CLU businesses were recorded as "Loss on discontinued operations" in the consolidated statement of income in accordance with ASC 205-20 “Presentation of Financial Statements-Discontinued Operations”.

The carrying amounts of goodwill by operating reportable segment as of March 31, 2012 and 2013 are as follows.

	Yen in millions	
	March 31,	
	2012	2013
Nidec Electronics (Thailand)	¥6,109	¥6,994
Nidec (Zhejiang)	912	1,044
Nidec Sankyo	26,100	27,622
Nidec Copal	16,462	16,462
Nidec Tosok	1,107	1,038
Nidec Copal Electronics	6,561	6,561
Nidec Techno Motor	2,049	2,049
Nidec Motor	11,984	55,008
Nidec Motors & Actuators	4,737	6,193
All Others	4,504	9,922
	¥80,525	¥132,893

Reportable segment information is described in Note 25 (2).

The changes in the carrying amount of goodwill for the year ended March 31, 2011 and 2012 are as follows:

	Yen in millions				
	Balance as of April 1, 2011	Acquisition	Impairment loss	Translation adjustments and Others	Balance as of March 31, 2012
Goodwill:					
Nidec Electronics (Thailand)	¥6,181	¥-	¥-	¥(72)	¥6,109
Nidec (Zhejiang)	922	-	-	(10)	912
Nidec Sankyo	27,459	-	(1,359)	-	26,100
Nidec Copal	17,148	-	(686)	-	16,462
Nidec Tosok	1,107	-	-	-	1,107
Nidec Copal Electronics	6,561	-	-	-	6,561
Nidec Techno Motor	2,049	-	-	-	2,049
Nidec Motor	11,984	-	-	0	11,984
Nidec Motors & Actuators	4,886	-	-	(149)	4,737
All Others	3,810	694	-	-	4,504
	¥82,107	¥694	¥(2,045)	¥(231)	¥80,525

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

The changes in the carrying amount of goodwill for the year ended March 31, 2012 and 2013 are as follows:

	Yen in millions				Balance as of March 31, 2013
	Balance as of April 1, 2012	Acquisition	Impairment loss	Translation adjustments and Others	
Goodwill:					
Nidec Electronics (Thailand)	¥6,109	¥-	¥-	¥885	¥6,994
Nidec (Zhejiang)	912	-	-	132	1,044
Nidec Sankyo	26,100	1,597	-	(75)	27,622
Nidec Copal	16,462	-	-	-	16,462
Nidec Tosok	1,107	-	-	(69)	1,038
Nidec Copal Electronics	6,561	-	-	-	6,561
Nidec Techno Motor	2,049	-	-	-	2,049
Nidec Motor	11,984	34,021	-	9,003	55,008
Nidec Motors & Actuators	4,737	870	-	586	6,193
All Others	4,504	4,785	-	633	9,922
	<u>¥80,525</u>	<u>¥41,273</u>	<u>¥-</u>	<u>¥11,095</u>	<u>¥132,893</u>

5. Supplemental cash flow information:

The supplemental information associated with the consolidated statements of cash flows for the years ended March 31, 2011, 2012 and 2013 are as follows:

	Yen in millions		
	For the year ended March 31		
	2011	2012	2013
Cash paid during the fiscal year for:			
Income taxes	¥22,088	¥8,197	¥25,879
Interest	372	327	395
Non-cash investing and financing activities:			
Capital leasing receivables	-	31	-
Capital lease obligations	1,022	214	206
Change in ownership of subsidiaries in connection with share exchange transaction			
-Change in common stock	1,186	-	3,270
-Change in treasury stock	3,002	-	16,710

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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6. Allowance for doubtful accounts:

NIDEC estimates losses for uncollectible accounts based on historical experience and the evaluation of the likelihood of success in collecting specific customer receivables.

An analysis of activity within the allowance for doubtful accounts for the years ended March 31, 2011, 2012 and 2013 is as follows:

	Yen in millions		
	2011	2012	2013
Allowance for doubtful accounts at beginning of the year	¥1,830	¥1,013	¥1,002
Provision for doubtful accounts, net of reversal	26	30	166
Write-offs	(912)	(30)	(90)
Translation adjustment and other	69	(11)	297
Allowance for doubtful accounts at the end of the year	<u>¥1,013</u>	<u>¥1,002</u>	<u>¥1,375</u>

7. Inventories:

Inventories consist of the following:

	Yen in millions	
	March 31	
	2012	2013
Finished goods	¥40,069	¥42,599
Raw materials	25,363	30,839
Work in progress	22,362	23,526
Supplies and other	3,659	2,862
	<u>¥91,453</u>	<u>¥99,826</u>

8. Other current assets:

Other current assets as of March 31, 2012 and 2013 consist of the following:

	Yen in millions	
	March 31	
	2012	2013
Other receivable	¥10,802	¥13,740
Deferred tax assets (Note 16)	6,448	12,787
Costs on uncompleted construction contracts	-	5,799
Time deposit	7,810	1,552
Other	10,022	14,481
	<u>¥35,082</u>	<u>¥48,359</u>

“Other” primarily consists of taxes receivable and prepaid expenses.

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9. Marketable securities and other securities investments:

Marketable securities and other securities investments include debt and equity securities of which the aggregate fair value, gross unrealized gains and losses and cost are as follows:

Yen in millions				
March 31, 2012				
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale				
Equity securities	¥8,633	¥5,610	¥192	¥14,051
Held-to-maturity				
Japanese government debt securities	301	1	-	302
	<u>¥8,934</u>	<u>¥5,611</u>	<u>¥192</u>	<u>¥14,353</u>
Securities not practicable to fair value				
Equity securities	<u>¥466</u>			

Yen in millions				
March 31, 2013				
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale				
Equity securities	¥7,838	¥5,814	¥3	¥13,649
Debt securities	405	11	5	411
Held-to-maturity				
Japanese government debt securities	301	3	-	304
	<u>¥8,544</u>	<u>¥5,828</u>	<u>¥8</u>	<u>¥14,364</u>
Securities not practicable to fair value				
Equity securities	<u>¥1,539</u>			

During the years ended March 31, 2011, 2012 and 2013, the net unrealized gain on available-for-sale securities included as a component of accumulated other comprehensive income, net of applicable taxes, decreased by ¥681 million, decreased by ¥53 million and increased by ¥174 million, respectively.

Proceeds from sale or redemption of marketable securities were ¥72 million, ¥100 million and ¥692 million for the years ended March 31, 2011, 2012 and 2013, respectively. On those sales, gross realized gains were ¥12 million, ¥0 million and ¥347 million and gross realized losses were ¥0 million, ¥0 million and ¥0 million, respectively.

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NIDEC holds long-term investment securities that are classified as “marketable securities and other securities investments.” The securities issued by various non-public companies are recorded at cost, as their fair values are not readily determinable. NIDEC’s management employs a systematic methodology to assess the recoverability of such investments by reviewing the financial position of the underlying companies and the prevailing market conditions in which these companies operate to determine if NIDEC’s investment in each individual company is impaired and whether the impairment is other-than-temporary. If any impairment is determined to be other-than-temporary, the cost of the investment is written-down by the impaired amount and the amount is recognized currently as a realized loss.

The following table presents the gross unrealized losses on, and fair value of, NIDEC’s investment securities, aggregated by investment category and length of time that individual investment securities have been in a continuous unrealized loss position.

	Yen in millions			
	March 31, 2012			
	Less than 12 months		12 months or more	
	Fair value	Unrealized loss	Fair value	Unrealized loss
Equity securities	¥1,103	¥92	¥770	¥100

	Yen in millions			
	March 31, 2013			
	Less than 12 months		12 months or more	
	Fair value	Unrealized loss	Fair value	Unrealized loss
Equity securities	¥16	¥1	¥23	¥2
Debt securities	182	5	-	-
	¥198	¥6	¥23	¥2

NIDEC presumes a decline in value of investment securities is impaired if the fair value is below the original cost. Among the impaired investment securities, NIDEC presumes a decline in value of debt and equity securities is other-than-temporary if the fair value is significantly below the original cost for an extended period of time. The presumption of an other-than-temporary impairment may be overcome if there is evidence to support that the decline is temporary in nature due to the existence of other factors which overcome the duration or magnitude of the decline. On the other hand, even if a fair value is not significantly less than the original cost, there may be cases where impairment losses are recognized when specific factors indicate the decline in the fair value is other-than-temporary. As of March 31, 2013, NIDEC determined that the decline in value for debt and equity securities with unrealized losses shown in the above table is temporary in nature.

For the years ended March 31, 2012 and 2013, held-to-maturity securities of ¥301 million and ¥301 million were pledged as collateral for the deferred payments of certain taxes based on the Japanese Custom Act and Consumption Tax Law, respectively.

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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10. Other non-current assets:

Other non-current assets as of March 31, 2012 and 2013 consist of the following:

	Yen in millions	
	March 31	
	2012	2013
Intangible assets *	¥23,325	¥63,220
Deferred tax assets	5,482	7,116
Other	5,379	5,810
	¥34,186	¥76,146

Notes:

* “Intangible assets” information is described in Note 4 “Goodwill and other intangible assets”

11. Short-term borrowings and long-term debt:

Short-term borrowings at March 31, 2012 and 2013 consist of the following:

	Yen in millions	
	March 31	
	2012	2013
Loans, principally from banks with average interest at March 31, 2012 and 2013 of 0.22% and 0.21% per annum, respectively	¥59,608	¥32,798
Commercial papers with average interest at March 31, 2012 of 0.11% per annum	27,000	-
	¥86,608	¥32,798

At March 31, 2013, NIDEC had unused lines of credit amounting to ¥212,634 million with banks. Under these programs, NIDEC is authorized to obtain short-term financing at prevailing interest rates.

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(continued)

Long-term debt at March 31, 2012 and 2013 is comprised of the following:

	Yen in millions	
	March 31	
	2012	2013
Unsecured loans, representing obligations principally to banks and an insurance company		
Due 2012 to 2026 in 2012 with interest ranging from 0.00% to 6.40% per annum in 2012		
Due 2013 to 2026 in 2013 with interest ranging from 0.00% to 6.40% per annum in 2013	¥255	¥73,925
Zero coupon convertible bonds due 2015		
Convertible at ¥10,626 for one common share, redeemable before due date (see notes below)	100,347	100,247
Unsecured straight bonds due 2017		
Interest at 0.39% per annum in 2013	-	65,000
Unsecured straight bonds due 2019		
Interest at 0.60% per annum in 2013	-	15,000
Unsecured straight bonds due 2022		
Interest at 0.96% per annum in 2013	-	20,000
Unsecured straight bonds due 2014		
Issued by subsidiaries in 2011 which was newly consolidated in 2013		
Interest at 0.72% per annum in 2013	-	100
Long-term capital lease obligations		
Due 2012 to 2026 in 2012, with interest from 0.00% to 9.15% per annum in 2012		
Due 2013 to 2019 in 2013, with interest from 0.00% to 8.27% per annum in 2013	1,308	5,627
	101,910	279,899
Less - Bonds current portion due within one year	-	(100,247)
Less - Long-term debt current portion due within one year	(22)	(31,841)
Less - Capital lease obligation current portion due within one year	(652)	(1,540)
	<u>¥101,236</u>	<u>¥146,271</u>

Note:

Detail of Zero coupon convertible bonds, due 2015 is as follow;

	Yen in millions	
	March 31	
	2012	2013
Principal amount	¥100,000	¥100,000
Unamortized premium	347	247
Total	<u>¥100,347</u>	<u>¥100,247</u>

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The yen denominated Zero coupon convertible bonds with stock acquisition rights due 2015, which are listed at Singapore Stock Exchange, were issued on September 21, 2010, and are redeemable at 100% of face value on September 18, 2015 (maturity date). Concerning stock acquisition rights, the conversion price per share is ¥10,626 and the number of convertible shares is 9,410,878 as of March 31, 2013. The bonds are included in the calculation of diluted earnings per share as their impact is dilutive.

The bonds are puttable by the holder if certain events occur such as exercising their option to require the NIDEC to redeem its bonds on September 20, 2013, upon occurrence of a corporate event including a merger event, asset transfer event, corporate split event or a delisting event.

The bonds are also callable by NIDEC if certain events occur such as the outstanding principal balance less than 10% of the aggregate principal amount on the issuance date, a change or an amendment in the tax laws or regulations of Japan which cannot be avoided by NIDEC, the corporate events or the delisting of the shares.

The bonds were reclassified from Long-term debts to Current portion of long-term debt, because any holder of the bonds with stock acquisition rights is entitled, at its option, to require the NIDEC to redeem such bonds on September 20, 2013 at 100% of its principal amount.

NIDEC was not required to bifurcate any of the embedded features contained in the bonds for accounting purposes.

The aggregate amounts of annual maturity of long-term debt during the next five years are as follows:

	<u>Yen in millions</u>
	<u>Year ending</u>
	<u>March 31</u>
2014	¥133,628
2015	26,184
2016	18,899
2017	515
2018	65,540
2019 and thereafter	<u>¥35,133</u>

Standard agreements with certain banks in Japan include provisions that collateral (including sums on deposit with such banks) or guarantees will be furnished upon the banks' request and that any collateral furnished, pursuant to such agreements or otherwise, will be applicable to all present or future indebtedness to such banks. There was no collateral furnished pursuant to the standard agreements with banks as of March 31, 2013 and 2012.

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12. Other current liabilities:

Other current liabilities as of March 31, 2012 and 2013 consist of the following:

	Yen in millions	
	March 31	
	2012	2013
Payable for property, plant and equipment	¥11,734	¥10,354
Advances received	748	6,437
Other	22,268	15,641
	¥34,750	¥32,432

“Other” primarily consists of income taxes payable.

13. Pension and severance plans:

The Company and certain subsidiaries sponsor pension and retirement plans, which entitle employees, under most circumstances, to lump-sum indemnities or pension payments based on current rates of pay and length of service or the number of “points.” Under normal circumstances, the minimum payment prior to retirement age is an amount based on voluntary retirement. Employees receive additional benefits upon involuntary retirement, including retirement at the mandatory retirement age.

For the year ended March 31, 2011 and 2012, the Company and certain subsidiaries in Japan changed pension and severance plans as follows:

- Shifting a portion of NIDEC's defined benefit plan to defined contribution plan in accordance with the Defined Contribution Pension Act in Japan.
- Modified the terms of the defined benefit plan.

According to the changes, gains and loss from curtailments and settlements and prior service credit were recognized in consolidated financial statements.

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Information regarding NIDEC's employees' defined benefit plans is as follows:

Japanese plans:

	Yen in millions	
	March 31	
	2012	2013
Change in benefit obligation:		
Benefit obligation at beginning of year	¥15,455	¥14,255
Service cost	983	910
Interest cost	213	197
Actuarial loss	337	163
Acquisition and other	691	26
Plan amendment	(625)	-
Curtailments	(221)	-
Settlements	(1,304)	-
Benefits paid	(1,274)	(1,472)
	<u>14,255</u>	<u>14,079</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	7,699	7,096
Actual return on plan assets	330	823
Employer contribution	677	622
Settlements	(1,043)	-
Benefits paid	(567)	(714)
Fair value of plan assets at end of year	<u>7,096</u>	<u>7,827</u>
Funded status	<u>¥(7,159)</u>	<u>¥(6,252)</u>

Amounts included in the consolidated balance sheet are comprised of:

	Yen in millions	
	March 31	
	2012	2013
Accrued pension and severance costs	¥7,159	¥6,272
Other non-current assets	-	(20)
Net amounts recognized	<u>¥7,159</u>	<u>¥6,252</u>

Amounts included in accumulated other comprehensive income (loss) as pension liability adjustments are comprised of:

	Yen in millions	
	March 31	
	2012	2013
Actuarial loss	¥(2,243)	¥(1,741)
Prior service credit	1,559	1,407
Pension liability adjustments, pre-tax	<u>¥(684)</u>	<u>¥(334)</u>

The accumulated benefit obligations for all defined benefit pension plans were ¥14,002 million and ¥13,873 million for the years ended March 31, 2012 and 2013, respectively.

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The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for which the accumulated benefit obligations exceed plan assets are as follows:

	Yen in millions	
	March 31	
	2012	2013
Projected benefit obligations	¥14,255	¥13,924
Accumulated benefit obligations	14,002	13,718
Fair value of plan assets	¥7,096	¥7,653

Weighted-average assumptions used to determine benefit obligations as of March 31, 2012 and 2013 are as follows:

	March 31	
	2012	2013
Discount rate	1.6%	1.3%
Rate of compensation increase	2.3%	2.2%

Weighted-average assumptions used to determine net pension and severance costs for the years ended March 31, 2011, 2012 and 2013 are as follows:

	For the year ended		
	March 31		
	2011	2012	2013
Discount rate	1.8%	1.6%	1.6%
Expected return on plan assets	2.3%	2.3%	2.3%
Rate of compensation increase	2.3%	2.2%	2.3%

	Yen in millions		
	For the year ended		
	March 31		
	2011	2012	2013
Components of net periodic (benefit) cost:			
Service cost	¥949	¥983	¥910
Interest cost	253	213	197
Expected return on plan assets	(165)	(134)	(139)
Amortization of net actuarial loss	106	120	123
Amortization of prior service credit	(135)	(171)	(146)
(Gains) losses from curtailments and settlements	(249)	296	-
Net periodic pension cost	¥759	¥1,307	¥945

Prior service cost and actuarial gain and loss are amortized using the straight-line method over the average remaining service period of active employees. The estimated prior service credit and net actuarial loss for the defined benefit pension plans that will be amortized from accumulated other comprehensive income into benefits cost for the year ending March 31, 2014 are ¥146 million and ¥103 million, respectively.

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Foreign plans:

	Yen in millions	
	March 31	
	2012	2013
Change in benefit obligation:		
Benefit obligation at beginning of year	¥5,661	¥6,119
Service cost	441	549
Interest cost	230	625
Actuarial (gain) loss	287	992
Acquisition and other	-	10,171
Foreign currency exchange rate changes	(254)	2,297
Benefits paid	(246)	(787)
	<u>6,119</u>	<u>19,966</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	593	563
Actual return on plan assets	37	505
Employer contribution	50	588
Acquisition and other	-	4,994
Foreign currency exchange rate changes	(12)	886
Benefits paid	(105)	(522)
Fair value of plan assets at end of year	<u>563</u>	<u>7,014</u>
Funded status	<u>¥(5,556)</u>	<u>¥(12,952)</u>

Amounts included in the consolidated balance sheet are comprised of:

	Yen in millions	
	March 31	
	2012	2013
Accrued pension and severance costs	¥5,556	¥12,952
Net amounts recognized	<u>¥5,556</u>	<u>¥12,952</u>

Amounts included in accumulated other comprehensive income (loss) as pension liability adjustments are comprised of:

	Yen in millions	
	March 31	
	2012	2013
Actuarial loss	¥(195)	¥(952)
Pension liability adjustments, pre-tax	<u>¥(195)</u>	<u>¥(952)</u>

The accumulated benefit obligations for all defined benefit pension plans were ¥5,882 million and ¥19,708 million for the years ended March 31, 2012 and 2013, respectively.

NIDEC CORPORATION
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The projected benefit obligations, accumulated benefit obligations and fair value of plan assets for which the accumulated benefit obligations exceed plan assets are as follows:

	Yen in millions	
	March 31	
	2012	2013
Projected benefit obligations	¥6,119	¥19,966
Accumulated benefit obligations	5,882	19,708
Fair value of plan assets	¥563	¥7,014

Weighted-average assumptions used to determine benefit obligations as of March 31, 2012 and 2013 are as follows:

	March 31	
	2012	2013
Discount rate	4.9%	4.4%
Rate of compensation increase	3.0%	3.0%

Weighted-average assumptions used to determine net pension and severance costs for the years ended March 31, 2011, 2012 and 2013 are as follows:

	For the year ended		
	March 31		
	2011	2012	2013
Discount rate	4.8%	5.7%	4.7%
Expected return on plan assets	2.0%	4.4%	7.5%
Rate of compensation increase	2.5%	2.9%	3.0%

	Yen in millions		
	For the year ended		
	March 31		
	2011	2012	2013
Components of net periodic (benefit) cost:			
Service cost	¥321	¥441	¥549
Interest cost	206	230	625
Expected return on plan assets	(90)	(48)	(445)
Amortization of net actuarial loss (gain)	5	(2)	6
Net periodic pension cost	¥442	¥621	¥735

Actuarial gain and losses are amortized using the straight-line method over the average remaining service period of active employees. The estimated net actuarial losses for the defined benefit pension plans that will be amortized from accumulated other comprehensive income into benefits cost for the year ending March 31, 2014 is ¥26 million.

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Japanese plans and foreign plans:

NIDEC's policy and objective for plan asset management is to generate a stable return on the investment over the long term, which enable NIDEC's pension funds to meet future benefit payment requirements under risks which NIDEC considers permissible. NIDEC formulates "basic" portfolio that suits the above-mentioned policy, and ensure that plan assets are allocated under this "basic" portfolio. NIDEC evaluates its actual return and revises the "basic" portfolio, if necessary.

NIDEC's portfolio for plans consists of three major components: approximately 4% is invested in equity securities, approximately 4% is invested in debt securities, and approximately 92% is invested in other investment vehicles, primarily consisting of investments in pooled funds and life insurance company general accounts.

The equity securities are selected from stocks that are listed on the securities exchanges. The debt securities are selected from Japanese and foreign government bonds, public debt instruments, and corporate bonds. Pooled funds included in other assets invest in equity and debt securities in mixture selected from same as above two categories. As for investments in life insurance company general accounts, the contracts with the insurance companies include a guaranteed interest rate and return of capital.

The three levels of input used to measure fair value are more fully described in Note 20. The fair values of NIDEC's pension plan assets at March 31, 2012 and 2013, by asset category, are as follows:

	Fair Value at March 31, 2012	Yen in millions		
		Fair Value Measurements Using Inputs Considered as		
		Level 1	Level 2	Level 3
Equity securities:				
Japanese companies	¥307	¥307	¥-	¥-
Foreign companies	228	228	-	-
Debt securities:				
Pooled funds *1	598	-	598	-
Other assets:				
Cash and cash equivalents	837	837	-	-
Life insurance company general accounts	2,833	-	2,833	-
Pooled funds *2	2,855	-	2,855	-
Total	¥7,658	¥ 1,372	¥6,286	¥-

*1 These funds invest in approximately 81% Japanese bonds, 19% foreign bonds.

*2 These funds primarily invest in listed equity securities consisting of approximately 32% Japanese companies and 21% foreign companies, and debt security consisting of approximately 28% Japanese bonds and 12% foreign bonds.

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	Yen in millions			
	Fair Value at March 31, 2013	Fair Value Measurements Using Inputs Considered as		
		Level 1	Level 2	Level 3
Equity securities:				
Japanese companies	¥302	¥302	¥-	¥-
Foreign companies	302	302	-	-
Debt securities:				
Pooled funds *1	593	-	593	-
Other assets:				
Cash and cash equivalents	1,103	1,103	-	-
Life insurance company general accounts	3,040	-	3,040	-
Pooled funds *2	7,431	-	7,431	-
Others	2,070	-	-	2,070
Total	¥14,841	¥1,707	¥11,064	¥2,070

*1 These funds invest in approximately 86% Japanese bonds, 14% foreign bonds.

*2 These funds primarily invest in listed equity securities consisting of approximately 12% Japanese companies and 60% foreign companies, and debt security consisting of approximately 9% Japanese bonds and 16% foreign bonds.

Level 1 assets are comprised primarily of cash and cash equivalents and equity securities, which are valued using an unadjusted quoted market price in active markets with sufficient volume and frequency of transactions. Level 2 assets are comprised primarily of pooled funds that invest in equity and debt securities, and investments in life insurance company general accounts. Pooled funds are valued at their net asset values that are calculated by the sponsor of the fund and have daily liquidity. The net asset value is based on the fair value of the underlying assets owned by the fund, minus its liabilities then divided by the number of units outstanding. Investments in life insurance company general accounts are valued at conversion value.

The table below sets forth a summary of changes in the fair value of plan assets categorized as Level 3 for the years ended March 31, 2013.

Others	Yen in millions
	March 31
	2013
Balance at beginning of year	¥-
Acquisition*	1,159
Purchases	582
Sales and settlements	-
Actual return on plan assets and other	329
Balance at end of year	¥2,070

* As a result of the Acquisition of Minster, we acquired the plan assets categorized as Level 3.

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Others consist primarily of interests in common/collective trusts. The investments employ a funds of funds strategy in various hedge funds with multiple strategies. These investments are valued using the net asset values as provided by the funds.

NIDEC expects to contribute approximately ¥1,389 million to its defined benefit plans for the year ending March 31, 2014.

The future benefit payments for defined benefit plans are expected as follows:

	Yen in millions	
	Japanese plans	Foreign plans
2014	¥801	¥908
2015	740	948
2016	786	983
2017	744	1,094
2018	706	1,066
Years 2019-2023	¥4,252	¥6,820

Certain subsidiaries have a number of multiemployer plans. Total amounts of cost recognized for certain subsidiaries' contributions to the plans were ¥206 million, ¥252 million and ¥182 million for the years ended March 31, 2011, 2012 and 2013, respectively. NIDEC expects to contribute approximately ¥166 million for the year ending March 31, 2014.

Certain subsidiaries have a number of defined contribution plans. Total amounts of cost recognized for certain subsidiaries' contribution to the plans were ¥982 million, ¥1,533 million and ¥1,999 million for the years ended March 31, 2011, 2012 and 2013, respectively. NIDEC expects to contribute approximately ¥2,140 million for the year ending March 31, 2014.

14. Other long-term liabilities:

Other long-term liabilities as of March 31, 2012 and 2013 consist of the following:

	Yen in millions	
	March 31	
	2012	2013
Deferred tax liabilities	¥2,943	¥14,500
Unrecognized tax benefits, accrued interest and penalty*	2,163	2,173
Other	3,373	4,329
	<u>¥8,479</u>	<u>¥21,002</u>

Notes:

* "Unrecognized tax benefits, accrued interest and penalty" information is described in Note 16 "Income taxes"

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15. Equity:

The Japanese Company Law (the “Company Law”) provides that an amount equal to 10% of cash dividends from retained earnings by the Company and its Japanese subsidiaries must be appropriated as a legal reserve. No further appropriations are required when the sum of the legal reserves reaches 25% of stated capital. These reserves currently exceed 25% of stated capital and are available for dividends under the Company Law subject to approval at the shareholders’ meeting. Certain foreign subsidiaries are also required to appropriate their earnings to legal reserves under the laws of the respective countries.

The amount of statutory retained earnings of the Company available for dividend payments to shareholders was ¥109,970 million and ¥69,109 million for the years ended March 31, 2012 and 2013, respectively. In accordance with customary practice in Japan, the appropriations are not accrued in the financial statements for the period to which they relate, but are recorded in the subsequent accounting period. Retained earnings for the year ended March 31, 2013 includes amounts representing final cash dividends of ¥5,387 million, ¥40 per share.

Repurchased treasury stock is not entitled to a dividend under the Company Law. NIDEC resolved to repurchase its own shares at several meetings of its Board of Directors during the years ended March 31, 2012 and 2013. In accordance with the resolution, NIDEC repurchased 1,645,800 shares of treasury stock for the aggregate cost of ¥10,148 million and 5,078,200 shares of treasury stock for the aggregate cost of ¥31,209 million during years ended March 31, 2012 and 2013. NIDEC owned 8,240,496 shares, or ¥42,440 million and 10,155,522 shares, or ¥56,109 million of treasury stock repurchased for the years ended March 31, 2012 and 2013, which were restricted regarding the payment of cash dividend. On October 1, 2012, the Company made the Nidec Sankyo Corporation (“NSNK”) a wholly owned subsidiary by way of share exchange transaction. The Company allocated 3,175,315 shares of its common stock held in treasury, for the share exchange transaction. As a result of this share exchange transaction the Company's interests in NSNK increased from 77.1% to 100%.

Retained earnings relating to equity in undistributed earnings reflect ¥189 million, ¥190 million and ¥152 million of accumulated deficit of the companies accounted for by the equity method for the years ended March 31, 2011, 2012 and 2013.

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Tax effects allocated to each component of other comprehensive income (loss) and reclassification adjustments, including amounts attributable to noncontrolling interests for the years ended March 31, 2011, 2012 and 2013 are as follows:

	Yen in millions		
	Pre-tax amount	Tax benefit/ (expense)	Net-of-tax amount
For the year ended March 31, 2011:			
Foreign currency translation adjustments:			
Foreign currency translation adjustments arising during period	¥(16,667)	¥67	¥(16,600)
Reclassification adjustments for gains and losses realized in net income	139	-	139
Unrealized gains (losses) from securities:			
Unrealized holding losses arising during period	(1,739)	714	(1,025)
Reclassification adjustments for gains and losses realized in net income	190	(72)	118
Unrealized gains (losses) from derivative instruments qualifying for cash flow hedges:			
Unrealized gains arising during period	546	(208)	338
Reclassification adjustments for gains and losses realized in net income	(192)	73	(119)
Pension liability adjustment:			
Actuarial losses arising during period	(657)	267	(390)
Prior service credit arising during period	841	(345)	496
Reclassification adjustments for actuarial gains and losses realized in net income	688	(282)	406
Reclassification adjustments for prior service credit and cost realized in net income	(135)	56	(79)
Other comprehensive income (loss)	<u>¥(16,986)</u>	<u>¥270</u>	<u>¥(16,716)</u>
For the year ended March 31, 2012:			
Foreign currency translation adjustments:			
Foreign currency translation adjustments arising during period	¥(2,665)	¥-	¥(2,665)
Reclassification adjustments for gains and losses realized in net income	105	-	105
Unrealized gains (losses) from securities:			
Unrealized holding losses arising during period	(358)	129	(229)
Reclassification adjustments for gains and losses realized in net income	253	(31)	222
Unrealized gains (losses) from derivative instruments qualifying for cash flow hedges:			
Unrealized losses arising during period	(541)	216	(325)
Reclassification adjustments for gains and losses realized in net income	291	(112)	179
Pension liability adjustment:			
Actuarial losses arising during period	(831)	114	(717)
Prior service cost arising during period	(10)	4	(6)
Reclassification adjustments for actuarial gains and losses realized in net income	891	(340)	551

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Reclassification adjustments for prior service credit and cost realized in net income	463	(198)	265
Other comprehensive income (loss)	<u>¥(2,402)</u>	<u>¥(218)</u>	<u>¥ (2,620)</u>

	Yen in millions		
	Pre-tax amount	Tax benefit/ (expense)	Net-of-tax Amount
For the year ended March 31, 2013:			
Foreign currency translation adjustments:			
Foreign currency translation adjustments arising during period	¥61,830	¥-	¥61,830
Reclassification adjustments for gains and losses realized in net income	134	-	134
Unrealized gains (losses) from securities:			
Unrealized holding gains arising during period	156	(56)	100
Reclassification adjustments for gains and losses realized in net income	88	(37)	51
Unrealized gains (losses) from derivative instruments qualifying for cash flow hedges:			
Unrealized gains arising during period	93	(30)	63
Reclassification adjustments for gains and losses realized in net income	196	(90)	106
Pension liability adjustment:			
Actuarial losses arising during period	(328)	(93)	(421)
Prior service cost arising during period	-	-	-
Reclassification adjustments for actuarial gains and losses realized in net income	130	(45)	85
Reclassification adjustments for prior service credit and cost realized in net income	(152)	55	(97)
Other comprehensive income (loss)	<u>¥62,147</u>	<u>¥(296)</u>	<u>¥ 61,851</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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16. Income taxes:

The components of income from continuing operations before income tax comprise the following:

	Yen in millions		
	For the year ended		
	March 31		
	2011	2012	2013
Income (loss) from continuing operations before income taxes:			
The Company and domestic subsidiaries	¥22,311	¥46,181	¥(7,473)
Foreign subsidiaries	59,655	24,675	20,900
	¥81,966	¥70,856	¥13,427

The provision for income taxes consists of the following:

	Yen in millions		
	For the year ended March 31		
	2011	2012	2013
Current income tax expense/(benefit):			
The Company and domestic subsidiaries	¥12,162	¥(4,462)	¥9,200
Foreign subsidiaries	8,256	6,694	5,713
Total current	20,418	2,232	14,913
Deferred income tax expense (benefit):			
The Company and domestic subsidiaries	(1,990)	16,289	(5,504)
Foreign subsidiaries	(119)	280	(2,841)
Total deferred	(2,109)	16,569	(8,345)
Total provision	¥18,309	¥18,801	¥6,568

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NIDEC is subject to a number of different income taxes, which, in the aggregate, indicate a statutory rate in Japan of approximately 41.0% in 2011 and 2012 and approximately 38.0% in 2013. Reconciliation of the differences between the statutory tax rate and the effective income tax rate is as follows:

	For the year ended		
	March 31		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Statutory tax rate	41.0%	41.0%	38.0%
Increase (reduction) in taxes resulting from:			
Tax benefit in foreign subsidiaries	(22.4)	(16.1)	(43.6)
Tax (benefit) on undistributed earnings	(0.1)	5.1	8.9
Valuation allowance	(1.7)	4.1	33.7
Liabilities for unrecognized tax benefits	5.3	(10.5)	2.3
Accumulated earnings tax of foreign subsidiaries	0.3	0.0	0.0
Changes in Japanese income tax rates	-	1.4	-
Other	(0.1)	1.5	9.6
Effective income tax rate	<u><u>22.3%</u></u>	<u><u>26.5%</u></u>	<u><u>48.9%</u></u>

The effective income tax rate increased 22.4 percentage points from 26.5% for the year ended March 31, 2012 to 48.9% for the year ended March 31, 2013. The increase was mainly due to an increase in valuation allowance relating to deferred tax assets of consolidated subsidiaries with operating losses carryforwards for tax purposes that are not expected to be realized. On the other hand, the tax benefit in foreign subsidiaries had an effect of reducing the effective tax rate.

Tax benefit in foreign subsidiaries primarily relates to income sourced from foreign subsidiaries mainly in Thailand and the Philippines.

In Thailand, NIDEC received privileges under the promotional certificates issued in March and August 2010. Under these privileges, NIDEC received an exemption from corporate income tax for a period of eight years from the date of commencement of certain revenue-generating activities identified by the promotional certificate.

In the Philippines, NIDEC received certain tax incentives in April 2007, which included an income tax holiday for four years. This income tax holiday will be extended more for two years. In September 2011 NIDEC received another income tax holiday of a new project for four years.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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The aggregate amounts and per share effects of tax holidays are as follows:

	Yen in millions		
	For the year ended		
	March 31		
	2011	2012	2013
Aggregate amounts of tax holidays	¥6,839	¥4,023	¥2,968
Per share --- basic	¥49.13	¥29.26	¥22.03
Diluted	¥47.44	¥27.38	¥20.60

The significant components of deferred tax assets and liabilities are as follows:

	Yen in millions	
	March 31	
	2012	2013
Deferred tax assets:		
Inventories	¥3,089	¥3,142
Marketable securities	-	1,102
Property, plant and equipment	4,394	-
Accrued bonus	2,324	2,242
Accrued enterprise tax	317	-
Pension and severance plans	3,677	4,526
Operating loss carryforwards for tax purposes	6,672	13,646
Foreign tax credit	7,880	5,402
Accrued vacation	949	1,135
Accrued expenses	1,838	3,636
Other	1,904	2,613
Gross deferred tax assets	33,044	37,444
Less - Valuation allowance	(9,786)	(14,492)
Net deferred tax assets	23,258	22,952
Deferred tax liabilities:		
Refund of enterprise taxes	-	(285)
Basis difference of acquired assets	(3,613)	(4,495)
Property, plant and equipment	-	(1,058)
Undistributed earnings not permanently reinvested	(6,097)	(7,856)
Marketable securities	(125)	-
Intangible assets	(1,068)	(4,601)
Transfer pricing adjustments	(9,362)	-
Other	(1,172)	(1,083)
Gross deferred tax liabilities	(21,437)	(19,378)
Net deferred tax assets	¥1,821	¥3,574

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Operating loss carryforwards for tax purposes on March 31, 2013 amounted to approximately ¥43,511 million and are available as an offset against future taxable income of such subsidiaries.

With the exception of ¥7,253 million with no expiration period, total available operating loss carryforwards expire at various dates primarily up to 9 years. Operating loss carryforwards for tax purposes occur mainly in Japan and will become expired primarily up to 2022.

The valuation allowance mainly relates to deferred tax assets of consolidated subsidiaries with operating loss carryforwards for tax purposes that are not expected to be realized. The net changes in the total valuation allowance for deferred tax assets for the years ended March 31, 2011, 2012 and 2013 consist of the following:

	Yen in millions		
	March 31		
	2011	2012	2013
Valuation allowance at beginning of year	¥(7,606)	¥(6,235)	¥(9,786)
Additions	(1,535)	(3,490)	(7,660)
Deductions	2,906	1,581	2,994
Impact on newly acquired companies	-	(1,642)	(40)
Valuation allowance at end of year	¥(6,235)	¥(9,786)	¥(14,492)

Net deferred tax assets are included in the consolidated balance sheets as follows:

	Yen in millions	
	March 31	
	2012	2013
Deferred tax assets:		
Other current assets	¥6,448	¥12,787
Other non-current assets	5,482	7,116
Deferred tax liabilities:		
Other current liabilities	(7,166)	(1,829)
Other long-term liabilities	(2,943)	(14,500)
Net deferred tax assets	¥1,821	¥3,574

Management of NIDEC intends to reinvest certain undistributed earnings of foreign subsidiaries for an indefinite period of time. As a result, no deferred tax liability has been recorded on undistributed earnings of these subsidiaries, which are not expected to be remitted in the foreseeable future, aggregating ¥119,781 million as of March 31, 2013. NIDEC estimates an additional deferred tax liability of ¥12,162 million would be required at such time if the full amount of these accumulated earnings were expected to be remitted.

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A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	Yen in millions		
	March 31,		
	2011	2012	2013
Balance at April 1	¥4,887	¥9,199	¥1,766
Additions for tax positions of the current year	4,312	1,766	44
Additions for tax positions of prior years	-	-	551
Settlements	-	(9,199)	-
Balance at March 31	<u>¥9,199</u>	<u>¥1,766</u>	<u>¥2,361</u>

Total amount of unrecognized tax benefits that would reduce the effective tax rate, if recognized, is ¥2,361 million.

Although NIDEC believes its estimates and assumptions of unrecognized tax benefits are reasonable, uncertainty regarding the final determination of tax audit settlements and any related litigation could affect the effective tax rate in the future periods. A significant change to the unrecognized tax benefits might occur within the next twelve months. NIDEC does not expect that such change will have a significant impact on consolidated results of operations and financial position.

NIDEC recognizes interest and penalties related to unrecognized tax benefits as a component of other, net in the consolidated statements of income. The interest and penalties for the fiscal year ended March 31, 2011, 2012 and 2013, respectively, had no material impact on its consolidated results of operations. The total gross accrued interest and penalty were ¥396 million and ¥192 million at March 31, 2012 and 2013, respectively.

NIDEC remains subject to income tax examination for the tax returns related to the years beginning on and after January 1, 2006, with various tax jurisdictions including Japan.

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17. Reconciliation of the differences between basic and diluted earnings per share:

The tables below set forth a reconciliation of the differences between basic and diluted income attributable to Nidec Corporation per share for the years ended March 31, 2011, 2012 and 2013.

	Yen in millions	Thousand s of shares	Yen
	Net income (loss) attributable to Nidec Corporation	Weighted- average shares	Net income (loss) attributable to Nidec Corporation per share
For the year ended March 31, 2011:			
Basic net income attributable to Nidec Corporation per share:			
Income from continuing operations attributable to Nidec Corporation	¥56,536	139,216	¥406.10
Loss on discontinued operations attributable to Nidec Corporation	(4,203)	139,216	(30.19)
Net income attributable to Nidec Corporation	52,333	139,216	<u>375.91</u>
Effect of dilutive securities:			
Zero coupon convertible bonds	(29)	4,950	
Diluted net income attributable to Nidec Corporation per share:			
Income from continuing operations attributable to Nidec Corporation	56,507	144,166	391.96
Loss on discontinued operations attributable to Nidec Corporation	(4,203)	144,166	(29.16)
Net income attributable to Nidec Corporation	<u>¥52,304</u>	<u>144,166</u>	<u>¥362.80</u>

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	Yen in millions	Thousands of shares	Yen
	Net income (loss) attributable to Nidec Corporation	Weighted- average shares	Net income (loss) attributable to Nidec Corporation per share
For the year ended March 31, 2012:			
Basic net income attributable to Nidec Corporation per share:			
Income from continuing operations attributable to Nidec Corporation	¥46,242	137,490	¥336.33
Loss on discontinued operations attributable to Nidec Corporation	(5,511)	137,490	(40.08)
Net income attributable to Nidec Corporation	40,731	137,490	<u>296.25</u>
Effect of dilutive securities:			
Zero coupon convertible bonds	(55)	9,411	
Diluted net income attributable to Nidec Corporation per share:			
Income from continuing operations attributable to Nidec Corporation	46,187	146,901	314.41
Loss on discontinued operations attributable to Nidec Corporation	(5,511)	146,901	(37.52)
Net income attributable to Nidec Corporation	<u>¥40,676</u>	<u>146,901</u>	<u>¥276.89</u>
For the year ended March 31, 2013:			
Basic net income attributable to Nidec Corporation per share:			
Net income attributable to Nidec Corporation	¥7,998	134,714	<u>¥59.37</u>
Effect of dilutive securities:			
Zero coupon convertible bonds	(61)	9,411	
Diluted net income attributable to Nidec Corporation per share:			
Net income attributable to Nidec Corporation	<u>¥7,937</u>	<u>144,125</u>	<u>¥55.07</u>

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18. Derivatives:

NIDEC manages the exposures to fluctuations in foreign exchange rate, interest rate, and commodity prices movements through the use of derivative financial instruments which include foreign exchange forward contracts, currency option contracts, interest rate swap agreement and commodities agreements. NIDEC does not hold derivative financial instruments for trading purpose. NIDEC is exposed to credit risk in the event of non-performance by counterparties to the derivative contracts, but such risk is considered mitigated by the high credit rating of the counterparties.

Cash flow hedges

NIDEC uses foreign exchange forward contracts, interest rate swap agreements and commodities agreements designated as cash flow hedges to protect against a portion of foreign exchange rate risks, interest rate risks and commodity prices risks inherent in its forecasted transactions related to purchase commitments.

Derivatives not designated as hedges

NIDEC is unable or has elected not to apply hedge accounting to some of these derivatives from time to time. The changes in the fair value of these contracts are recorded in ‘Other income (expense)’.

The Contractual Amounts Outstanding of Derivative Instruments

Derivatives designated as hedging instruments are as follows:

	Yen in millions	
	March 31, 2012	March 31, 2013
Foreign exchange forward contracts	¥7,609	¥7,403
Interest rate swap agreements	-	32,205
Commodity futures	3,102	3,739

Derivatives not designated as hedging instruments are as follows:

	Yen in millions	
	March 31, 2012	March 31, 2013
Foreign exchange forward contracts	¥-	¥149
Currency option contracts	-	231

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Fair Values of Derivative Instruments

Derivatives designated as cash flow hedge are as follows:

		Asset Derivatives	
		Yen in millions	
		March 31, 2012	March 31, 2013
	Balance sheet location		
Foreign exchange forward contracts	Other current assets	¥165	¥659
Commodity futures	Other current assets	22	-
		Liability Derivatives	
		Yen in millions	
		March 31, 2012	March 31, 2013
	Balance sheet location		
Foreign exchange forward contracts	Other current liabilities	¥-	¥22
Interest rate swap agreements	Other current liabilities	-	20
Commodity futures	Other current liabilities	44	181

Derivatives not designated as hedging instruments are as follows:

		Asset Derivatives	
		Yen in millions	
		March 31, 2012	March 31, 2013
	Balance sheet location		
Foreign exchange forward contracts	Other current assets	¥-	¥16
Currency option contracts	Other current assets	-	10

The Effect of Derivative Instruments on the Consolidated Statements of Income for the year ended March 31

Derivatives designated as cash flow hedge are as follows:

Gains (losses) recognized in accumulated other comprehensive income

	Yen in millions		
	For the year ended March 31		
	2011	2012	2013
Foreign exchange forward contracts	¥152	¥(68)	¥277
Interest rate swap agreements	-	-	(6)
Commodity futures	67	(78)	(102)

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Gains (losses) reclassified from accumulated other comprehensive income into income (effective portion)

		Yen in millions		
		For the year ended March 31		
		2011	2012	2013
	Statement of income location			
Foreign exchange forward contracts	Cost of sales	¥55	¥17	¥81
Interest rate swap agreements	Interest expense	-	-	(4)
Commodity futures	Cost of sales	64	(196)	(183)

The amount of hedge ineffectiveness and net gains (losses) excluded from the assessment of hedge effectiveness was not material for the year ended March 31, 2013.

A net gain of ¥178 million in accumulated other comprehensive income at March 31, 2013 is expected to be reclassified into earnings within the next 12 months.

As of March 31, 2013, the maximum length of time over which NIDEC hedged its exposure to variability in future cash flows for forecasted transactions was approximately 33 months.

Derivatives not designated as hedging instruments are as follows:

		Yen in millions		
		For the year ended March 31		
		2011	2012	2013
	Statement of income location			
Foreign exchange forward contracts	Foreign exchange gain (loss), net	¥2	¥-	¥22
Currency option contracts	Foreign exchange gain (loss), net	-	-	40
Interest rate currency swap agreements	Other, net	(1)	2	-

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19. Fair Value:

Under Statement of ASC 820, “Fair Value Measurements and Disclosures”, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that reflect the assumptions market participants would use in valuing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect NIDEC’s assumptions about the factors market participants would use in valuing the asset or liability developed based upon the best information available in the circumstances. The hierarchy is broken down into three levels.

Level 1 inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs (other than quoted prices) that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 inputs are unobservable inputs for the asset or liability.

Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Assets and Liabilities that are measured at Fair Value on a Recurring Basis:

The following table provides information by level for assets and liabilities that are measured at fair value, as defined by ASC 820, on a recurring basis.

	Yen in millions			
	Fair Value at March 31, 2012	Fair Value Measurements Using Inputs Considered as		
		Level 1	Level 2	Level 3
Assets:				
Marketable securities	¥14,051	¥14,051	-	-
Derivatives	187	22	165	-
Total assets:	<u>¥14,238</u>	<u>¥14,073</u>	<u>¥165</u>	<u>-</u>
Liabilities:				
Derivatives	<u>¥44</u>	<u>¥44</u>	<u>-</u>	<u>-</u>

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	Yen in millions			
	Fair Value at March 31, 2013	Fair Value Measurements Using Inputs Considered as		
		Level 1	Level 2	Level 3
Assets:				
Marketable securities	¥14,060	¥13,649	411	-
Derivatives	685	-	685	-
Total assets:	<u>¥14,745</u>	<u>¥13,649</u>	<u>¥1,096</u>	<u>-</u>
Liabilities:				
Derivatives	<u>¥223</u>	<u>¥181</u>	<u>42</u>	<u>-</u>

Level 1 securities and derivatives including commodity futures are valued using an unadjusted quoted market price in active markets with sufficient volume and frequency of transactions.

Level 2 securities are valued using non-active market prices for identical assets.

Level 2 derivatives including foreign exchange contracts are valued using quotes obtained from counterparties or third parties, which are periodically validated by pricing models using observable market inputs, such as foreign currency exchange rates, and interest rates.

Fair value of financial instruments:

The estimated fair values of NIDEC's financial instruments, excluding those disclosed elsewhere, are summarized as follows:

	Yen in millions		Yen in millions	
	March 31, 2012		March 31, 2013	
	Carrying amount	Estimated fair value	Carrying amount	Estimated Fair value
Asset (Liability)				
Cash and cash equivalents	¥130,290	¥130,290	¥193,420	¥193,420
Short-term investments	7,810	7,810	1,552	1,552
Short-term loan receivable	119	119	132	132
Long-term loan receivable	85	86	89	91
Short-term borrowings	(59,608)	(59,608)	(32,798)	(32,798)
Commercial papers	(27,000)	(27,000)	-	-
Long-term debt including the current portion and excluding capital lease obligation and bonds	(255)	(227)	(73,925)	(73,907)
Bonds including the current portion	<u>¥(100,347)</u>	<u>¥(102,991)</u>	<u>¥(200,347)</u>	<u>¥(200,850)</u>

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The following are explanatory notes relating to the financial instruments.

Cash and cash equivalents, short-term investments, short-term loans receivable, short-term borrowings and commercial papers: In the normal course of business, substantially all cash and cash equivalents, short-term investments (time deposits), short-term loans receivable, short-term borrowings and commercial papers are highly liquid and are carried at amounts that approximate fair value.

Long-term loan receivable: NIDEC's long-term loan receivable instruments are classified as Level 2 instruments. The fair value of long-term loans was estimated by discounting expected future cash flows.

Long-term debt: NIDEC's long-term debt instruments are classified as Level 2 instruments. The fair value of long-term bank loans (including the current portion and excluding the capital lease obligation and bonds) was estimated based on the discounted amounts of future cash flows using NIDEC's current incremental borrowing rates for similar liabilities.

Bonds: NIDEC's bonds instruments are classified as Level 2 instruments. The fair value of bonds issued by NIDEC was estimated based on their market price that are not active other than quoted prices.

20. Related party transactions:

As of March 31, 2013, the Chief Executive Officer ("CEO") of the Company, a business entity indirectly owned by the CEO, and the CEO's immediate family member held 9.0%, 4.1% and 1.9% of the outstanding shares of the Company, respectively.

In October 2010, the Company entered into a share exchange transaction with NSRV to make NSRV a wholly owned subsidiary of the Company. The Company allocated 721,534 shares of the Company's common stock held in treasury into shareholders of NSRV except for the Company. The CEO was allocated 74,100 shares of the Company's common stock held in treasury in exchange for shares of NSRV which the CEO had owned. This related party transaction with the CEO was at arm's-length. This related party transaction did not have a material impact on NIDEC's consolidated financial position, results of operations and liquidity.

In October 2012, the Company entered into a share exchange transaction with NSNK to make NSNK a wholly owned subsidiary of the Company. The Company allocated 3,175,315 shares of the Company's common stock held in treasury into shareholders of NSNK except for the Company. The CEO was allocated 153,136 shares of the Company's common stock held in treasury in exchange for shares of NSNK which the CEO had owned. This related party transaction with the CEO was at arm's-length. This related party transaction did not have a material impact on NIDEC's consolidated financial position, results of operations and liquidity.

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21. Lease commitments:

NIDEC leases certain assets under capital lease and operating lease arrangements. An analysis of leased assets under capital leases is as follows:

<i>Class of property</i>	Yen in millions	
	March 31	
	2012	2013
Machinery and equipment	¥3,091	¥6,950
Other leased assets	112	65
Less – Accumulated amortization	(2,152)	(1,345)
	¥1,051	¥5,670

Amortization expenses under capital leases for the years ended March 31, 2011, 2012 and 2013 were ¥1,039 million, ¥835 million and ¥524 million, respectively.

The future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of March 31, 2013 are as follows:

<u>Year ending March 31:</u>	Yen in millions
2014	¥1,775
2015	1,664
2016	1,666
2017	539
2018	539
2019 and thereafter	21
Total minimum lease payments	6,204
Less – Amount representing interest	(577)
Present value of net minimum lease payments	5,627
Less – Current obligations	(1,540)
Long-term capital lease obligations	¥4,087

Nidec Corporation entered into a sale-leaseback transaction for certain machinery and equipment with third-party financial institutions in the amount of approximately ¥4,107 million of cash proceeds. As the present value of the minimum lease payments was more than 90% of the fair market value of the asset on the leaseback transaction, Nidec Corporation is accounting for the transaction as a capital lease.

Rental expenses under operating leases for the years ended March 31, 2011, 2012 and 2013 were ¥1,472 million, ¥1,526 million and ¥2,719 million, respectively.

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The minimum rental payments required under operating leases relating primarily to land, buildings and equipment having initial or remaining non-cancelable lease terms in excess of one year as of March 31, 2013 are as follows:

	Yen in millions
Year ending March 31:	
2014	¥2,237
2015	1,581
2016	1,336
2017	1,074
2018	927
2019 and thereafter	2,543
Total minimum future rentals	¥9,698

NIDEC is a lessor in direct financing leases and operating leases for which a portion of the land, office and manufacturing facilities is subleased over various terms. The direct financing leases did not have a material impact on our consolidated financial position or results of operations.

Rental revenues under operating leases for the years ended March 31, 2011, 2012 and 2013 were ¥376 million, ¥373 million and ¥412 million, respectively.

The future minimum lease payments to be received under operating leases that have remaining non-cancelable terms as of March 31, 2013 are as follows:

	Yen in millions
Year ending March 31:	
2014	¥161
2015	22
2016	22
2017	22
2018	22
2019 and thereafter	22
Total minimum future rentals	¥271

22. Flooding in Thailand:

The flooding in Thailand that occurred in October 2011 caused water damage to buildings, machinery, and other property, plant and equipment as well as inventories at some of NIDEC's subsidiaries. For the year ended March 31, 2012, NIDEC has recognized a loss of ¥17,269 million, which comprises ¥13,730 million for property, plant and equipment and ¥3,539 million for inventory associated with water damage. For the year ended March 31, 2013, NIDEC has not recognized a loss.

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NIDEC has insurance policies which cover certain damage directly caused by the flooding in Thailand. The insurance policies cover the damage associated with fixed assets and inventories. NIDEC has recognized insurance recoveries up to fair value or replacement cost that was approved by insurance company at some of NIDEC's subsidiaries. As a result, NIDEC has recorded a net gain of ¥5,932 million and ¥4,027 million in operating gain for the year ended March 31, 2012 and 2013, respectively.

23. Other commitments and contingencies, concentrations and factors that may affect future operations:

Commitments -

Commitments outstanding at March 31, 2013 for the purchase of property, plant and equipment and other assets approximated ¥9,000 million.

Contingencies -

NIDEC has guaranteed approximately ¥73 million of bank loans for employees in connection with their housing costs at March 31, 2013. If an employee defaults on his/her loan payments, NIDEC would be liable under the guarantee. The maximum undiscounted amount of NIDEC's obligation to make future payments in the event of defaults is approximately ¥73 million. The current carrying amount of the liabilities for NIDEC's obligations under the guarantee is zero.

NIDEC is contingently liable under bid bonds, advance payment bonds, performance bonds, warranty bonds and payment bonds, totaling ¥5,822 million as of March 31, 2013, primarily for guarantees of our performance on projects currently in execution or under warranty. Those consist mainly of Nidec ASI's contingent liabilities through acquisition of Nidec ASI. No material claims have been made against guarantees, and based on our current experience and current expectations, we do not anticipate any material claims.

Concentration of risk -

NIDEC is dependent on a number of large customers for a substantial portion of NIDEC's net sales. Sales to NIDEC's two largest customers represented approximately 25%, 22% and 20% of consolidated net sales for the years ended March 31, 2011, 2012 and 2013, respectively. Sales to NIDEC's largest customer were approximately 13%, 12% and 11% of consolidated net sales for the years ended March 31, 2011, 2012 and 2013, respectively. Accounts receivable are financial instruments that expose NIDEC to a concentration of credit risk. At March 31, 2012, the two largest customers with outstanding accounts receivable balances totaled ¥39,159 million, or 23% of the gross accounts receivable, compared to ¥19,534 million, or 13 % of the gross accounts receivable, at March 31, 2013. If any one or group of these customer's receivable balances should be deemed uncollectable, it would have a materially adverse effect on NIDEC's results of operations and financial condition.

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

Product warranty –

NIDEC guarantees the performance of products delivered and services rendered for a certain period or term. Estimates for warranty cost are made based on historical warranty claim experience. The changes in product warranty liability for the years ended March 31, 2012 and 2013 are summarized as follows:

	Yen in millions	
	March 31	
	2012	2013
Balance at beginning of year	¥959	¥971
Addition	643	1,626
Utilization	(620)	(664)
Foreign exchange impact	(11)	268
Balance at end of year	¥971	¥2,201

24. Discontinued Operations

As of March 31, 2011, NIDEC discontinued the specialty lens unit (“SLU”) business included within the "Nidec Copal" reportable segment, in order to improve profitability by prioritizing NIDEC’s investment of management resources to the development and production of new products, areas with more potential for growth than the SLU business. The SLU business had been established during the year ended March 31, 2010. Total exit costs were ¥3,522 million (net of tax ¥2,410 million), which includes loss on disposal of inventories and fixed assets.

As of March 31, 2012, NIDEC discontinued the lens actuator (“LAC”) business, the tape drive and disk drive mechanism (“PGN”) business included within the "NSNK" reportable segment, and the compact digital camera lens unit (“CLU”) business included within the "NCPL" reportable segment, in order to improve profitability by prioritizing NIDEC’s investment of management resources to the development and production of new products and areas with more potential for growth than the LAC, PGN and CLU businesses. Total exit costs of the LAC, PGN and CLU businesses were ¥5,800 million (net of tax ¥4,412 million), which includes an impairment loss of ¥2,045 million of goodwill, loss on disposal of inventories and fixed assets, and other closing costs.

The operating results of the SME, SLU, LAC, PGN and CLU businesses and exit costs with related taxes were recorded as "net loss on discontinued operations" in the consolidated statement of income in accordance with ASC 205-20 "Presentation of Financial Statements-Discontinued Operations". All prior period information has been reclassified to be consistent with the current period presentation.

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

Operating results of discontinued operations for the year ended March 31, 2011 and 2012 were as follows:

	Yen in millions				
	For the year ended				
	March 31, 2011				
	SLU business	LAC business	PGN business	CLU business	Total
Net sales	¥5,120	¥2,391	¥3,168	¥6,983	¥17,662
Loss on discontinued operations before income taxes	¥(4,571)	¥(1,409)	¥(663)	¥(369)	¥(7,012)
Income taxes	1,065	(289)	8	57	841
Loss on discontinued operations	¥(3,506)	¥(1,698)	¥(655)	¥(312)	¥(6,171)

	Yen in millions			
	For the year ended			
	March 31, 2012			
	LAC business	PGN business	CLU business	Total
Net sales	¥1,576	¥1,365	¥2,674	¥5,615
Loss on discontinued operations before income taxes	¥(2,203)	¥(1,817)	¥(3,776)	¥(7,796)
Income taxes	(269)	129	168	28
Loss on discontinued operations	¥(2,472)	¥(1,688)	¥(3,608)	¥(7,768)

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

25. Segment information:

(1) Enterprise-wide information:

Product information –

The following table provides product information for the years ended March 31, 2011, 2012 and 2013:

	Yen in millions		
	For the year ended		
	March 31		
	2011	2012	2013
Net sales:			
Small precision motors:			
Hard disk drives spindle motors	¥196,265	¥176,932	¥165,427
Other small precision motors*1 *3	152,121	154,505	154,297
Sub-total	348,386	331,437	319,724
Automotive, appliance, commercial and industrial products *2	163,411	208,529	248,464
Machinery	77,329	64,904	63,526
Electronic and optical components *3	78,368	69,377	69,188
Others*2	8,494	8,073	8,368
Consolidated total	<u>¥675,988</u>	<u>¥682,320</u>	<u>¥709,270</u>

Notes:

*1: Starting in the year ended March 31, 2013, the “small precision motors” product category is divided into “hard disk drives spindle motors” and “other small precision motors.” To enable comparisons between periods, previously reported amounts have been reclassified.

*2: Starting in the year ended March 31, 2013, the “general motors” product category is renamed as “automotive, appliance, commercial and industrial products” and the automotive components that were previously included in the “other” product category have been reclassified to the “automotive, appliance, commercial and industrial products” product category. To enable comparisons between periods, previously reported amounts have been reclassified.

*3: Starting in the year ended March 31, 2013, the motor application products that were previously included in the “electronic and optical components” product category have been reclassified to the “small precision motors” product category. To enable comparisons between periods, previously reported amounts have been reclassified.

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

The “Hard disk drives spindle motors” group of products consists of hard disk drives spindle motors for 3.5-inch, 2.5-inch, and 1.8-inch hard disk drives.

The “Other small precision motors” group of products consists of brushless motors for many types of products, including optical disk drive motors, OA equipment motors, brushless fans, which are used in many types of products, including computers and game machines for the purpose of lowering the temperature of central processing units in these products, automotive fans, vibration motors for mobile phones, brush DC motors for many types of products, stepping motors, and motor application products.

The “Automotive, appliance, commercial and industrial products” group of products consists of home appliances, commercial and industrial motors and related products, automotive motors, and automotive components.

The “Machinery” group of products consists of test systems, measuring equipment, power transmission equipment, factory automation systems, card readers, industrial robots and press machines.

The “Electronic and optical components” group of products consists of camera shutters, camera lens units, switches, trimmer potentiometers, processing and precision plastic mold products.

“Others” consists of other services and other components.

Geographic information –

Revenues from external customers, which are attributed to countries based on the location of the parent company or the subsidiaries that transacted with the external customer for the years ended March 31, 2011, 2012 and 2013, and long-lived assets for the years ended March 31, 2012 and 2013 are as follows:

	Yen in millions		
	For the year ended March 31		
	2011	2012	2013
Net sales:			
Japan	¥295,376	¥260,470	¥213,169
U.S.A.	46,579	71,317	99,260
Singapore	28,015	40,595	55,712
Thailand	99,932	75,908	81,678
The Philippines	10,657	19,683	18,543
China	139,264	148,553	150,631
Other	56,165	65,794	90,277
Consolidated total	<u>¥675,988</u>	<u>¥682,320</u>	<u>¥709,270</u>

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

	Yen in millions	
	For the year ended	
	March 31	
	2012	2013
Long-lived assets:		
Japan	¥84,299	¥86,612
U.S.A.	15,650	21,047
Singapore	1,412	1,899
Thailand	33,476	42,418
The Philippines	11,691	11,838
China	47,260	56,756
Other	37,043	57,407
Consolidated total	¥230,831	¥277,977

(2) Operating segment information:

The operating segments reported below are defined as components of an enterprise for which separate financial information is available and regularly reviewed by NIDEC's chief operating decision maker. NIDEC's chief operating decision maker utilizes various measurements to assess segment performance and allocate resources to segments.

The Nidec Corporation segment comprises Nidec Corporation in Japan, which primarily develops and sells hard disk drives spindle motors, DC motors, fans, and automotive products.

The Nidec Electronics (Thailand) segment comprises Nidec Electronics (Thailand) Co., Ltd., a subsidiary in Thailand, and its consolidated subsidiaries, which primarily produce and sell hard disk drive motors. This segment also includes other subsidiaries in Asia which produce components for hard disk drives.

The Nidec (Zhejiang) segment comprises Nidec (Zhejiang) Corporation, a subsidiary in China, which primarily produces and sells hard disk drive motors.

The Nidec (Dalian) segment comprises Nidec (Dalian) Limited, a subsidiary in China, which primarily produces and sells DC motors and fans but excludes its automotive products business.

The Nidec Singapore segment comprises Nidec Singapore Pte. Ltd., a subsidiary in Singapore, and its consolidated subsidiary, which primarily sell hard disk drive motors, DC motors and fans.

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

The Nidec (H.K.) segment comprises Nidec (H.K.) Co., Ltd., a subsidiary in Hong Kong, and its consolidated subsidiaries, which primarily sell hard disk drive motors, DC motors and fans.

The Nidec Philippines segment comprises Nidec Philippines Corporation, a subsidiary in the Philippines, and its consolidated subsidiary, which primarily produce and sell hard disk drive motors.

The Nidec Sankyo segment comprises Nidec Sankyo Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell DC motors, machinery, and electronic parts.

The Nidec Copal segment comprises Nidec Copal Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell optical and electronic parts and machinery.

The Nidec Tosok segment comprises Nidec Tosok Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell automotive parts.

The Nidec Copal Electronics segment comprises Nidec Copal Electronics Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell electronic parts.

The Nidec Techno Motor segment comprises Nidec Techno Motor Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell commercial and industrial products.

The Nidec Motor segment comprises Nidec Motor Corporation and other subsidiaries in North America, which are subsidiaries of Nidec US Holdings Corporation, an intermediate holding company in the United States, as well as other subsidiaries in Latin America, Asia and Europe, which primarily produce and sell home appliance, commercial and industrial products. This segment also includes Nidec ASI, Avtron and Kinetek, which were newly consolidated for the year ended March 31, 2013.

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

The Nidec Motors & Actuators segment comprises Nidec Motors & Actuators in France, other subsidiaries in Europe and North America, and other manufacturing subsidiaries in China, which primarily produce and sell automotive products.

The All Others segment comprises subsidiaries that are operating segments but not designated as reportable segments due to their immateriality.

In accordance with ASC 205-20, “Presentation of Financial Statements—Discontinued Operations,” amounts in the segment information do not reflect discontinued operations, and previous periods’ segment information has been reclassified.

NIDEC evaluates performance based on segmental profit and loss, which consists of sales and operating revenues less operating expenses. All segmental operating income or loss is accounted for under Japanese GAAP, except for Nidec Electronics (Thailand), Nidec (Zhejiang), Nidec (Dalian), Nidec Singapore, Nidec (H.K.), Nidec Philippines, Nidec Motor and Nidec Motors & Actuators. Therefore segmental data has not been prepared under U.S. GAAP on a basis that is consistent with the consolidated financial statements or on any other single basis that is consistent between segments. There are several differences between U.S. GAAP and the underlying accounting bases used by management, the principal differences that affect segmental operating income or loss are accounting for pension and severance costs, and leases. Our segmental operating income or loss is presented in accordance with financial reporting principles and practices generally accepted in Japan. Management believes that the monthly segmental information is available on a timely basis, and that it is sufficiently accurate at the segment income or loss level for management’s purposes.

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

The following tables show net sales to external customers and other financial information by operating segment for the years ended March 31, 2011, 2012 and 2013:

	Yen in millions		
	For the year ended		
	March 31		
	2011	2012	2013
Net sales to external customers:			
Nidec Corporation	¥72,334	¥46,901	¥23,748
Nidec Electronics (Thailand)	86,086	64,226	63,349
Nidec (Zhejiang)	24,500	26,430	21,109
Nidec (Dalian)	4,218	4,269	3,648
Nidec Singapore	19,082	34,220	50,039
Nidec (H.K.)	55,724	50,748	52,028
Nidec Philippines	7,337	15,326	14,707
Nidec Sankyo	86,027	78,589	73,201
Nidec Copal	58,396	51,124	49,627
Nidec Tosok	29,745	33,358	31,090
Nidec Copal Electronics	30,553	29,098	26,845
Nidec Techno Motor	42,935	40,058	39,940
Nidec Motor	50,886	83,999	119,093
Nidec Motors & Actuators	38,371	44,748	44,707
All Others	69,402	78,268	96,236
Total	675,596	681,362	709,367
Adjustments *1	392	958	(97)
Consolidated total	¥675,988	¥682,320	¥709,270

*1 US GAAP adjustments primarily relate to the difference between recognition of revenue at the time of shipment and at the time of customer receipt.

NIDEC had sales to two customers of ¥165,797 million and ¥151,253 million for the year ended March 31, 2011 and 2012, and sales to one customer of ¥74,897 million for the year ended March 31, 2013 within the Nidec Corporation, Nidec Electronics (Thailand), Nidec (Zhejiang), Nidec Singapore, Nidec (H.K.) and “All Others” segments, that exceeded 10% of NIDEC’s net sales.

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

	Yen in millions		
	For the year ended		
	March 31		
	2011	2012	2013
Net sales to other operating segments:			
Nidec Corporation	¥74,406	¥100,064	¥108,282
Nidec Electronics (Thailand)	45,219	36,649	35,492
Nidec (Zhejiang)	6,618	3,617	2,977
Nidec (Dalian)	20,852	15,471	11,117
Nidec Singapore	451	448	709
Nidec (H.K.)	1,587	1,162	1,734
Nidec Philippines	28,504	24,390	25,682
Nidec Sankyo	556	396	300
Nidec Copal	2,632	2,318	2,093
Nidec Tosok	201	150	190
Nidec Copal Electronics	27	20	20
Nidec Techno Motor	889	952	3,143
Nidec Motor	-	30	154
Nidec Motors & Actuators	6,702	11,607	15,170
All Others	55,039	52,900	55,665
Total	243,683	250,174	262,728
Intersegment elimination	(243,683)	(250,174)	(262,728)
Consolidated total	-	-	-

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

	Yen in millions		
	For the year ended		
	March 31		
	2011	2012	2013
Operating income or loss:			
Nidec Corporation	¥6,799	¥7,497	¥(4,856)
Nidec Electronics (Thailand)	21,473	15,027	10,525
Nidec (Zhejiang)	2,351	774	(2,689)
Nidec (Dalian)	2,658	431	(409)
Nidec Singapore	245	781	1,115
Nidec (H.K.)	564	359	146
Nidec Philippines	5,403	7,799	4,883
Nidec Sankyo	13,226	7,414	4,210
Nidec Copal	9,557	6,384	(3,192)
Nidec Tosok	4,009	3,140	1,715
Nidec Copal Electronics	4,969	4,194	3,277
Nidec Techno Motor	4,018	4,591	4,168
Nidec Motor	240	2,111	723
Nidec Motors & Actuators	1,274	3,126	3,447
All Others	16,184	11,201	10,541
Total	<u>92,970</u>	<u>74,829</u>	<u>33,604</u>
Consolidation adjustments mainly related to elimination of intersegment profits	1,455	2,789	2,167
Reclassification *1	(1,090)	(3,072)	(17,606)
U.S. GAAP adjustments and Others *2	(466)	(1,476)	(538)
	<u>¥92,869</u>	<u>¥73,070</u>	<u>¥17,627</u>

*1 Some items are reclassified from other expenses (income) and included in operating expenses (income). Reclassification mainly includes gain (loss) from sales (or disposal) of fixed assets.

*2 Others is mainly from the amortization of capitalized assets related to business combinations.

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

	Yen in millions		
	For the year ended		
	March 31		
	2011	2012	2013
Depreciation:			
Nidec Corporation	¥1,072	¥995	¥917
Nidec Electronics (Thailand)	6,569	5,085	5,572
Nidec (Zhejiang)	1,430	1,231	1,196
Nidec (Dalian)	780	802	914
Nidec Singapore	79	70	133
Nidec (H.K.)	7	6	7
Nidec Philippines	2,734	2,598	2,750
Nidec Sankyo	3,830	3,715	3,773
Nidec Copal	3,990	3,115	3,806
Nidec Tosok	2,119	2,660	2,930
Nidec Copal Electronics	1,254	1,150	1,318
Nidec Techno Motor	1,676	1,491	1,890
Nidec Motor	2,914	3,892	6,481
Nidec Motors & Actuators	1,383	1,423	1,470
All Others	4,150	4,297	5,265
Total	<u>33,987</u>	<u>32,530</u>	<u>38,422</u>
U.S. GAAP adjustments*1 and Others*2	(1,006)	(1,019)	(3,487)
Consolidated total	<u>¥32,981</u>	<u>¥31,511</u>	<u>¥34,935</u>

*1 Some leased properties are not capitalized in the operating segments but are capitalized under U.S. GAAP.

*2 The amount of each segment includes amortization of intangible assets. Others mainly represent adjustments to exclude the amortization of intangible assets in order to reconcile amounts to consolidated total of depreciation.

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

	Yen in millions	
	For the year ended	
	March 31	
	2012	2013
Segment assets:		
Nidec Corporation	¥488,939	¥565,451
Nidec Electronics (Thailand)	107,523	91,784
Nidec (Zhejiang)	15,267	13,897
Nidec (Dalian)	19,119	24,159
Nidec Singapore	23,886	21,590
Nidec (H.K.)	17,345	15,678
Nidec Philippines	31,530	37,084
Nidec Sankyo	99,089	107,393
Nidec Copal	70,809	62,376
Nidec Tosok	38,035	43,566
Nidec Copal Electronics	35,517	38,684
Nidec Techno Motor	33,846	42,508
Nidec Motor	72,846	178,429
Nidec Motors & Actuators	43,053	46,601
All Others	127,875	158,270
Total	1,224,679	1,447,470
Elimination of intersegment assets, net of taxes	(510,192)	(579,649)
Intangible assets and other fair value adjustments	11,809	11,819
Goodwill	80,525	132,893
U.S.GAAP adjustments and Others *1	(6,420)	(7,681)
Consolidated total	¥800,401	¥1,004,852

*1 Others is mainly due to the reclassification of deferred tax assets and liabilities on consolidation.

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

	Yen in millions	
	For the year ended	
	March 31	
	2012	2013
Expenditure for segment assets:		
Nidec Corporation	¥659	¥1,991
Nidec Electronics (Thailand)	4,600	14,588
Nidec (Zhejiang)	662	710
Nidec (Dalian)	1,597	2,372
Nidec Singapore	87	417
Nidec (H.K.)	5	5
Nidec Philippines	2,370	1,876
Nidec Sankyo	5,278	4,777
Nidec Copal	8,363	9,539
Nidec Tosok	4,813	5,814
Nidec Copal Electronics	1,348	984
Nidec Techno Motor	2,719	5,144
Nidec Motor	1,993	3,594
Nidec Motors & Actuators	2,190	1,845
All Others	4,762	7,712
Consolidated total	¥41,446	¥61,368

NIDEC did not have significant non-cash items other than depreciation in reported profit. Equity in earnings of affiliates were not allocated to the segments in the financial information report available and were not regularly reviewed by NIDEC's chief operating decision maker. Intersegment sales were made at prices that approximate current market value.

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

26. Subsequent events:

Dividends for the fiscal year ended March 31, 2013

Subsequent to March 31, 2013, the Company's Board of Directors declared a cash dividend of ¥5,387 million payable on June 5, 2013 to stockholders as of March 31, 2013.

A Share Exchange Agreement to Make Nidec Seimitsu Corporation a Wholly Owned Subsidiary of Nidec Corporation

On April 23, 2013, NIDEC decided, at a meeting of the board of directors, to enter into a share exchange transaction (the "Share Exchange") with Nidec Seimitsu Corporation ("NSTJ") to make NSTJ a wholly owned subsidiary, and entered into a share exchange agreement with NSTJ on the same day.

1) Reason for the share exchange	The Company and NSTJ have determined that, in order for NSTJ to further grow its business and improve its profitability, it is imperative that management decisions be made promptly and flexibly, resources be fully shared with the Company, investments by both the Company and NSTJ produce better results, and an operational structure be established where NSTJ is fully integrated with the Company to achieve better performance.
2) Share exchange procedure and effective date	The Share Exchange will become effective on September 1, 2013, per approval of NSTJ's shareholders at the ordinary general meeting held on June 15, 2013. The Company uses a simplified share exchange procedure in accordance with Article 796, Paragraph 3, of the Company Act, without obtaining the approval of its shareholders for the Share Exchange.
3) Ratio applied to the allocation of shares	For each share of NSTJ common stock, 0.017 shares of the Company's common stock will be allocated. In the event of a significant change to the factors and assumptions used for calculating the ratio, the above share exchange ratio may be modified upon the agreement of the Company and NSTJ.
4) Number of shares of the Company allocated in the share exchange	The Company expects to allocate 2,075 shares of its common stock in the Share Exchange. The Company intends to use shares of its common stock held in treasury, and does not intend to issue any new shares, for the Share Exchange.

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

A Share Exchange Agreement to Make Nidec Copal Corporation a Wholly Owned Subsidiary of Nidec Corporation

On April 23, 2013, NIDEC decided, at a meeting of the board of directors, to enter into a share exchange transaction (the “Share Exchange”) with Nidec Copal Corporation (“NCPL”) to make NCPL a wholly owned subsidiary, and entered into a share exchange agreement with NCPL on the same day.

1) Reason for the share exchange	The Company and NCPL have determined that, in order for NCPL to further grow its business and improve its profitability, it is imperative that management decisions be made promptly and flexibly, resources be fully shared with the Company, investments by both the Company and NCPL produce better results, and an operational structure be established where NCPL is fully integrated with the Company to achieve better performance.
2) Share exchange procedure and effective date	The Share Exchange will become effective on October 1, 2013, per approval of NCPL’s shareholders at the ordinary general meeting held on June 19, 2013. The Company uses a simplified share exchange procedure in accordance with Article 796, Paragraph 3, of the Company Act, without obtaining the approval of its shareholders for the Share Exchange.
3) Ratio applied to the allocation of shares	For each share of NCPL common stock, 0.122 shares of the Company’s common stock will be allocated. In the event of a significant change to the factors and assumptions used for calculating the ratio, the above share exchange ratio may be modified upon the agreement of the Company and NCPL.
4) Number of shares of the Company allocated in the share exchange	The Company expects to allocate 2,575,845 shares of its common stock in the Share Exchange. The Company intends to use shares of its common stock held in treasury, and does not intend to issue any new shares, for the Share Exchange.

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

A Share Exchange Agreement to Make Nidec Tosok Corporation a Wholly Owned Subsidiary of Nidec Corporation

On April 23, 2013, NIDEC decided, at a meeting of the board of directors, to enter into a share exchange transaction (the "Share Exchange") with Nidec Tosok Corporation ("NTSC") to make NTSC a wholly owned subsidiary, and entered into a share exchange agreement with NTSC on the same day.

1) Reason for the share exchange	The Company and NTSC have determined that, in order for NTSC to further grow its business and improve its profitability, it is imperative that management decisions be made promptly and flexibly, resources be fully shared with the Company, investments by both the Company and NTSC produce better results, and an operational structure be established where NTSC is fully integrated with the Company to achieve better performance.
2) Share exchange procedure and effective date	The Share Exchange will become effective on October 1, 2013, per approval of NTSC's shareholders at the ordinary general meeting held on June 20, 2013. The Company uses a simplified share exchange procedure in accordance with Article 796, Paragraph 3, of the Company Act, without obtaining the approval of its shareholders for the Share Exchange.
3) Ratio applied to the allocation of shares	For each share of NTSC common stock, 0.124 shares of the Company's common stock will be allocated. In the event of a significant change to the factors and assumptions used for calculating the ratio, the above share exchange ratio may be modified upon the agreement of the Company and NTSC.
4) Number of shares of the Company allocated in the share exchange	The Company expects to allocate 1,312,016 shares of its common stock in the Share Exchange. The Company intends to use shares of its common stock held in treasury, and does not intend to issue any new shares, for the Share Exchange.

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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27. Quarterly Financial Data for the year ended March 31, 2013: (Unaudited)

	Yen in millions				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Net sales	¥179,021	¥174,519	¥169,670	¥186,060	¥709,270
Income before income taxes	18,334	18,243	1,259	(24,409)	13,427
Net income (loss) attributable to Nidec Corporation	¥13,282	¥12,917	¥894	¥(19,095)	¥7,998
Net income (loss) attributable to Nidec Corporation per share:					
Basic *1 *2	97.99	97.28	6.60	(141.45)	59.37
Diluted *1	91.53	90.74	6.06	(141.45)	55.07

Notes:

- *1: Earnings-per-share amounts for each quarter are computed independently. As a result, their sum may not equal the total year earnings-per-share amounts.
- *2: All potentially dilutive securities are excluded from the calculation in a situation where there is a net loss attributable to Nidec Corporation.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

NIDEC CORPORATION

By: /s/ Shigenobu Nagamori
Name: Shigenobu Nagamori
Title: President, Chief Executive Officer and
Representative Director

Date: July 19, 2013

INDEX OF EXHIBITS

Exhibit Number	Description
1.1	Articles of Incorporation of Nidec Corporation (English translation) (last updated on June 25, 2013)
1.2	Share Trading Regulations of Nidec Corporation (English translation) (last updated on July 16, 2013)
1.3	Regulations of the Board of Directors of Nidec Corporation (English translation) (last updated on June 24, 2008) (Incorporated by reference to Nidec's annual report on Form 20-F/A for the year ended March 31, 2008 filed on December 24, 2008)
1.4	Regulations of the Audit and Supervisory Board of Nidec Corporation (English translation) (last updated on July 5, 2008)
2.1	Form of Deposit Agreement, amended and restated as of February 21, 2012 between Nidec Corporation, JPMorgan Chase Bank, N.A. as Depository and holders of American Depository Receipts (Incorporated by reference to the Registration Statement on Form F-6 (file no. 333-179604) filed on February 21, 2012)
2.2	Form of American Depository Receipt (Incorporated by reference to the Registration Statement on Form F-6 (file no. 333-179604) filed on February 21, 2012)
4.1	Share Exchange Agreement, dated April 24, 2012 between Nidec Corporation and Nidec Sankyo Corporation (Incorporated by reference to Nidec's annual report on Form 20-F for the year ended March 31, 2012 filed on June 28, 2012)
4.2	Share Exchange Agreement, dated April 23, 2013 between Nidec Corporation and Nidec Copal Corporation
4.3	Share Exchange Agreement, dated April 23, 2013 between Nidec Corporation and Nidec Tosok Corporation
8.1	Subsidiaries of Nidec Corporation
11.1	Compliance Code of Conduct (English translation) (Incorporated by reference to Nidec's annual report on Form 20-F for the year ended March 31, 2011 filed on June 23, 2011)
12.1	Certification of the Chief Executive Officer required by Rule 13a-14(a)
12.2	Certification of the Chief Financial Officer required by Rule 13a-14(a)
13.1	Certification of the Chief Executive Officer required by Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code
13.2	Certification of the Chief Financial Officer required by Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

We have not included as exhibits certain instruments with respect to our long-term debt, the amount of debt authorized under each of which does not exceed 10% of our total assets, and we agree to furnish a copy of any such instrument to the Securities and Exchange Commission upon request.

(Translation)

ARTICLES OF INCORPORATION OF NIDEC CORPORATION

Chapter 1. General Provisions

(Trade Name)

Article 1.

- 1) The Company shall be called NIPPON DENSAN KABUSHIKI KAISHA.
- 2) The Company shall be called NIDEC CORPORATION in English.

(Objects)

Article 2. The Objects of the Company shall be to engage in the following businesses:

- (1) Manufacture and sales of electric equipment, electric machines, electric devices and others
- (2) Manufacture and sales of electronic equipment, various electronic components and others
- (3) Manufacture and sales of precision equipment, precision machines, related components and others
- (4) Manufacture and sales of optical equipment, optical machines, related components and others
- (5) Manufacture and sales of industrial equipment, industrial robots and others
- (6) Manufacture and sales of measuring equipment, control equipment, precision measuring equipment and others
- (7) Manufacture and sales of forge rolling machines, precision press products, dies and others
- (8) Manufacture and sales of components and others for cars and other transport equipment
- (9) Manufacture and sales of office equipment, communication machines/devices and others
- (10) Manufacture and sales of medical equipment, medical machines/devices and others
- (11) Manufacture and sales of production/assembly machines and others of semiconductors, integrated circuits, boards and micro circuits
- (12) Manufacture and sales of various sensors, their applied products and others
- (13) Manufacture and sales of other machines, equipment and components
- (14) Development, sales and maintenance service of software and other information equipment
- (15) Development, manufacture, sales and maintenance service of various visual and communication systems and others
- (16) Agent business for damage insurance and life insurance policy business
- (17) Sales/purchase, lease, brokering and management business of movable property and real estate
- (18) Sales of books, educational materials and office supplies
- (19) Travel agent business and advertising business
- (20) Any business accompanying or related to items mentioned above

(Location of head office)

Article 3. The Company shall have its head office in Kyoto.

(Establishment of bodies)

Article 4. The Company shall have a board of directors, audit and supervisory board members, an audit and supervisory board, and accounting auditors.

(Method of giving public notice)

Article 5. Method of publication by the Company shall be by electronic publication. Provided, however, in case of an accident or other inevitable cause that prevents the electronic publication, the publication shall be made in Nihon Keizai Shimbun.

Chapter 2. Shares

(Total number of shares that can be issued)

Article 6. Total number of shares that can be issued shall be 480 million shares.

(Unit amount of shares)

Article 7. The number of shares to constitute a unit of shares of the Company shall be 100.

(Administrator of Register of Shareholders)

Article 8. The Company shall have an administrator of a register of shareholders.

(Share Handling Regulations)

Article 9. Handling of the shares of the Company shall be governed by the Share Handling Regulations to be established by the Board of Directors.

(Right of a shareholder with less than one unit)

Article 10. A shareholder with less than a unit may not exercise any right other than any of the following rights:

1. A right that may not be limited by the Articles of Incorporation under Article 189.2 of the Company Law; or
2. A right to delivery of shares upon allotment to shareholders and allotment of future delivery of new shares subject to invitation of application.

Chapter 3. General Meeting of Shareholders

(Date to determine entitled shareholders)

Article 11. The shareholders entitled to exercise their rights at an Ordinary General Meeting of Shareholders shall be the final shareholders appearing or being recorded in the Register of Shareholders as of March 31 every year.

(Convening)

Article 12. The ordinary general meeting of shareholders of the Company shall be convened in June in each year.

(Person to convene meeting and chairman of meeting)

Article 13.

- 1) Unless otherwise provided in laws, a general meeting of shareholders shall be convened by the President, who shall act as chairman of such meeting.
- 2) If the President is unable to act, another Director shall act in his place as provided by the Board of Directors.

(Method of adopting resolution)

Article 14.

- 1) Unless otherwise provided in laws, ordinances, or these Articles of Incorporation, resolutions of a general meeting of shareholders shall be adopted by a majority of the votes of the shareholders present.
- 2) The resolution under Article 309, Clause 2 of the Company Law is made subject to attendance of more than one third of the shareholders who may exercise their voting rights and is made by the majority of more than two third of the exercised voting right.

(Disclosure of Reference Documents, etc. on Internet)

Article 15. The Company may disclose on Internet any information on matters to be specified or recorded on reference documents, accounting documents, consolidated accounting documents, and business reports in accordance with the order of the Ministry of Justice.

(Exercise of voting rights by proxy)

Article 16. Shareholders may exercise their voting rights by delegating the power to other shareholders who is entitled to vote, provided that the shareholder or the proxy shall present, at each general meeting of shareholders, the Company with a letter entitling them to vote.

Chapter 4. Directors and Board of Directors

(Number of Directors)

Article 17. The Company shall have not more than 20 Directors.

(Election of Directors)

Article 18.

- 1) Directors shall be elected at a general meeting of shareholders. For the election of Directors, the presence of the holders of shares representing one-third or more of the voting rights of all the shareholders shall be required and the majority thereof shall be needed.

- 2) For the election of Directors, no cumulative voting shall be used.

(Term of office of Directors)

Article 19.

- 1) The term of office of Directors shall expire at the close of the ordinary general meeting of shareholders for the business year to terminate within one year after their appointment.
- 2) The term of office of Directors elected to increase their number or to fill vacancies shall be the same with the unexpired balance of the term of office of the other Directors currently in office.

(Representative Directors and Directors with specific titles)

Article 20.

- 1) The Board of Directors shall appoint Representative Directors from among the directors.
- 2) By resolution of the Board of Directors, the Company may appoint one board Chairman, one board Vice Chairman, one President and one or more Executive Vice Presidents, Senior Managing Directors and Managing Directors.

(Person to convene the Board of Directors and chairman of meeting)

Article 21.

- 1) Unless otherwise provided in laws, the Board of Directors shall be convened by the President who shall be chairman of the meeting.
- 2) If the President is unable to act, another Director shall act in his place as provided by the Board of Directors.

(Notice of meeting of the Board of Directors)

Article 22. Notice for convening a meeting of the Board of Directors shall be dispatched to each Director and each Audit and Supervisory Board Member three days prior to the date of the meeting; provided, however, that such period of notice may be shortened in case of urgency.

(Resolution of the a Meeting of the Board of Directors)

Article 23.

- 1) For resolution of the Board of Directors, the presence of a majority of Directors who may join the deliberation of such matter shall be required. And the resolution thereof shall be adopted by a majority of Directors present.
- 2) If a director proposes any matter subject to resolution by the Board of Directors, the matter shall be deemed as resolved and approved by the Board of Directors if all of the directors who can participate in the resolution consent by written or electro-magnetic record and any of the Audit and Supervisory Board Members shall not raise an objection.

Chapter 5. Audit and Supervisory Board Members and Audit and Supervisory Board

(Number of Audit and Supervisory Board Members)

Article 24. The Company shall have not more than five Audit and Supervisory Board Members.

(Election of Audit and Supervisory Board Members)

Article 25. Audit and Supervisory Board Members shall be elected upon attendance of one third or more of shareholders who may exercise their voting rights at a general meeting of shareholders and the majority thereof shall be needed.

(Term of office of Audit and Supervisory Board Members)

Article 26.

- 1) The term of office of Audit and Supervisory Board Members shall expire at the close of the ordinary general meeting of shareholders for a business year last to occur within four years after their appointment.
- 2) The term of office of Audit and Supervisory Board Members elected to fill vacancies shall be the same with the unexpired balance of the term of the retired Audit and Supervisory Board Members.

(Full-time Audit and Supervisory Board Members)

Article 27. The Audit and Supervisory Board Members shall appoint a full time Audit and Supervisory Board Member or Audit and Supervisory Board Members from among their members.

(Notice of meeting of the Audit and Supervisory Board)

Article 28. Notice for convening a meeting of the Audit and Supervisory Board shall be dispatched to each Audit and Supervisory Board Member three days prior to the date of the meeting; provided, however, that such period of notice may be shortened in case of urgency.

(Resolution of the Audit and Supervisory Board)

Article 29. Unless otherwise provided in laws, for resolutions of the Audit and Supervisory Board, a majority of Audit and Supervisory Board Members shall be required.

Chapter 6. Release from Liabilities of Outside Directors and Audit and Supervisory Board Members

(Release in part of Compensation of Damage)

Article 30. The Company may execute with an outside Director(s) and Audit and Supervisory Board Member(s) an agreement on liability of compensation of damage to the Company. Provided, however, that the maximum limit of the compensation shall be 8 million Yen or more, or the amount fixed by the law, whichever higher.

Chapter 7. Accounts

(Business year)

Article 31. The business year of the Company shall begin on April 1 in each year and end on March 31 in the following year.

(Body to determine distribution of surplus)

Article 32. The Company may distribute surplus and execute other matters stipulated in the items of Article 459-1 of the Company Law of Japan upon resolution of the Board of Directors in accordance with the laws and regulations.

(Date to determine the distribution of dividend)

Article 33. Dividend of profit at the end of the year may be distributed to the shareholders or registered pledgees appearing or being registered in the Register of Shareholders as of March 31 in each year, and interim dividend as of September 30 every year.

(Period of limitations)

Article 34. The Company shall be relieved of the obligation to pay any dividend of profit at the end of the year or interim dividend upon expiration of three years from the day on which such dividend became first due and payable. Further the Company shall not pay any interest on dividend of profit or interim dividend.

Enacted on June 24, 1987
Last updated on July 16, 2013

Share Trading Regulations

Chapter I: General Rules

(Purpose)

Article 1. The Company's shares shall be traded in accordance with the regulations in Article 10 of the Articles of Incorporation as well as laws and regulations, the regulations and transfer business processing methods stipulated by Japan Securities Depository, Inc. ("JSDC" hereinafter) concerning its financial transfer business, and the rules and regulations of account management institutions ("regulations by institutions, etc." hereinafter).

(Shareholder registry administrator)

Article 2. The Company's shareholder registry administrator and place to handle applicable work shall be as follows:

Shareholder registry administrator: Sumitomo Mitsui Trust Bank, Limited
1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
Place to handle applicable work: Stock Transfer Agency Business Planning Department,
Sumitomo Mitsui Trust Bank, Limited
4-5-33, Kitahama, Chuo-ku, Osaka, Japan

Chapter II: How to exercise shareholders' rights, etc.

(How to exercise minority shareholder rights, etc.)

Article 3. Statutory minority shareholder rights, except for the cases described in Chapter IV, shall be exercised in writing addressed to the Company in accordance with its designated format. In such case, the Company may request its shareholders to submit their reception sheets issued by the account management institutions that accepted the shareholders' individual shareholder notifications, and their identifications.

(Request by a proxy, etc.)

Article 4. When having a proxy request, notify, or submit a document in accordance with the Regulations, a certificate that proves the proxy's delegated authority shall be submitted.

2 When approval by a curator or an assisting person is necessary upon notifying or submitting a document, a document that proves such approval shall be submitted.

(Identification or a guarantor)

Article 5. Based on a request, notification, or submitted document, or when deemed necessary by the Company, submission of certificates or guarantee by a guarantor may be requested.

Chapter III: Notification

(Standing proxy or a tentative address)

Article 6. When determining a standing proxy or a tentative address for notifications addressed to him/her, a shareholder shall so notify via his/her account management institution.

2. A shareholder's address, if located overseas, shall be so notified in accordance with the previous Provision.
3. Any change made concerning a standing proxy or a tentative address for notifications addressed to a shareholder that is described in Provision 1 shall be notified immediately.

Article IV: How to request purchase of fractional shares

(Requesting method)

Article 7. A request to purchase any fractional shares shall be made via an account management institution based on such institution's rules and/or other applicable method.

2. The aforementioned request shall take effect when such request (including a form of an electromagnetic record containing the contents of such request) is submitted to the place for the shareholder registry administrator to handle applicable work stipulated in Article 2.

(Purchase price per share)

Article 8. A per-share purchase price shall be the final price in a market held by Tokyo Stock Exchange Inc. ("the Tokyo market" hereinafter) on the day when a purchase request referred to in the previous Article is submitted to a place of transaction ("the final price" hereinafter). However, should no transaction take place in the Tokyo market or should Tokyo Stock Exchange is closed on the day of the purchase request, such purchase price shall be the final price of the first sales transaction the next day ("the start price" hereinafter). This rule shall apply to the next day and after should no transaction take place or Exchange is closed.

2. A purchase price shall be the amount that results after multiplying the per-share purchase price provided for in the previous provision (Provision 2) with the number of shares requested to be purchased.

(Payment for purchased price)

Article 9. The amount of money to purchase any fractional shares based on a purchase request shall be the amount that results after multiplying the number of shares requested to be purchased with the per-share purchase price provided for in accordance with the previous Article, and then deducting from that amount the commission provided for in Provision 1 of Article 11.

2. The amount remaining after deducting the purchase commission stipulated in Article 11 from the purchase expense shall be paid to the purchase requestor without delay on or after the day when the purchase price was decided in accordance with the previous Article.
3. The person who requested the purchase may designate a remittance method for the purchase expense or a proxy recipient.

(Transfer of purchased share)

Article 10. Fractional shares subject to any purchase request shall be transferred to the Company's account on the day of payment by the Company in accordance with the previous Article.

2. In accordance with the third provision of the previous Article, fractional shares subject to any request in which a remittance method of the money for purchase is designated shall be transferred to the Company's account on the day when the remittance procedure is completed.

Chapter V: Commission

(Commission)

Article 11. The share trading commissions for the Company’s shares shall be follows:

- (1) The per-unit commission that applies when the Company purchases fractional shares in accordance with the request described in Article 7 shall be calculated based on the formula below, and be proportionally divided by the number of the fractional shares purchased.
- (2) The per-unit amount that results based on the aforementioned provision (the amount of commission upon a request to purchase fractional shares) shall be calculated based on the following formula, and be proportionally divided by the number of the fractional shares purchased.

(Formula) Of the total amount that results after multiplying the per-share purchase price stipulated in Article 8 with the number of shares per unit:

¥1 million or less:	1.150%
More than ¥1 million and ¥5 million or less:	0.900%
More than ¥5 million and ¥10 million or less:	0.700%
More than ¥10 million and ¥30 million or less:	0.575%
More than ¥30 million and ¥50 million or less:	0.375%

(Fractional amounts less than ¥1, if generated shall be discarded.)

However, any per-unit amount calculated that is less than ¥2,500 shall be considered to be ¥2,500.

(Modification and elimination of Regulations)

Article 12. Modifications and eliminations of the Regulations in this document shall be in accordance with a resolution of a Meeting of the Board of Directors.

Supplementary provision

(Cancellation of registration of lost share certificate)

When filing an application for the elimination of the registration of a lost share certificate, a designated request form or application sheet shall be submitted to the shareholder registry administrator together with other documents needed by the Company.

- 2. When someone possessing any old shares registered as lost (except those who registered their shares as lost) files an application for the aforementioned elimination of the registration of a lost share certificate, such person shall submit the old shares registered as lost.
- 3. The Regulations in Articles 4 and 5 shall apply to the application described in Article 1.
- 4. This supplementary provision shall be eliminated as of January 05, 2010.

(Translation)

NIDEC CORPORATION
REGULATIONS OF THE AUDIT AND SUPERVISORY BOARD
(As amended on July 05, 2008)

(Purpose)

Article 1.

These Regulations prescribe matters concerning the Audit and Supervisory Board based on laws, regulations and the articles of incorporation.

(Organization)

Article 2.

1. The Audit and Supervisory Board shall consist of all Audit and Supervisory Board Members.
2. The Audit and Supervisory Board shall have full-time Audit and Supervisory Board Members.
3. In addition to the provision in the previous section, the Audit and Supervisory Board shall have a chairperson of meetings of the Audit and Supervisory Board.

(Purpose of the Audit and Supervisory Board)

Article 3.

The Audit and Supervisory Board shall receive reports on, deliberate or resolve important audit-related matters. However, the board may not impede each Audit and Supervisory Board Member from exercising his/her authority.

(Duties of the Audit and Supervisory Board)

Article 4.

The Audit and Supervisory Board shall perform the following duties. However, any decision based on Section 3 of this Article may not impede each Audit and Supervisory Board Member from exercising his/her authority.

1. Write auditors' reports.
2. Select and dismiss full-time auditors.
3. Decide on matters concerning auditing policy and work, and matters on Audit and Supervisory Board Members' duties including how to investigate the financial status.

(Select and dismiss full-time Audit and Supervisory Board Members)

Article 5.

From Audit and Supervisory Board Members, the Audit and Supervisory Board shall select full-time auditors or dismiss them based on its resolution.

(Chairperson)

Article 6.

1. Based on its resolution, the Audit and Supervisory Board shall decide a chairperson from Audit and Supervisory Board Members.
2. In addition to the duties prescribed in Section 1 of Article 8, the chairperson of the Audit and Supervisory Board shall perform duties delegated by the Audit and Supervisory Board. However, the chairperson may not impede each Audit and Supervisory Board Member from exercising his/her authority.

(Convene a meeting of the Audit and Supervisory Board)

Article 7.

The Audit and Supervisory Board shall convene a regular meeting of the Audit and Supervisory Board monthly. However, if necessary, the board may convene the meeting when it so wishes.

(Personnel authorized to summon a meeting of the Audit and Supervisory Board)

Article 8.

1. The chairperson shall summon and run the meeting of the Audit and Supervisory Board.
2. Each Audit and Supervisory may request the chairperson to summon a meeting of the Audit and Supervisory Board.
3. If the chairperson does not summon a meeting of the Audit and Supervisory Board despite such a request described in the previous section, the Audit and Supervisory Board Member who has made the request may summon and run the meeting by himself/herself.

(Procedure to summon a meeting of the Audit and Supervisory Board)

Article 9.

1. To summon a meeting of the Audit and Supervisory Board, a notice thereof shall be sent to each Audit and Supervisory Board Member by three (3) days before the date of the meeting.
2. The Audit and Supervisory Board may skip the procedure to summon a meeting of the Audit and Supervisory Board and convene the meeting if all Audit and Supervisory Board Members so agree.

(How to reach resolutions)

Article 10.

1. The Audit and Supervisory Board shall resolve matters with the approval of the majority of the Audit and Supervisory Board Members.
2. Resolution shall be reached after deliberation based on sufficient information.

(Resolution on auditing policy, etc.)

Article 11.

1. Policies, plans, methods, duty sharing and other relevant matters concerning audits shall be developed after resolutions are reached in the meeting of the Audit and Supervisory Board.
2. In addition to the matters above, the Audit and Supervisory Board shall resolve matters, including budget for auditing cost, which Audit and Supervisory Board Members deem necessary to perform their duties.
3. The Audit and Supervisory Board shall resolve the following systems, and request board members to improve them.
 - i. Matters concerning assisting personnel for Audit and Supervisory Board Members' duties.
 - ii. Matters concerning the aforementioned assisting personnel's independence from board members and executive officers (vice presidents).
 - iii. Reporting systems to Audit and Supervisory Board Members including a system for board members, executive officers (vice presidents) and assisting personnel to report to Audit and Supervisory Board Members.
 - iv. In addition to the above systems, reporting systems to ensure effective audits by Audit and Supervisory Board Members.

(Regular meeting with representative directors, etc.)

Article 12.

1. The Audit and Supervisory Board shall have a regular meeting with representative directors to promote mutual understanding with them by exchanging opinions on the Company's issues, status on improving the auditing environment for auditors, important auditing issues, etc., and by making necessary requests to the representative directors.
2. As necessary, the Audit and Supervisory Board shall explain to representative directors and the board of directors the auditing policy, the auditing plan, and the statuses and results of audits.
3. In addition to statutory matters, the Audit and Supervisory Board, based on No. 3 of Section 3 of the previous article, shall deliberate with board members, decide, and receive reports on matters that board members, executive officers (vice presidents) and assisting personnel should report to the Audit and Supervisory Board.

(Report to the Audit and Supervisory Board)

Article 13.

1. Audit and Supervisory Board Members shall report the status of the performance of their duties to the Audit and Supervisory Board regularly and as necessary, and shall report such information whenever requested by the Audit and Supervisory Board.
2. If reported by any of accounting auditors, board members, executive officers (vice presidents), an internal auditing department's or other departments' assisting personnel, or any other personnel, Audit and Supervisory Board Members shall report the matter to the Audit and Supervisory Board.
3. As necessary, the Audit and Supervisory Board shall request accounting auditors, board members, executive officers (vice presidents), an internal auditing department's or other departments' assisting personnel, or any other personnel to report to it.
4. In the aforementioned case (in Section 3), if any of Audit and Supervisory Board Members, accounting auditors, board members, executive officers (vice presidents), an internal auditing department or other departments' assisting personnel, or any other personnel reports to all Audit and Supervisory Board Members a matter that should be reported to the Audit and Supervisory Board, such a matter shall not have to be reported to the Audit and Supervisory Board.

(Actions to reports)

Article 14.

When the Audit and Supervisory Board receives any of the following reports, it shall investigate such a reported case as necessary, and take appropriate measures, depending on the circumstance.

1. Reports on the discovery of a fact that could damage the Company significantly
2. Reports on the discovery of materially improper performance by any of board members and executive officers (vice presidents) in executing their duties, or the discovery of a grave fact on a violation of laws, regulations or the articles of incorporation
3. Reports on matters decided after being deliberated with board members in advance

(Write auditors' reports)

Article 15.

1. The Audit and Supervisory Board shall receive financial reports and other documents from board members, and auditors' reports and other documents from accounting auditors. In principle, full-time Audit and Supervisory Board Members shall receive these documents and other materials (including electromagnetic records).
2. Based on an auditors' report written by each Audit and Supervisory Board Member, and after deliberating such reports, the Audit and Supervisory Board shall write its auditors' report.

3. If any difference exists between the auditors' report written by the Audit and Supervisory Board and the auditors' report written by individual Audit and Supervisory Board Members, and if requested by those Audit and Supervisory Board Members, the Audit and Supervisory Board shall attach the auditors' reports written by the Audit and Supervisory Board Members to the auditors' report written by the Audit and Supervisory Board.
4. Auditors' reports written by the Audit and Supervisory Board shall be either signed, or signed and affixed (manually or electronically) by each Audit and Supervisory Board Member. Full-time and outside Audit and Supervisory Board Members shall either write down or record such information.
5. If the Company writes either an extraordinary financial report or a consolidated financial report, it shall be used to satisfy the aforementioned regulation (in Section 4).
6. The Audit and Supervisory Board shall submit the aforementioned auditors' report to board members, and shall send accounting auditors duplicated copies thereof.

(Agreement, etc. on selecting Audit and Supervisory Board Members)

Article 16.

1. The following matters concerning selecting Audit and Supervisory Board Members shall be based on the resolution of the Audit and Supervisory Board.
 - i. Approval to submit an agenda on selecting an Audit and Supervisory Board Member to the shareholders' meeting
 - ii. Request to make selecting an Audit and Supervisory Board Member a purpose to convene a shareholders' meeting
 - iii. Request to submit an agenda on selecting an Audit and Supervisory Board Member to a shareholders' meeting
2. The previous section shall apply when selecting an alternate auditor.

(Agreement, etc. on selecting account auditors)

Article 17.

1. The following matters concerning selecting, dismissing or not reappointing accounting auditors shall be resolved in the Audit and Supervisory Board.
 - i. Approval to submit an agenda on selecting an accounting auditor to a shareholders' meeting
 - ii. Approval to make dismissing or not reappointing an accounting auditor a purpose to convene a shareholders' meeting
 - iii. Request to submit an agenda on selecting an accounting auditor to a shareholders' meeting
 - iv. Request to make selecting, dismissing or not reappointing an accounting auditor a purpose to convene a shareholders' meeting

- v. Selecting personnel to perform an Audit and Supervisory Board Member's duties temporarily if there is any vacancy.
2. All Audit and Supervisory Board Members' approvals to dismiss an accounting auditor based on statutory grounds for dismissal may be obtained after resolution by the Audit and Supervisory Board. In such a case, the Audit and Supervisory Board Member designated by the Audit and Supervisory Board shall report the dismissal and its reasons in the first shareholders' meeting after the dismissal.
3. If any of the approvals in the previous section needs to be obtained urgently, it may be so done in writing or by electromagnetic record.

(Approval on Audit and Supervisory Board Members' remunerations)

Article 18.

Approval on remunerations for personnel who perform the duties of accounting auditors or temporary accounting auditors shall be resolved by the Audit and Supervisory Board.

(Approval on partial exemption of board members' responsibilities)

Article 19.

1. The following approvals by all Audit and Supervisory Board Members may be obtained after resolution by the Audit and Supervisory Board.
 - i. Approval to submit an agenda on partial exemption of board members' responsibilities to a shareholders' meeting
 - ii. Approval to submit to a shareholders' meeting an agenda on amending the articles of incorporation to partially exempt board members' responsibilities
 - iii. Approval to submit an agenda on partial exemption of board members' responsibilities to a shareholders' meeting based on provisions in the articles of incorporation
 - iv. Approval to submit to a shareholders' meeting an agenda on amending the articles of incorporation to conclude a contract with outside board members on partial exemption of board members' responsibilities
2. If any of the above approvals needs to be obtained urgently, it may be so done in writing or by electromagnetic record.

(Deliberation on Audit and Supervisory Board Members' exercising their authority)

Article 20.

1. If Audit and Supervisory Board Members exercise their authority or obligation on any of the following matters, they may resolve the matter in a meeting of the Audit and Supervisory Board in advance.

- i. Explanation in response to shareholders' questions in writing before a shareholders' meeting
- ii. Report to the board of directors, and request to summon a meeting of the board of directors, etc.
- iii. Investigation result on agendas, documents and other materials to be submitted to a shareholders' meeting
- iv. Injunction to stop a board member's acts outside the Company's scope of purposes or acts against laws, regulations or the articles of incorporation
- v. Statement in a shareholders' meeting on selecting, dismissing, resignation of, and remuneration of Audit and Supervisory Board Members
- vi. Matters on lawsuits between the Company and board members
- vii. Matters on filing lawsuits, etc.

(Resolution on remunerations, etc.)

Article 21.

Audit and Supervisory Board Members' remunerations, etc. may be resolved in meetings of Audit and Supervisory Board Members if all Audit and Supervisory Board Members so agree.

(Minutes of meetings)

Article 22.

1. The Audit and Supervisory Board shall take minutes of meetings including the following matters, and all Audit and Supervisory Board Members who attended such meetings shall either sign, or sign and affix their seal (manually or electronically) on the minutes.
 - i. The date and the place of the meeting (This information shall include how any of Audit and Supervisory Board Members, board members, executive officers (vice presidents) or accounting auditors who were not physically present in the meeting participated therein.)
 - ii. How issues were discussed and the result thereof
 - iii. Description of opinions and summary of statements if any of them were given on the following matters in a meeting of the Audit and Supervisory Board
 - a. Report by any of board members or executive officers (vice presidents) who discovered a fact that could damage the Company significantly
 - b. Report by an accounting auditor on the discovery of improper performance of any of board members or executive officers (vice presidents) in executing their duties, or the discovery of a grave fact on a violation of laws, regulations or the articles of incorporation
 - iv. Names or appellations of board members, executive officers (vice presidents) or accounting auditors who attended the meeting of the Audit and Supervisory Board

- v. The name of the chairperson of the meeting of the Audit and Supervisory Board
2. If a report is decided not to have to be submitted to the Audit and Supervisory Board based on the provision in Section 4 of Article 13, minutes including the following information shall be taken.
 - i. Information on matters decided not to have to be reported to the Audit and Supervisory Board
 - ii. The day when such information was decided not to have to be reported to the Audit and Supervisory Board
 - iii. Appointing an Audit and Supervisory Board Member who performed duties concerning taking minutes
3. The Company shall keep the minutes in the previous section (Section 2) at its head office for ten (10) years.

(Secretariat for meetings of the Audit and Supervisory Board)

Article 23.

Audit and Supervisory Board Members' assisting personnel, such as audit staff, shall perform administrative work related to running a meeting of the Audit and Supervisory Board, including summoning the meeting and taking minutes thereof.

(Audit and Supervisory Board Members' auditing standard)

Article 24.

Matters concerning audits by the Audit and Supervisory Board and Audit and Supervisory Board Members shall be handled based on laws, regulations, or provisions in these Regulations, and on Audit and Supervisory Board Members' auditing standard prescribed in the meetings of the Audit and Supervisory Board.

(Revise and eliminate these Regulations)

The Audit and Supervisory Board shall revise and eliminate these Regulations.

(Supplementary provision)

These Regulations shall become effective as of July 05, 2008.

(Translation)

Share Exchange Agreement

Nidec Corporation (hereinafter, “Nidec”) and Nidec Copal Corporation (hereinafter, “Nidec Copal”) hereby conclude a Share Exchange Agreement (hereinafter, “the Agreement”) as detailed below.

Article 1 Exchange of Shares

In accordance with the provisions of the Agreement, Nidec and Nidec Copal shall undertake an exchange of shares (hereafter, “the Share Exchange”) in which Nidec Copal becomes a wholly owned subsidiary of Nidec. As a result of the Share Exchange, Nidec shall acquire all the outstanding shares in Nidec Copal (excluding the shares in Nidec Copal already owned by Nidec).

Article 2 Names and Registered Addresses of Parties to Share Exchange

The names and registered addresses of Nidec and Nidec Copal are detailed below.

(1) Nidec

1) Name: Nidec Corporation

2) Address: 338 Tonoshiro-cho, Kuze, Minami-ku, Kyoto, Japan

(2) Nidec Copal

1) Name: Nidec Copal Corporation

2) Address: 2-18-10 Shimura, Itabashi-ku Tokyo, Japan

Article 3 Effective Date

The effective date of the Share Exchange shall be October 1, 2013. In accordance with the provisions of Article 790 of the Companies Act, this date can be altered by mutual agreement between Nidec and Nidec Copal if it is deemed necessary to ensure that the Share Exchange proceeds. In such event, Nidec Copal shall publish the revised effective date no later than the day prior to the original effective date (or the day prior to the revised effective date, if the latter is earlier than the original effective date).

Article 4 Number and Allocation of Shares to Effect Share Exchange

1. Nidec shall grant a number of shares of Nidec common stock equivalent to the total number of shares of common stock in Nidec Copal owned by Nidec Copal minority shareholders (hereafter, “Final Shareholders”) registered at the time (hereafter, “Cut-Off Date”) immediately prior to Nidec’s acquisition via the Share Exchange of all outstanding shares in Nidec Copal (excluding shares in Nidec Copal already owned by Nidec), multiplied by 0.122 (rounding down any fractional amount of less than one share) to Final Shareholders in exchange for their shares in Nidec Copal.

2. To implement the Share Exchange, Nidec shall allocate to every Final Shareholder 0.122 shares of Nidec common stock for every share of common stock in Nidec Copal owned by that shareholder.
3. Fractional amounts of less than one share of Nidec common stock that are allocated to Final Shareholders through the Share Exchange as described in the preceding paragraph shall be handled in accordance with the provisions of Article 234 of the Companies Act.

Article 5 Effect on Capital and Reserves

The increases in the capital and reserves of Nidec as a result of the Share Exchange shall be as follows:

- (1) Capital stock: ¥0
- (2) Legal capital surplus: Change in shareholders' equity as stipulated in Article 39 of the Corporate Accounting Regulations
- (3) Legal retained earnings: ¥0

Article 6 Approval Procedures

1. In accordance with the provisions of Article 796 Paragraph 3 of the Companies Act, Nidec shall conduct the Share Exchange without gaining the consent of Nidec shareholders via a resolution of a General Meeting of Shareholders. However, in accordance with the provisions of Article 796 Paragraph 4 of the Companies Act, if the consent of Nidec shareholders is required, Nidec shall put the necessary resolutions regarding approval of the Agreement and the Share Exchange before Nidec shareholders at a General Meeting of Shareholders to be held no later than the day prior to the effective date of the Share Exchange.
2. Nidec Copal shall put the necessary resolutions regarding approval of the Agreement and the Share Exchange before Nidec Copal shareholders at the General Meeting of Shareholders to be held on June 19, 2013. This arrangement can be altered by mutual agreement between Nidec and Nidec Copal if it is deemed necessary to ensure that the Share Exchange proceeds.

Article 7 Sale of Treasury Stock

As of the Cut-Off Date, Nidec Copal shall cancel all shares of treasury stock it owns as of the Cut-Off Date (including any treasury shares acquired from dissenting shareholders exercising their appraisal rights in connection with the Share Exchange, as stipulated in Article 785 Paragraph 1 of the Companies Act) by resolution of a meeting of its Board of Directors to be held no later than the day prior to the effective date of the Share Exchange.

Article 8 Management of Corporate Assets

During the period from the date of the Agreement to the day prior to the effective date of the Share Exchange, Nidec and Nidec Copal shall execute their respective business operations and manage their respective financial assets in good faith, and shall seek to gain prior mutual agreement for any actions with a significant material impact on these financial assets or related rights and obligations.

Article 9 Changes to the Share Exchange and Cancellation of the Agreement

During the period from the date of the Agreement to the day prior to the effective date of the Share Exchange, based on mutual discussion, Nidec or Nidec Copal may seek to change the terms of or cancel the Agreement if there are any materially adverse changes in the financial assets or business condition of either party, or if any severe hindrance to the implementation of the Share Exchange or other circumstances obstructing achievement of the objectives of the Agreement should arise.

Article 10 Validity of the Agreement

The Agreement shall be invalidated if the parties fail to gain the necessary consent for the Share Exchange based on the approval procedures stipulated in Article 6, or otherwise fail to gain the requisite permission, registration or other form of regulatory approval from the reasonable authorities.

Article 11 Negotiation of Terms

In accordance with the purposes of the Agreement, any terms required for the Share Exchange other than those already stipulated in the Agreement shall be determined based on negotiations conducted in good faith between the parties.

Two copies of the Agreement shall be prepared, and representatives of both parties shall sign each copy, with each party retaining a single signed copy of the Agreement.

April 23, 2013

Shigenobu Nagamori
Chairman of the Board, President & CEO
Nidec Corporation
338 Tonoshiro-cho, Kuze, Minami-ku, Kyoto,
Japan

Shigeru Izawa
President
Nidec Copal Corporation
2-18-10 Shimura, Itabashi-ku, Tokyo Japan

(Translation)

Share Exchange Agreement

Nidec Corporation (“Nidec”) and Nidec Tosok Corporation (“the Company”) hereby enter into this Share Exchange Agreement (this “Agreement”).

Article 1: Share Exchange

Nidec and the Company shall execute a share exchange (the “Share Exchange”) with Nidec becoming the wholly-owning parent company of the Company and the Company becoming the wholly-owned subsidiary of Nidec in accordance with this Agreement, and Nidec will acquire all outstanding shares of the Company (excluding shares of the Company held by Nidec) pursuant to the Share Exchange.

Article 2: Trade Names and Addresses of Nidec and the Company

The trade names and addresses of Nidec and the Company are as set forth below.

(1) Nidec

1. Trade name: Nidec Corporation
2. Address: 338 Tonoshiro-cho, Kuze, Minami-ku, Kyoto

(2) The Company

1. Trade name: Nidec Tosok Corporation
2. Address: 2-215 Sobudai, Zama City, Kanagawa

Article 3: Effective Date

The effective date of the Share Exchange shall be October 1, 2013; provided, however, that the effective date may be modified following consultations by Nidec and the Company if necessary based on the progress of the Share Exchange procedures in accordance with Article 790 of the Companies Act. In this case, the Company shall give public notice of the modified effective date by the day before the pre-modification effective date (if the modified effective date is before the

pre-modification effective date, then the modified effective date).

Article 4: Matters relating to the Number of Shares Granted and Allocation of Shares Pursuant to the Share Exchange

1. When executing the Share Exchange, in exchange for the Company common stock, Nidec shall grant Nidec common stock equal to the number of the Company common shares owned times 0.124 (fractions less than one share shall be rounded down) to the Company shareholders of record (excluding Nidec; referred to as “Shareholders at the Reference Time”) immediately prior to the acquisition of all the Company issued shares (excluding shares of the Company held by Nidec) by Nidec pursuant to the Share Exchange (the “Reference Time”).
2. When executing the Share Exchange, Nidec shall allocate to Shareholders at the Reference Time 0.124 shares of Nidec common stock for each one share of the Company common stock owned.
3. When executing the Share Exchange, if any the Company shareholder receives fractional shares of less than one share of Nidec common stock as a result of allocation pursuant to the preceding subsection at the Reference Time, Nidec shall handle such fractional shares in accordance with Article 234 of the Companies Act.

Article 5: Matters relating to Capital and Reserves

The amounts of Nidec’s capital and reserves to be increased in conjunction with the Share Exchange are set forth below.

Capital: Zero (0) yen

Capital reserves: Amount of change in shareholder’s equity stipulated in Article 39 of the Corporate Accounting Rules

Retained earnings reserve: Zero (0) yen

Article 6: Approval Procedures

1. Pursuant to Article 796, Paragraph 3 of the Companies Act, Nidec shall execute the Share Exchange without obtaining approval of this Agreement by resolution of its general shareholders meeting; provided, however, that if approval of Nidec’s general shareholders

meeting is required pursuant to Article 796, Paragraph 4 of the Companies Act, Nidec shall seek approval of this Agreement and the adoption of resolutions concerning necessary matters from its general shareholders meeting by the day before the effective date.

2. The Company shall seek approval of this Agreement and the adoption of resolutions concerning matters necessary for the Share Exchange at its ordinary general shareholders meeting scheduled for June 20, 2013; provided, however, that this may be modified following consultations between Nidec and the Company if necessary according to the progress of the Share Exchange procedures.

Article 7: Handling of Treasury Shares

The Company shall cancel all treasury shares (including any treasury shares acquired from dissenting shareholders exercising their purchase demand rights in connection with the Share Exchange pursuant to Article 785, Paragraph 1 of the Companies Act) that it holds as of the Reference Time effective as of the Reference Time by resolution of the the Company board of directors adopted at a meeting to be held by the day before the effective date.

Article 8: Management of Corporate Assets

Nidec and the Company shall conduct operations and manage and administer their assets with the due care of a good manager from the day of execution of this Agreement until the day before the effective date of the Share Exchange, and any conduct that will have a material impact on those assets and rights and duties shall be performed following discussions by and agreement between Nidec and the Company.

Article 9: Modification of the Share Exchange Conditions and Cancellation of this Agreement

If during the period from the date of execution of this Agreement until the day before the effective date of the Share Exchange any material changes to the assets or management status of Nidec or the Company occur, any circumstances that would materially impede execution of the Share Exchange occur, or it otherwise becomes difficult to achieve the objectives of this Agreement, following discussions by Nidec and the Company, the share exchange conditions may be modified or this Agreement may be canceled.

Article 10: Effectiveness of this Agreement

If any lawful institutional decisions of Nidec or the Company specified in Article 6 or permits, licenses, registrations, approvals, and the like from the competent authorities necessary for the execution of the Share Exchange cannot be obtained, this Agreement shall cease to be effective.

Article 11: Consultation Matters

Further to the provisions of this Agreement, Nidec and the Company shall engage in consultations in good faith and make a determination in accordance with the intent of this Agreement concerning any necessary matters relating to the Share Exchange.

IN WITNESS WHEREOF, this Agreement shall be prepared in duplicate, and following execution by Nidec and the Company, each shall retain one copy.

April 23, 2013

Nidec:

Nidec Corporation

338 Tonoshiro-cho, Kuze, Minami-ku, Kyoto

By: Shigenobu Nagamori, Chairman of the Board, President and Chief Executive Officer

The Company:

Nidec Tosok Corporation

2-215 Sobudai, Zama City, Kanagawa

By: Shigeru Murata, President and CEO

Subsidiaries of the registrant

No.	Company name in English	Jurisdiction of Incorporation
1	Nidec America Corporation	U.S.A
2	Nidec (Zhejiang) Corporation	China
3	Nidec (Dalian) Ltd.	China
4	Dalian Chengyue Automobile Component Manufacturing Corporation	China
5	Nidec (Dongguan) Ltd.	China
6	Nidec (Shaoguan) Ltd.	China
7	Nidec Electronics GmbH	Germany
8	Nidec Korea Corporation	South Korea
9	Nidec Taiwan Corporation	Taiwan
10	Nidec (Shanghai) International Trading Co., Ltd.	China
11	Nidec (H.K.) Co., Ltd.	China
12	Nidec (Shenzhen) Co., Ltd.	China
13	Nidec (Beijing) Co., Ltd.	China
14	Nidec (New Territories) Co., Ltd.	China
15	Nidec Vietnam Corporation	Vietnam
16	Nidec Automobile Motor (Zhejiang) Corporation	China
17	Nidec Kaiyu Auto Electric (Jiangsu) Co., Ltd.	China
18	Changzhou Dongyu Automobile Appliance And Motor Co., Ltd	China
19	Nidec Philippines Corporation	Philippines
20	Nidec Precision Philippines Corporation	Philippines
21	Nidec Subic Philippines Corporation	Philippines
22	Nidec Singapore Pte. Ltd.	Singapore
23	P.T. Nidec Indonesia	Indonesia
24	Nidec India Private Ltd.	India
25	Nidec Electronics (Thailand) Co., Ltd.	Thailand
26	Nidec Precision (Thailand) Co., Ltd.	Thailand
27	SC WADO Co., Ltd.	Thailand
28	Nidec Precision Malaysia Sdn. Bhd.	Malaysia
29	SC Wado Component (Cambodia) Co.,Ltd.	Cambodia
30	Nidec Management Shanghai Corporation	China
31	Nidec Techno Motor Corporation	Japan
32	Nidec Seiko Corporation	Japan
33	Nidec Shibaura (Zhejiang) Co., Ltd.	China
34	Nidec Shibaura Electronics (Thailand) Co., Ltd.	Thailand
35	Nidec Shibaura (H.K.) Ltd.	China

No.	Company name in English	Jurisdiction of Incorporation
36	Nidec Shibaura (Shanghai) Co., Ltd.	China
37	Nidec-Kyori (Shanghai) Machinery Corporation	China
38	Nidec-Kyori (Zhejiang) Machinery Corporation	China
39	Nidec Machinery Corporation	Japan
40	Nidec Machinery (Thailand) Co., Ltd.	Thailand
41	Nidec Machinery (Zhejiang) Corporation	China
42	Nidec Machinery (Shanghai) Co., Ltd.	China
43	Nidec Global Service Corporation	Japan
44	Nidec Total Service (Zhejiang) Corporation	China
45	Nidec-Shimpo Corporation	Japan
46	Nidec-Read Corporation	Japan
47	Nidec-Read Taiwan Corporation	Taiwan
48	Nidec-Read Korea Corporation	South Korea
49	LuzCom, Inc.	Japan
50	Nidec-Read (Zhejiang) Corporation	China
51	Nidec Read (Thailand) Co., Ltd.	Thailand
52	Nidec-Shimpo America Corporation	U.S.A
53	Shimpo Drives Incorporation	U.S.A
54	Nidec-Shimpo Philippines Corporation	Philippines
55	Nidec-Shimpo (Shanghai) International Trading Co., Ltd.	China
56	Nidec-Shimpo (Zhejiang) Corporation	China
57	Nidec-Shimpo (H.K.) Co., Ltd.	China
58	Nidec-Shimpo Taiwan Corporation	Taiwan
59	Nidec-Shimpo India Sales & Trading Private Ltd.	India
60	Nidec-Shimpo do Brasil Importacao, Exportacao e Comercio de Equipamentos Ltda.	Brazil
61	Nidec-Shimpo Korea Corporation	Korea
62	Minster Machine Corporation	U.S.A
63	Minster Machine GmbH	Germany
64	Ningbo Minster Industrial Machinery Co., Ltd.	China
65	Metal Forming Group LLC	U.S.A
66	Press Masters, LLC	U.S.A
67	Nidec Tosok Corporation	Japan
68	Nidec Tosok (Vietnam) Co., Ltd.	Vietnam
69	Nidec Tosok (Shanghai) Co., Ltd.	China
70	Nidec Tosok (Zhejiang) Corporation	China
71	Nidec Tosok Akiba (Vietnam) Co., Ltd.	Vietnam
72	Nidec Tosok Uogishi (Zhejiang) Corporation	China
73	Nidec Tosok Precision Vietnam Co., Ltd.	Vietnam
74	Nidec Copal Corporation	Japan
75	Nidec Copal Philippines Corporation	Philippines

No.	Company name in English	Jurisdiction of Incorporation
76	Nidec Copal (Vietnam) Co., Ltd.	Vietnam
77	Nidec Copal (Malaysia) Sdn. Bhd.	Malaysia
78	Niigata Nidec Copal Corporation	Japan
79	Nidec Copal (Thailand) Co., Ltd.	Thailand
80	Copal Optical and Electronic Machinery (Shanghai) Co., Ltd.	China
81	Nidec Copal (U.S.A) Corporation	U.S.A
82	Nidec Copal Hong Kong Co., Ltd.	China
83	Nidec Copal (Zhejiang) Co., Ltd.	China
84	Copal Yamada Corporation	Japan
85	Copal Yamada (Vietnam) Co., Ltd.	Vietnam
86	Nidec Copal Precision(Vietnam) Corporation	Vietnam
87	Nidec Copal Electronics Corporation	Japan
88	Nidec Copal Electronics, Inc.	U.S.A
89	Nidec Copal Electronics GmbH	Germany
90	Globa Service Inc.	Japan
91	Globa Sales Co., Ltd.	Japan
92	Nidec Copal Electronics (Shanghai) Co., Ltd.	China
93	Nidec Copal Electronics (Korea) Co., Ltd.	South Korea
94	Nidec Copal Electronics (Zhejiang) Co., Ltd.	China
95	Nidec Copal Electronics Singapore Pte. Ltd.	Singapore
96	Fujisoku Corporation	Japan
97	Hangzhou Keming Electronics., Ltd.	China
98	Nidec Copal Electronics (Taiwan) Co., Ltd.	Taiwan
99	Nidec Logistics Corporation	Japan
100	Nidec Logistics Consulting (Pinghu) Corporation	China
101	Nidec Logistics Singapore Pte. Ltd.	Singapore
102	Nidec Sankyo Corporation	Japan
103	Nidec Sankyo Service Engineering Corporation	Japan
104	Nidec Sankyo Music Box Corporation	Japan
105	Nidec Sankyo America Corporation	U.S.A
106	Nidec Sankyo Taiwan Corporation	Taiwan
107	Nidec Sankyo Singapore Pte. Ltd.	Singapore
108	Nidec Sankyo (Zhejiang) Corporation	China
109	Nidec Sankyo Vietnam Corporation	Vietnam
110	Nidec Sankyo Electronics (Shanghai) Corporation	China
111	Nidec Sankyo (H.K.) Co., Ltd.	China
112	Nidec Sankyo Electronics (Shaoguan) Co., Ltd.	China
113	Nidec Sankyo Electronics (Shenzhen) Corporation	China
114	Nidec Sankyo Europe GmbH	Germany
115	Nidec Sankyo Electronics (Dongguan) Corporation	China

No.	Company name in English	Jurisdiction of Incorporation
116	Nidec Sankyo (Thailand) Co., Ltd.	Thailand
117	Nidec Sankyo Tohoku Corporation	Japan
118	Nidec Nissin (H.K.) Co., Ltd.	China
119	Nidec Sankyo (Dongguan) Precision Corporation	China
120	P.T. Nidec Sankyo Precision Indonesia	Indonesia
121	Nidec Sankyo (Dalian) Corporation	China
122	Nidec Sankyo Vietnam (Hanoi) Corporation	Vietnam
123	Tammy Corporation	Japan
124	SCD Co., Ltd	South Korea
125	Nidec Motors & Actuators	France
126	Nidec Motors & Actuators (Germany) GmbH	Germany
127	NMA Property Verwaltungsgesellschaft	Germany
128	Nidec Motors & Actuators (Poland) Sp.Z o.o.	Poland
129	Nidec Motors & Actuators (Spain) S.A.	Spain
130	Nidec Motors & Actuators (USA) Inc.	U.S.A
131	Nidec Motors & Actuators (Mexico) S. de R.L. de C.V.	Mexico
132	Nidec Component Technology Co., Ltd.	Singapore
133	Nidec BMS Pte. Ltd.	Singapore
134	PT. Nidec Component Technology Indonesia	Indonesia
135	PT Pacific Coatings Batam	Indonesia
136	Nidec Component Technology Bangpa-In Co., Ltd.	Thailand
137	Nidec Component Technology (Thailand) Co., Ltd.	Thailand
138	Nidec Component Technology (Suzhou) Co., Ltd.	China
139	Nidec BMS (Suzhou) Co., Ltd.	China
140	Taima Casting Sdn. Bhd.	Malaysia
141	Nidec Servo Corporation	Japan
142	Nidec Servo Hotaka Corporation	Japan
143	Japan Servo Motors Singapore Pte, Ltd.	Singapore
144	PT. Japan Servo Batam	Indonesia
145	Nidec Servo (Hong Kong) Co., Ltd.	China
146	Nidec Servo (Changzhou) Corporation	China
147	Nidec Servo Vietnam Corporation	Vietnam
148	Nidec Servo Europe B.V.	Netherlands
149	Nidec Servo (Shanghai) Co., Ltd.	China
150	Nidec Motor Holdings Corporation	Japan
151	Nidec US Holdings Corporation	U.S.A
152	Nidec Motor Corporation	U.S.A
153	Nidec Motor Canada Corporation	Canada
154	Compania de Motores Domesticos, S.A. de C.V.	Mexico
155	Rotores S.A. de C.V.	Mexico

No.	Company name in English	Jurisdiction of Incorporation
156	Controles Electromecanicos de Mexico S.A. de C.V.	Mexico
157	Nidec Laminaciones de Acero, S.A. de C.V.	Mexico
158	Motores Reynosa, S.A. de C.V.	Mexico
159	Motores U.S. de Mexico S.A. de C.V.	Mexico
160	U.S.E.M. de Mexico, S.A. de C.V.	Mexico
161	Nidec SR Drives Manufacturing Ltd.	United Kingdom
162	Nidec SR Drives Ltd.	United Kingdom
163	Nidec Motor (Qingdao) Corporation	China
164	Nidec Motor Colombia SAS	Colombia
165	Emerson Venezuela C.A.	Venezuela
166	Nidec Motor Philippines Corporation	Philippines
167	Mallory Automotive Motors and Controls, LLC	U.S.A
168	Avtron Industrial Automation Inc. (Renamed to Nidec Avtron Automation Corporation on June 1, 2013.)	U.S.A
169	Avtron Industrial Automation Hong Kong, Ltd.	China
170	Avtron Industrial Automation Asia, Ltd.	China
171	Nidec Sole Motor Corporation S.R.L.	Italy
172	Nidec Sole Motor Hungary K.F.T.	Hungary
173	Nidec Seimitsu Corporation	Japan
174	Nidec Seimitsu Singapore Pte. Ltd.	Singapore
175	PT.Nidec Seimitsu Batam	Indonesia
176	Nidec Seimitsu Motor Technology (Dongguan) Co., Ltd.	China
177	Nidec Seimitsu America Corporation	U.S.A
178	Nidec Seimitsu (Hong Kong) Co., Ltd.	China
179	Nidec Seimitsu Motor Technology (Shenzhen) Co., Ltd.	China
180	Nidec Seimitsu Vietnam Corporation	Vietnam
181	Nidec ASI S.p.A.	Italy
182	Ansaldo Sistemi Industriali GmbH	Germany
183	Asi Industrial Systems Beijing Co., Ltd.	China
184	Ansaldo Sistemi Industriali SA	France
185	Ansaldo Sistemi Industriali RO S.r.l.	Romania
186	A/O Ansaldo VEI	Russia
187	Answer Drives S.r.l.	Italy
188	Anselectric LLC	U.S.A
189	Anselectric LLC	U.A.E
190	Nidec ASI Japan Corporation	Japan
191	Kinetek group, inc. (Renamed to Nidec Kinetek Corporation on June 1, 2013.)	U.S.A
192	Kinetek Holdings Corp.	U.S.A
193	Kinetek Industries, Inc.	U.S.A

No.	Company name in English	Jurisdiction of Incorporation
194	Kinetek European Holdings, LLC	U.S.A
195	Kinetek Luxco GP S.à.r.l.	Luxembourg
196	Kinetek Luxco GP S.à.r.l. & Partners S.C.S	Luxembourg
197	Kinetek Luxco S.à.r.l.	Luxembourg
198	Kinetek Italian Holdco 1 S.r.l.	Italy
199	Kinetek Italian Holdco 2 S.r.l.	Italy
200	T.E.A International S.r.l	Italy
201	Selin Sistemi, S.r.l	Italy
202	FIR Electromeccanica S.r.l	Italy
203	Sermed S.à.r.l..	France
204	Advanced Motors & Drives. Inc	U.S.A
205	Advanced D.C. Motors GmbH	Germany
206	Merkle-Korff Industries, Inc.	U.S.A
207	Merkle-Korff de Mexico S.A. de C.V	Mexico
208	Merkle-Korff Industries, Inc -dba Kinetek Advanced AC Solutions	U.S.A
209	Motion Control Engineering, Inc.	U.S.A
210	MCE Turkey, LLC	U.S.A
211	MCE International LLC	U.S.A
212	Kinetek Elevator Import Export & Mfg LLC	Turkey
213	Kinetek de Mexico S de R.L. de C.V.	Mexico
214	NTK Capital, Inc.	U.S.A
215	Kinetek Asia Holdings III Inc.	U.S.A
216	Kinetek JH Hong Kong Limited	China
217	Guangzhou Kinetek Jinghe Machine Co., Ltd.	China
218	Kinetek Asia Holdings IV, Inc.	U.S.A
219	Kinetek CMM Hong Kong Limited.	China
220	Changzhou Kinetek Motor Master Co., Ltd.	China
221	Kinetek UK Ltd.	United Kingdom
222	The Imperial Electric Company.	U.S.A
223	Tundra Equipment Company.	U.S.A
224	Valmark Industries, Inc.	U.S.A
225	Kinetek Electronics Systems Group Inc.	U.S.A
226	Kinetek Asia Holding, Inc.	U.S.A
227	Kinetek De Sheng (Foshan) Motor Co., Ltd.	China
228	Kinetek Asia Holdings II, Inc.	U.S.A
229	Kinetek ZX Hong Kong Limited	China
230	Wuxi Zhongxiu Kinetek Elevator Technology Co., Ltd.	China
231	Kinetek Asia Hong Kong Limited	China
232	Foshan Kinetek Commercial Trading Company Limited	China

CERTIFICATION

I, Shigenobu Nagamori, certify that:

1. I have reviewed this annual report on Form 20-F of Nidec Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: July 19, 2013

/s/ Shigenobu Nagamori

Shigenobu Nagamori
President, Chief Executive Officer
and Representative Director

CERTIFICATION

I, Masuo Yoshimatsu, certify that:

1. I have reviewed this annual report on Form 20-F of Nidec Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: July 19, 2013

/s/ Masuo Yoshimatsu

Masuo Yoshimatsu
First Senior Vice President,
Chief Financial Officer and
Director

CERTIFICATION

Pursuant to 18 U.S.C. § 1350, the undersigned officer of Nidec Corporation (the “Company”) hereby certifies, to such officer’s knowledge, that the Company’s annual report on Form 20-F for the fiscal year ended March 31, 2013 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the U.S. Securities Exchange Act of 1934, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 19, 2013

/s/ Shigenobu Nagamori

Shigenobu Nagamori
President, Chief Executive Officer and
Representative Director

CERTIFICATION

Pursuant to 18 U.S.C. § 1350, the undersigned officer of Nidec Corporation (the “Company”) hereby certifies, to such officer’s knowledge, that the Company’s annual report on Form 20-F for the fiscal year ended March 31, 2013 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the U.S. Securities Exchange Act of 1934, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 19, 2013

/s/ Masuo Yoshimatsu

Masuo Yoshimatsu
First Senior Vice President, Chief
Financial Officer and Director