
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, 2012
- 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, 2012, 145,075,080 shares of common stock were outstanding, including 2,472,632 shares represented by 9,890,528 American Depositary Shares and 8,240,496 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, “RMB” means the lawful currency of People’s Republic of China, and “MXN” means the lawful currency of the United Mexican States.

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” 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 “Risk Factors” and elsewhere in this annual report and include, but are not limited to:

- general economic conditions in the computer and other information technology, consumer electronics, industry machinery, 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 and rapid technological development;
- abrupt changes in our customers’ market position, particularly as a result of mergers and acquisitions;
- our ability to acquire and successfully integrate companies with complementary technologies and product lines;
- any negative impacts on our businesses from 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; and
- adverse changes in laws, regulations or economic policies in any of the countries where we have manufacturing 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, 2008 through 2012 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,				
	2008 ⁽¹⁾	2009 ⁽¹⁾	2010 ⁽¹⁾	2011 ⁽¹⁾	2012
	(Yen in millions and U.S. dollars in thousands, except number of shares outstanding and per share amounts)				
Income statement data:					
Net sales	¥705,441	¥592,794	¥571,552	¥675,988	¥682,320
Cost of products sold	550,022	462,974	421,190	500,034	523,729
Selling, general and administrative expenses	48,757	50,524	46,809	55,348	55,471
Operating income	77,293	52,773	79,282	92,869	73,070
Income from continuing operations before income taxes	64,238	48,018	75,971	81,966	70,856
Net income attributable to Nidec Corporation	41,156	28,353	51,961	52,333	40,731
Balance sheet data (period end):					
Total assets	¥671,714	¥702,884	¥692,791	¥748,205	¥800,401
Short-term borrowings	68,854	221,342	115,467	52,018	86,608
Current portion of long-term debt	29,196	1,883	1,497	1,124	674
Long-term debt	3,430	2,578	1,745	101,819	101,236
Total Nidec Corporation shareholders' equity	319,584	297,148	340,309	355,250	370,182
Common stock	66,248	66,551	66,551	66,551	66,551
Number of shares outstanding	144,987,492	145,075,080	145,075,080	145,075,080	145,075,080
Per share data:					
Income from continuing operations per share-basic	¥290.99	¥217.39	¥384.91	¥406.10	¥336.33
Loss on discontinued operations per share-basic	(6.99)	(19.97)	(11.87)	(30.19)	(40.08)
Net income attributable to Nidec Corporation per share-basic	284.00	197.42	373.04	375.91	296.25
Income from continuing operations per share-diluted	283.08	213.79	384.91	391.96	314.41
Loss on discontinued operations per share-diluted	(6.79)	(19.67)	(11.87)	(29.16)	(37.52)
Net income attributable to Nidec Corporation per share-diluted	276.29	194.12	373.04	362.80	276.89
Cash dividends declared per share	¥55.00	¥60.00	¥65.00	¥85.00	¥90.00
Cash dividends declared per share(2)	\$0.55	\$0.61	\$0.70	\$1.02	\$1.10

Notes:

(1) As of December 31, 2008, we discontinued our optical pickup unit, or OPU, business which had previously been included in the "electronic and optical components" product category. As of September 30, 2009, we discontinued our semiconductor manufacturing equipment, or SME, business which had previously been included in the "machinery" category. 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, 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. The

operating results of the OPU, 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 OPU, 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, 2008 through 2012.

(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.

	<u>High</u>	<u>Low</u>	<u>Average</u>	<u>Period-end</u>
Year ended March 31,				
2008	124.09	96.88	114.31	99.85
2009	110.48	87.80	100.62	99.15
2010	100.71	86.12	92.93	93.40
2011	94.68	78.74	85.71	82.76
2012	85.26	75.72	78.99	82.41
Calendar period				
December 2011	78.13	76.98	77.80	76.98
January 2012	78.13	76.28	76.96	76.34
February 2012	81.10	76.11	78.47	81.10
March 2012	83.78	80.86	82.47	82.41
April 2012	82.62	79.81	81.33	79.81
May 2012	80.36	78.29	79.67	78.29

As of June 1, 2012, the noon buying rate was ¥78.21 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.

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 recently acquired, were approximately 17%, 13% and 12% of our total net sales for the fiscal years ended March 31, 2010, 2011 and 2012, 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 recently acquired, were approximately 14%, 11% and 10% of total net sales for the fiscal years ended March 31, 2010, 2011 and 2012, respectively. Our sales to the two largest customers relate to motors used in HDDs. 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 of our dependence on the computer industry, our business may be adversely affected by a decline in the computer market.

A substantial portion of our net sales depends on sales of computers and computer 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 computers and computer peripherals. The markets for computers and computer peripherals are cyclical and have been characterized 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,
- alternating periods of over-capacity and 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 computers and computer peripherals, our net sales could decrease, and our results of operations could be materially and 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 35.7%, 29.0% and 25.9% of our total net sales in the fiscal years ended March 31, 2010, 2011, and 2012, 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. Our inventory was ¥90.4 billion at March 31, 2011 and ¥91.5 billion at March 31, 2012. 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 may 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 decline if 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 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 15%, 8% and 7% during the fiscal years ended March 31, 2010, 2011 and 2012, respectively. On a U.S. dollar basis, the average unit price of our spindle motors for HDDs decreased approximately 8% and 1% during the fiscal years ended March 31, 2010 and 2011, respectively, and increased approximately 1% during the fiscal year ended March 31, 2012. 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. 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 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. 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 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. Our inventory increased 1.2% between March 31, 2011 and March 31, 2012.

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 and reporting systems and procedures to acquired businesses,
- accuracy of financial 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 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, we may lose credibility, and our corporate brand may be diminished, 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, 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 the Osaka Securities 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 substantial goodwill and long-lived assets, including 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 75.3%, 74.4% and 74.1% of our consolidated net sales during the fiscal years ended March 31, 2010, 2011 and 2012, 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 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. If, for example, the global economic environment deteriorates due to the credit and financial crises in Europe, our operating results and financial condition may be adversely affected.

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

Our accounts receivable as of March 31, 2012 was 11.1% higher compared to March 31, 2011. 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 13.0% and 7.2% of our gross accounts receivable at March 31, 2011, and 13.6% and 9.2% of our gross accounts receivable at March 31, 2012, 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, 2012, there were 136,834,584 shares of our outstanding common stock (excluding treasury stock), of which 20,142,044 shares, or 14.7% 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 Osaka Securities Exchange Co., Ltd., the Tokyo Stock Exchange, Inc. 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 Handling 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 Corporate Auditors 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 Corporate Auditors 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, 2012, we had 169 subsidiaries located in 25 countries, and two affiliated companies located in Japan and the Philippines. We had 107,489 employees worldwide, 90.3% of which were employed outside Japan, as of March 31, 2012.

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-friendly 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.

As part of our ongoing efforts to further accelerate growth and enhance the efficiency of management of our group companies, we have implemented a series of intra-group realignment transactions in the general motors business group. As part of these transactions, Nidec Power Motor Corporation and Nidec Shibaura Corporation were merged by absorption into an intermediate holding company, Nidec Techno Motor Holdings Corporation in March and April 2011, respectively. In addition, Nidec Motor Corporation and Nidec Sole Motor Corporation S.R.L. became subsidiaries of a single intermediate holding company, Nidec Motor Holdings Corporation, in April 2011.

In July 2011, we transferred a portion of Nidec Corporation's management function relating to Nidec-Kyori Corporation to Nidec-Shimpo Corporation through an absorption-type corporate split transaction. In April 2012, Nidec-Kyori Corporation was merged by absorption into Nidec-Shimpo Corporation.

In July 2011, we acquired Sanyo Seimitsu Co., Ltd., a manufacturer of vibration motors for mobile phones and other small precision DC motors, to further expand our small precision motor business. The company was subsequently renamed "Nidec Seimitsu Corporation."

In November 2011, we established Nidec Management Shanghai Corporation for the specific propose of our cash management in China.

In April 2012, Nidec Shimpo acquired The Minster Machine Company, a U.S. manufacturer of press machines, to expand our machinery business.

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.

In April, 2012, we and Nidec Sankyo Corporation, a consolidated subsidiary, entered into a share exchange agreement to make Nidec Sankyo our wholly owned subsidiary. The share exchange transaction is expected to become effective on October 1, 2012 in accordance with a resolution adopted at an ordinary general meeting of Nidec Sankyo shareholders held on June 18, 2012.

The following list presents a selected history of our major acquisition activities relating to the expansion of our businesses involving small precision motors, general motors, 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	We acquired 38.5% of Kyoritsu Machinery Co., Ltd. and changed its name to Nidec Machinery Corporation. We subsequently increased our ownership to the current level of 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. 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.
1999/ 2009	In October 1999, we acquired 71.0% of the outstanding shares of Nemicon Corporation, which was subsequently renamed Nidec Nemicon Corporation, a manufacturer of optical rotary encoders, proximity sensors and other electronic equipment. Later that year, we acquired an additional 2.1% share in the company. Nidec Nemicon. In March 2009, we disposed of all of the shares of Nidec Nemicon.
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 general motors for industrial equipment and home electrical appliances. Through this acquisition, we expanded our business in the field of general motors. 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 currently hold approximately 75% of the outstanding shares of Nidec Sankyo. We plan to make Nidec Sankyo a wholly-owned subsidiary by way of a share exchange, effective as of October 1, 2012.
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 June 2008, we acquired all of the shares of Shanghai Nidec Automotive Electric Motors Limited, a manufacturer of automotive DC motors used in window lift systems and anti-lock braking systems.
2009	In August 2008, we acquired 68.4% of newly issued shares of Copal Yamada, which manufactures and designs precision molds.
2010/ 2012	In August 2009, we acquired 60.0% of the voting interests in NTN-Nidec (Zhejiang) Corporation and NTN-Nidec (Thailand) Co., Ltd. to make them our wholly owned subsidiaries. These two companies were renamed Nidec Bearing (Zhejiang) Corporation and Nidec Bearing (Thailand) Corporation, respectively. These companies manufacture sintered-alloy fluid dynamic bearing units. In April 2011, Nidec Bearing (Zhejiang) Corporation was merged by absorption into Nidec (Zhejiang) Corporation.
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 motors).

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 September 2009, we discontinued the semiconductor manufacturing equipment, or SME, business in order to improve profitability by prioritizing our investment of management and capital resources on the development and production of new products in the automobile parts and measuring equipment businesses, which we believe have greater potential for growth. 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, 2010, 2011 and 2012, our capital expenditures, as shown in our consolidated statements of cash flows for those fiscal years, were ¥36,608 million, ¥55,010 million and ¥41,446 million, respectively. Major capital expenditures for the last three fiscal years included additional expansions of our property, plant and equipment for hard disk spindle motors in Thailand and the Philippines and electronic and optical components in Thailand.

Our currently planned capital expenditures for the fiscal year ending March 31, 2013 include investments of approximately ¥37,455 million in manufacturing plants and facilities, mainly in Asia, and various additional other investments, including:

- Basic and applied research and development facility in Japan (Nidec Corporation)
- Small precision motors manufacturing factory in Thailand (Nidec Electronics (Thailand) Co., Ltd.)
- Components for small precision motors manufacturing factory in Thailand (Nidec Precision (Thailand) Co., Ltd.)

The planned capital expenditures for the fiscal year ending March 31, 2013 also include plans to purchase property, plant and equipment to replace the assets damaged by the Thai flooding. For more information on our capital expenditure, see "Item 5.B. Operating and Financial Review and Prospects — Liquidity and Capital Resources."

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, environmentally-friendly 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-friendly 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-friendly electric motors,
- Expansion of selling and manufacturing capacities in emerging countries, and
- Mergers and acquisitions of electric motor businesses in the household appliance, automotive 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 operations 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, 2012 are as follows:

- *Small Precision Motors:* Hard disk drives spindle motors, other small precision brushless DC motors (for optical disk drives, laser printers, copiers, polygon scanners), brushless DC fans (for game machine consoles, microprocessor units, servers, personal computers, communication devices, automobiles), and other small precision motors (for refrigerator ice makers, mobile phones, CD players, DVD recorders, and other products);
- *General Motors:* Automotive motors (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 (for machine tools, heat pump and water heater systems, elevators, barrier-free facilities, electric tools, air compressors, and other products);
- *Machinery:* Transfer robots (for liquid-crystal-display panels, semiconductor wafers, and other products), card readers, high-speed pressing machines, and power transmission systems;

- *Electronic and Optical Components*: Shutters and lens units (for digital still cameras and mobile phones), switches, trimmer potentiometers, actuators, precision plastic moldings and plastic metal casings, and
- *Others*: Control valves (for automotive transmissions), music boxes and logistics services.

Although the large-scale earthquake and subsequent events had a significant negative impact on our sales particularly in the first quarter ended June 30, 2011, the impact has remained at a manageable level to date. Based on the information currently available to us, we have decided to continue to pursue the growth strategy, investment plans, and research and development initiatives that we formulated prior to the earthquake. There could be developments, however, including additional earthquakes and a possible nationwide implementation of planned power outages attributable to reduced electricity production resulting from the nuclear power plant accidents, which would have a material negative impact on our results of operations. See “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” and “Item 3.D. Key Information — Risk Factors — An unexpected drastic decline in the global economies may result in reduced demand for our 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					
	2010		2011		2012	
Small precision motors:						
Hard disk drives spindle motors	¥203,845	35.7%	¥196,265	29.0%	¥176,932	25.9%
Other small precision brushless DC motors						
(2)	72,362	12.7%	70,149	10.4%	69,753	10.2%
Brushless DC fans	32,651	5.7%	33,801	5.0%	30,327	4.4%
Other small precision motors	18,023	3.1%	18,883	2.8%	28,174	4.2%
Sub-total	326,881	57.2%	319,098	47.2%	305,186	44.7%
General motors	73,381	12.8%	137,251	20.3%	178,214	26.1%
Machinery	47,966	8.4%	77,329	11.4%	64,904	9.5%
Electronic and optical components (2)(3)	94,545	16.5%	107,693	15.9%	95,580	14.0%
Others	28,779	5.1%	34,617	5.2%	38,436	5.7%
Consolidated total	¥571,552	100.0%	¥675,988	100.0%	¥682,320	100.0%

Notes:

- (1) Inter-group transactions have been eliminated in consolidation.
- (2) Operations of the specialty lens actuator business, formerly classified in the “Other small precision brushless DC motors” business group, the tape drive and disk drive mechanism businesses, formerly classified in the “Electronic and Optical Components” business group, and the compact digital camera lens unit business, formerly classified in the “Electronic and Optical Components” business group, were reclassified as discontinued operations in March 2012 in accordance with ASC205-20 (Presentation of Financial Statements-Discontinued Operations). Prior-year sales amounts in the table have been retrospectively adjusted to reflect this reclassification.
- (3) Operations of the specialty lens units business, formerly classified in the “Electronic and Optical Components” business group, were reclassified as discontinued operations in March 2011 in accordance with ASC205-20 (Presentation of Financial Statements-Discontinued Operations). Prior-year sales amounts

in the table have been retrospectively adjusted to reflect this reclassification.

For the fiscal year ended March 31, 2012, electric motors, which include Small Precision Motors and General Motors, represented 70.8% of our total net sales, with Machinery, Electronic and Optical Components, and Others comprising the remainder.

Small Precision Motors

The Small Precision Motors business covers a broad array of direct-current, or DC, electric motors operating at less than 100 watts. This business group constitutes the core of our consolidated operations and accounted for 44.7% of our consolidated net sales for the fiscal year ended March 31, 2012. 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 computer industry, our business may be adversely affected by a decline in the computer market.”

This business group is divided into four product categories according to application: (1) hard disk drives spindle motors, (2) other small precision brushless DC motors, (3) brushless DC fans, and (4) other small precision motors.

The details of each product category are as follows:

(1) Hard disk drives spindle motors

We manufacture spindle motors for hard disk drives used in personal computers, computer servers, and a range of digital consumer electronics. This product category represented 58.0% of our Small Precision Motors sales for the fiscal year ended March 31, 2012.

Our hard disk spindle motors fall into three groups 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, 2012, approximately 34.9% of our hard disk drive spindle motor sales came from Seagate Technology LLC, 26.0% from Western Digital Corporation, 21.1% from Hitachi Global Storage Technologies (which was acquired by Western Digital in March 2012), and the remainder from Samsung Electronics Co., Ltd. (which was acquired by Seagate Technology in December 2011) and Toshiba Corporation. 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.

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. The following are some of the key recent 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 drive market indicates a trend towards more economical, energy-efficient server disk drives with smaller footprints, reflecting the industry's focus 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) are expected to 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.
- Horizontal and vertical consolidations in the hard disk drive industry, primarily aimed to bolster server-class, high-capacity storage solutions and establish a blended storage platform featuring both hard disk drives and solid-state drives, have accelerated in recent years, influencing the competitive positions of the upstream component suppliers.

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."

In October 2011, severe flooding covered Thailand's major industrial areas, causing serious disruptions in a range of PC components supply chains, most notably in the HDD supply chain. Many of our HDD motor manufacturing factories located in the flooded areas were also exposed to inundation, requiring us to suspend operations. By early December 2011, our operational conditions in Thailand were substantially normalized and returned in phases to pre-flood production levels. However, the uneven pace of recovery among the HDD components suppliers induced constant shortages of HDDs, resulting in inventory adjustments in the PC market, which in turned adversely affected our sales. 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."

(2) Other small precision brushless DC motors

The principal products in this product category are brushless DC motors used in optical disk drives primarily for PCs, digital video recorders, and high-end office equipment, including laser printers and hybrid copiers. A significant portion of the operations is conducted by Nidec Corporation and Nidec Sankyo Corporation. In this product category, our major customers are Japanese, Korean and Taiwanese electronics companies. Our competitors are for the most part Japanese and Korean component manufacturers, including our customers' motor manufacturing divisions. This product category represented 22.9% of our Small Precision Motors sales for the fiscal year ended March 31, 2012.

(3) Brushless DC Fans

Our brushless DC fans, which are used to disperse the excess heat generated by electronic components, thereby keeping electrical equipment cool, currently have applications in PCs and computer servers, game machine consoles, mobile phone base stations and a variety of other products that require cooling functions. This product category is managed by Nidec Corporation and Nidec Servo Corporation. We mainly supply brushless DC fans to the world's major manufacturers of PCs, microprocessors, game machine consoles, and networking and communications equipment. Our competitors are for the most part Japanese and Taiwanese component manufacturers. This product category represented 9.9% of the Small Precision Motors sales for the fiscal year ended March 31, 2012.

(4) Other Small Precision Motors

This product category consists of various types of small electric motors other than brushless DC motors. Electric motors in this product category are manufactured and sold by our consolidated subsidiaries and include the following:

- stepping motors for refrigerator icemakers, optical disk drives, camcorders, digital still cameras and car navigation systems,
- vibration motors for mobile phones, brush DC motors for CD and DVD players, and
- servo motors for industrial equipment and home appliances.

For a discussion of our recent acquisition in the Other Small Precision Motors business, see “—A. History and Development of the Company.”

This product category represented 9.2% of the Small Precision Motors sales for the fiscal year ended March 31, 2012.

General Motors

The General Motors business group provides electric motors with power output higher than that of small precision motors and has applications in home appliances, automotive systems and industrial equipment. The home appliance motor business is primarily conducted by Nidec Motor Corporation, Nidec Techno Motor Corporation and Nidec Sole Motor Corporation S.R.L. The automotive motor business is conducted by Nidec Corporation, Nidec Motors & Actuators and Nidec Motor Corporation. The industrial motor business is mainly conducted by Nidec Motor Corporation. In the General Motors business, we manufacture and sell 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 worldwide and our customers' own motor manufacturing units. For a discussion of our recent acquisitions of business, and internal reorganizations of subsidiaries, engaged in the General Motors business, 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 26.1% of our consolidated net sales for the fiscal year ended March 31, 2012.

Machinery

The Machinery business group is managed by our consolidated subsidiaries and consists of various equipment and machinery mainly for industrial use. A significant portion of the operations of this business group are conducted by Nidec Sankyo Corporation in the transfer robot and card reader industry, Nidec-Shimpo Corporation (and Nidec-Kyori Corporation, which was merged into Nidec-Shimpo 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 internal reorganization 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 9.5% of our consolidated net sales for the fiscal year ended March 31, 2012.

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, who 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 14.0% of our consolidated net sales for the fiscal year ended March 31, 2012.

Others

The Others business includes various operations not covered by other business groups, primarily consisting of manufacturing and sales of automobile parts and the provision of logistics and other services. Those operations are conducted by Nidec Tosok Corporation and Nidec Corporation and its other subsidiaries. This business group represented 5.7% of our consolidated net sales for the fiscal year ended March 31, 2012.

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:

Geographic revenues based on the locations of business entities generating sales

	Yen in millions, except percentage data					
	For the year ended March 31					
	2010		2011		2012	
Japan	¥245,977	43.0%	¥295,376	43.7%	¥260,470	38.2%
U.S.A.	11,352	2.0%	46,579	6.9%	71,317	10.5%
Singapore	33,673	5.9%	28,015	4.1%	40,595	5.9%
Thailand	102,261	17.9%	99,932	14.8%	75,908	11.1%
The Philippines	14,884	2.6%	10,657	1.6%	19,683	2.9%
China	122,833	21.5%	139,264	20.6%	148,553	21.8%
Other	40,572	7.1%	56,165	8.3%	65,794	9.6%
Consolidated total	¥571,552	100.0%	¥675,988	100.0%	¥682,320	100.0%

Geographic revenues based on the locations of customers

	Yen in millions, except percentage data					
	For the year ended March 31					
	2010		2011		2012	
North America	¥17,604	3.1%	¥55,237	8.2%	¥79,997	11.7%
Asia	373,694	65.4%	390,218	57.7%	358,653	52.5%
Europe	36,419	6.4%	51,887	7.7%	59,987	8.8%
Other	2,628	0.4%	5,440	0.8%	7,291	1.1%
Overseas sales total	430,345	75.3%	502,782	74.4%	505,928	74.1%
Japan	141,207	24.7%	173,206	25.6%	176,392	25.9%
Consolidated total	¥571,552	100.0%	¥675,988	100.0%	¥682,320	100.0%

Notes:

- (1) Inter-group transactions have been eliminated in consolidation.
- (2) Operations of the specialty lens actuator business, formerly classified in the “Other small precision brushless DC motors” business group, the tape drive and disk drive mechanism businesses, formerly classified in the “Electronic and Optical Components” business group, and the compact digital camera lens unit business, formerly classified in the “Electronic and Optical Components” business group, were reclassified as discontinued operations in March 2012 in accordance with ASC205-20 (Presentation of Financial Statements-Discontinued Operations). Prior-year sales amounts in the table have been retrospectively adjusted to reflect this reclassification.
- (3) Operations of the specialty lens units business, formerly classified in the “Electronic and Optical Components” business group, were reclassified as discontinued operations in March 2011 in accordance with ASC205-20 (Presentation of Financial Statements-Discontinued Operations). Prior-year sales amounts in the table have been retrospectively adjusted to reflect this reclassification.

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 environmentally friendly design characteristics, such as low noise, improved safety, reliability and energy efficiency.

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. Although the recent increase in prices of rare earth magnets has negatively affected our margins for some of our businesses, 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 within the next few years, 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

On September 25, 2008, we filed a lawsuit in the Tokyo District Court against YASKAWA Electric Corporation, or YASKAWA, for infringement of Japanese Patent Nos. 3973006 and 3973048, which relate to LCD panel handling robots. On March 31, 2010, we brought an additional lawsuit in the Tokyo District Court against YASKAWA for infringement of Japanese Patent No. 3973048 to include additional products of YASKAWA. In the meantime, YASKAWA filed a petition with the Japanese Patent Office, or JPO, to invalidate the patents. JPO issued a judgment in favor of YASKAWA. We appealed JPO’s judgment to the Intellectual Property High Court of Japan, which decided in favor of YASKAWA. On February 7, 2012, we appealed the Intellectual Property High Court’s decision to the Supreme Court of Japan, which dismissed our appeal and remanded the case to the Tokyo District Court. On February 28, 2012, the Tokyo District Court issued a decision in favor of YASKAWA.

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 condition or results of operations.

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

C. Organizational Structure.

The following table and the discussion that follows present summary information on our major consolidated subsidiaries as of March 31, 2012:

Name	Country	Principal business	Percentage owned by us as of March 31, 2012 (%)
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, other small precision brushless DC motors and brushless DC fans	100.0%
Nidec (H.K.) Co., Ltd.	China	Sales of spindle motors for hard disk drives, other small precision brushless DC motors and brushless DC fans	100.0%
Nidec Philippines Corporation	Philippines	Manufacture of spindle motors for hard disk drives	99.9%
Nidec Sankyo Corporation *1	Japan	Manufacture and sales of micro motors, motor drive units, precision plastic molds, mechanical units, industrial robots, card readers, and musical movements	77.4%
Nidec Copal Corporation *1	Japan	Manufacture and sales of optical, electronic and information equipment, photo equipment and factory automation equipment	66.0%
Nidec Tosok Corporation *1	Japan	Manufacture and sales of precision automotive parts, automatic measuring equipment, air/electronic gauges, precision ball screws, and other precision measuring devices	71.8%
Nidec Copal Electronics Corporation *1	Japan	Manufacture and sales of electronic circuit components, pressure sensors, actuators and potentiometers	65.4%
Nidec Techno Motor Corporation *2	Japan	Manufacture and sales of general motors for home electronics, home appliances, industrial equipment and automobiles, general motor-based equipment, electric tools, water supply pumps, and others	100.0%
Nidec Motor Corporation	U.S.A.	Manufacture and sales of large and medium-size drive motors	100.0%
Nidec Motors & Actuators	France	Manufacture and sales of air flow systems, seat positioning systems, body closure systems, and braking, drive-line and steering systems	100.0%

Notes:

*1 Listed on one or more stock exchanges in Japan.

*2 Renamed from "Nidec Techno Motor Holdings Corporation" on April 1, 2012.

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, 2012, we operated manufacturing and sales facilities through 27 Japanese subsidiaries and 142 foreign subsidiaries. These facilities are located in Japan, China, Europe, Thailand, Vietnam, the United States, Singapore, Mexico, the Philippines, Indonesia, Taiwan, South Korea, Malaysia, India, Brazil, Canada, Colombia and Venezuela.

The following table sets forth information, as of March 31, 2012, 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 general motors. Production engineering and manufacturing base support
Nidec Copal Corporation Koriyama Technical Center (1)	Fukushima	37,538	Manufacture of electric and optical components
Corporate Headquarters and Central Technical Laboratories (1)	Kyoto	36,119	Basic research and development of fluid dynamic bearing technology development
Nidec Servo Corporation (1)	Gunma	34,128	Development and manufacture of other small precision brushless DC motors, brushless DC fans and 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 general motors for home appliances and industrial use
Nidec Techno Motor Corporation Obama Technical Center (2)	Fukui	24,600	Manufacture of general motors for home appliances and industrial use
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 machinery
Nagano Technical Center (1)	Nagano	21,222	Development and manufacture of spindle motors for hard disk drives, manufacturing base support
Nidec Sankyo Corporation Ina Facility (1)	Nagano	19,953	Manufacture of machinery
Nidec Copal Corporation Shiojiri Factory (1)	Nagano	16,452	Manufacture of machinery
Nidec Tosok Corporation Yamanashi Factory (1)	Yamanashi	16,320	Manufacture of automobile parts

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 brushless DC motors, brushless DC fans and general motors for automobiles
Nidec Philippines Corporation (3)	Philippines	85,302	Manufacture of spindle motors for hard disk drives
Nidec Tosok (Vietnam) Co., Ltd. (2)	Vietnam	55,572	Manufacture of automobile parts
Nidec Shibaura (Zhejiang) Co., Ltd. (5)	China	52,097	Manufacture of general motors for home appliances and industrial use
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 general motors for automobiles
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 brushless DC motors and brushless DC fans
Nidec Copal (Thailand) Co., Ltd. (1)	Thailand	39,771	Manufacture of electronic and optical components
Nidec Sankyo Electronics (Shaoguan) Co., Ltd. (2)	China	38,000	Manufacture of other small precision brushless DC motors
Nidec Precision (Thailand) Co., Ltd. Rojana Factory (1)	Thailand	37,630	Manufacture of spindle motors for hard disk drives
Nidec Seimitsu Motor Technology (Shenzhen) Co., Ltd. (4)	China	37,300	Manufacture of other small precision motors
Nidec Subic Philippines Corporation (2)	Philippines	36,331	Manufacture of spindle motors for hard disk drives
Nidec Vietnam Corporation (2)	Vietnam	36,314	Manufacture of brushless DC fans
Nidec Motor Corporation Mena, AR (1)	U.S.A.	32,000	Manufacture of general motors for home appliances and industrial use

Facility name	Location	Floor space (square meters)	Principal products and function
Nidec Motors & Actuators (Germany) GmbH (1)	Germany	31,120	Manufacture of general motors for automobiles
Nidec Automobile Motor (Zhejiang) Corporation (4)	China	30,438	Manufacture of general motors for automobiles
Nidec Shibaura Electronics (Thailand) Co., Ltd.(1)	Thailand	28,476	Manufacture and sales of general motors for home appliances and industrial use
Nidec Nissin (Dongguan) Corporation (4)	China	28,307	Manufacture of electronic and optical components
Nidec Motor Corporation Paragould, AR (1)	U.S.A.	28,000	Manufacture of general motors for home appliances and industrial use
Nidec Sole Motor Corporation S.R.L. (1)	Italy	27,918	Development and manufacture of general motors for home appliances and industrial use
Nidec Component Technology (Suzhou) Co., Ltd. (1)	China	27,292	Manufacture of other small precision motors
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 machinery
Nidec Sankyo Vietnam Corporation (2)	Vietnam	26,374	Manufacture of other small precision brushless DC 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 other small precision brushless DC motors, and electronic and optical components
Motores U.S. de Mexico S.A. de C.V. (1)	Mexico	25,000	Manufacture of general motors for home appliances and industrial use
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
Emerson (China) Motor Co., Ltd. (4)	China	20,000	Manufacture of general motors for home appliances and industrial uses
Nidec Sole Motor Hungary K.F.T. (1)	Hungary	19,489	Manufacture of general motors for home appliances and industrial use
Compania de Motores Domesticos, S.A. de C.V. (1)	Mexico	19,000	Manufacture of general motors for home appliances and industrial use
Nidec Motor Corporation Frankfort, IN (1)	U.S.A.	18,000	Manufacture of general motors for home appliances and industrial use

Facility name	Location	Floor space (square meters)	Principal products and function
Nidec Servo Vietnam Corporation (2)	Vietnam	18,000	Manufacture of other small precision brushless DC motors, brushless DC fans and other small precision motors
Nidec (Shaoguan) Limited (4)	China	17,585	Manufacture of other small precision brushless DC motors and brushless DC motors
Nidec Seimitsu Motor Parts (Shenzhen) Co., Ltd. (4)	China	17,000	Manufacture and sales of other small precision motors

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 and Osaka.

As of March 31, 2012, the aggregate book value of the land and buildings we owned was ¥104 billion, and the aggregate book value of machinery and equipment we owned was ¥105 billion. In addition to the property we own, we lease other equipment used in our operations.

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. Since all of our flood-afflicted operations in Thailand resumed operations by early December 2011, we consider our manufacturing and other facilities to be well maintained and believe that our plant capacity is sufficient to meet our current requirements and plans. Except as a result of the flooding in Thailand, we did not experience material underutilization of our production capacity in the year ended March 31, 2012.

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.”

For information on our plans for investments in manufacturing plants and facilities, see “— A. History and Development of the Company.”

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.

Overview

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 and other products through 27 subsidiaries in Japan and 142 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 and Venezuela, as of March 31, 2012.

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, general motors 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.

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 July 2011, we acquired Sanyo Seimitsu Co., Ltd., a manufacturer of vibration motors for mobile phones and other small precision DC motors, to further expand our small precision motor business. The company was subsequently renamed "Nidec Seimitsu Corporation."
- In April 2012, Nidec Shimpo acquired The Minster Machine Company, a U.S. manufacturer of press machines, for ¥7,480 million in cash to expand our machinery businesses.
- In April 2012, we and Nidec Sankyo Corporation, a consolidated subsidiary in which we hold an approximately 75% ownership interest, entered into a share exchange agreement to acquire the remaining interest in Nidec Sankyo. The share exchange transaction is expected to become effective on October 1, 2012 in accordance with a resolution adopted at an ordinary general meeting of Nidec Sankyo shareholders held on June 18, 2012. We plan to use 3,175,755 shares of our common stock held in treasury as consideration for the share exchange transaction.
- 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.
- In June 2012, we agreed to acquire a 51% ownership interest in Jiangsu Kaiyu Auto Appliance Co., Ltd., a Chinese manufacturer of brush motors for electric power steering, subject to regulatory approvals and customary closing conditions.

For more information, see Notes 3 and 26 to our audited consolidated financial statements included elsewhere in this annual report and "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."

Effects of Foreign Currency Fluctuations

A significant portion of our business is conducted in currencies other than the 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, 2010, 2011 and 2012, the exchange rate of the yen against the U.S. dollar was ¥93.04, ¥83.15 and ¥82.19 to the U.S. dollar, respectively. In addition, as a result of our acquisition of Emerson Electric Co.'s motors and controls business in September 2010, we are also exposed to the risk of fluctuations in the exchange rate between the U.S. dollar and the Mexican peso.

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.

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.”

Changes in the fair values of our foreign exchange forward contracts and changes in option prices under our foreign currency option agreements 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

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 caused our manufacturing facilities in Thailand, which represent more than 60% of our production capacity with respect to small precision motors for hard disk drives, which is one of our key products, to temporarily suspend operations. We promptly launched our recovery efforts in Thailand while augmenting the production capacity of, and transferring a portion of the manufacturing operations in Thailand to, our manufacturing facilities in the Philippines and China based on a new risk diversification policy. As a result, the total number of units of small precision motors for hard disk drives manufactured in the three months ended December 31, 2011 was approximately 70% of that in the three months ended September 30, 2011, and the total number of units of such motors sold in the three months ended December 31, 2011 was approximately 80% of that in the three months ended September 30, 2011. 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 constant shortages of HDDs, resulting in inventory adjustments in the PC market, which in turn adversely affected our sales. The adverse impact of the flooding may continue in the current fiscal year ending March 31, 2013.

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

Earthquake and Subsequent Events in Japan. The large-scale earthquake in northern Japan in March 2011 and the ensuing power production shortages resulting from the reduction of nuclear power production disrupted the supply chains of various industries in Japan, including the computer and automobile industries where some of our customers operate, particularly in the fiscal quarter ended June 30, 2011. Electricity production shortages in wider regions of Japan as well as price increases are expected in the fiscal quarter ending September 30, 2012, which may affect our manufacturing, research and development, and other 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.”

Global Economic Recession. In the fiscal year ended March 31, 2012, the sovereign debt crisis in Europe deteriorated into a global economic recession, which adversely affected the demand for our products in

many of our markets. If the global economy remains stagnant or worsens as a result of developments or events in Europe or any other market, our sales may significantly decrease.

See also “Item 3.D. Key Information — Risk Factors — An unexpected drastic decline in the global economies may result in reduced demand for our products.”

Issuance of Convertible Bonds. We issued an aggregate principal amount of ¥100,000 million of euro yen convertible bonds due 2015 on September 21, 2010. The net proceeds of the issuance of convertible bonds were applied towards the repayment of existing short-term borrowings. Through the issuance of corporate bonds, we sought to maintain our financial agility in mergers and acquisitions, research and development activities and facilities investments by reducing interest and other financing expenses.

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

Results of Operations — Year Ended March 31, 2012 Compared to Year Ended March 31, 2011

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		
	2010	2011	2012
Net sales	¥571,552	¥675,988	¥682,320
Operating expenses:			
Cost of products sold	421,190	500,034	523,729
Selling, general and administrative expenses	46,809	55,348	55,471
Research and development expenses	24,271	27,737	30,050
	<u>492,270</u>	<u>583,119</u>	<u>609,250</u>
Operating income	<u>79,282</u>	<u>92,869</u>	<u>73,070</u>
Other income (expense):			
Interest and dividend income	822	1,049	1,634
Interest expense	(690)	(355)	(299)
Foreign exchange loss, net	(2,961)	(9,108)	(1,756)
Gain (loss) from marketable securities, net	52	(238)	(202)
Other, net	(534)	(2,251)	(1,591)
	<u>(3,311)</u>	<u>(10,903)</u>	<u>(2,214)</u>
Income from continuing operations before income taxes	<u>75,971</u>	<u>81,966</u>	<u>70,856</u>
Income taxes	(17,568)	(18,309)	(18,801)
Equity in net (loss) income of affiliated companies	(45)	6	0
Income from continuing operations	<u>58,358</u>	<u>63,663</u>	<u>52,055</u>
Loss on discontinued operations	(2,207)	(6,171)	(7,768)
Consolidated net income	<u>56,151</u>	<u>57,492</u>	<u>44,287</u>
Less: Net income attributable to noncontrolling interests	(4,190)	(5,159)	(3,556)
Net income attributable to Nidec Corporation	<u>¥51,961</u>	<u>¥52,333</u>	<u>¥40,731</u>
	Yen		
Per share data:			
Earning per share - basic			
Income from continuing operations attributable to Nidec Corporation	¥384.91	¥406.10	¥336.33
Loss on discontinued operations attributable to Nidec Corporation	(11.87)	(30.19)	(40.08)
Net income attributable to Nidec Corporation	<u>373.04</u>	<u>375.91</u>	<u>296.25</u>
Earning per share - diluted			
Income from continuing operations attributable to Nidec Corporation	¥384.91	¥391.96	¥314.41
Loss on discontinued operations attributable to Nidec Corporation	(11.87)	(29.16)	(37.52)
Net income attributable to Nidec Corporation	<u>373.04</u>	<u>362.80</u>	<u>276.89</u>
Cash dividends paid	<u>¥55.00</u>	<u>¥80.00</u>	<u>¥90.00</u>

	Yen in millions		
	For the year ended		
	March 31		
	2010	2011	2012
Net income attributable to Nidec Corporation			
Income from continuing operations attributable to Nidec Corporation	¥53,614	¥56,536	¥46,242
Loss on discontinued operations attributable to Nidec Corporation	(1,653)	(4,203)	(5,511)
Net income attributable to Nidec Corporation	<u>¥51,961</u>	<u>¥52,333</u>	<u>¥40,731</u>

As of September 30, 2009, we discontinued our semiconductor manufacturing equipment (“SME”) business which had previously been included in the "machinery" product category. All prior period SME 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, 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.

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)			
	2011	2012	Inc/Dec	%
Net sales:				
Small precision motors:				
Hard disk drives spindle motors	¥196,265	¥176,932	¥(19,333)	(9.9)%
Other small precision brushless DC motors	70,149	69,753	(396)	(0.6)%
Brushless DC fans	33,801	30,327	(3,474)	(10.3)%
Other small precision motors	18,883	28,174	9,291	49.2%
Sub-total	319,098	305,186	(13,912)	(4.4)%
General motors	137,251	178,214	40,963	29.8%
Machinery	77,329	64,904	(12,425)	(16.1)%
Electronic and optical components	107,693	95,580	(12,113)	(11.2)%
Others	34,617	38,436	3,819	11.0%
Consolidated total	¥675,988	¥682,320	¥6,332	0.9%

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, 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.

For a more detailed discussion of recent developments, see “— Overview.”

(Small precision motors)

Net sales of small precision motors decreased ¥13,912 million, or 4.4%, from ¥319,098 million for the year ended March 31, 2011 to ¥305,186 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 the 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 brushless DC motors

Net sales of our other small precision brushless DC motors decreased ¥396 million, or 0.6%, from ¥70,149 million for the year ended March 31, 2011 to ¥69,753 million for the year ended March 31, 2012. With respect to Nidec Corporation and its direct-line subsidiaries, sales of other small precision brushless DC motors 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 to a large extent by an increase in sales of products at the Nidec Sankyo group.

Net sales of our other small precision brushless DC motors accounted for 10.4% of total net sales for the year ended March 31, 2011 and 10.2% of total net sales for the year ended March 31, 2012.

Brushless DC fans

Net sales of brushless DC fans decreased ¥3,474 million, or 10.3%, from ¥33,801 million for the year ended March 31, 2011 to ¥30,327 million for the year ended March 31, 2012. With respect to Nidec Corporation and its direct-line subsidiaries, sales of brushless DC fans 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.

Net sales of brushless DC fans accounted for 5.0% of total net sales for the year ended March 31, 2011 and 4.4% of total net sales for the year ended March 31, 2012.

Other small precision motors

Net sales of other small precision motors increased ¥9,291 million, or 49.2%, from ¥18,883 million for the year ended March 31, 2011 to ¥28,174 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 ¥2,727 million, or 14.4%, from ¥18,883 million for the year ended March 31, 2011 to ¥16,156 million for the year ended March 31, 2012.

Net sales of other small precision motors accounted for 2.8% of total net sales for the year ended March 31, 2011 and 4.2% of total net sales for the year ended March 31, 2012.

(General motors)

Net sales of our general motors increased ¥40,963 million, or 29.8%, from ¥137,251 million for the year ended March 31, 2011 to ¥178,214 million for the year ended March 31, 2012. This increase was primarily due to the contribution of Nidec Motor to net sales of general motors for home appliances and industrial use, 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 general motors increased ¥7,611 million, or 7.5%, from ¥101,793 million for the year ended March 31, 2011 to ¥109,404 million for the year ended March 31, 2012. This increase was primarily due to an increase in sales of general motors for automobiles. Excluding the impact of Nidec Motor, sales of general motors for home appliances and industrial use for the year ended March 31, 2012 decreased ¥3,393 million, or 5.8%, compared to the year ended March 31, 2011. Sales of general motors for automobiles for the year ended March 31, 2012 increased ¥11,004 million, or 25.6%, compared to the year ended March 31, 2011, mainly due to an approximately 68% increase in sales of general motors for electric power steering by Nidec Corporation and its direct-line subsidiaries.

Net sales of our general motors accounted for 20.3% of our total net sales for the year ended March 31, 2011 and 26.1% 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-Kyori group of ¥1,462 million, or 17.3%, 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 ¥12,113 million, or 11.2%, from ¥107,693 million for the year ended March 31, 2011 to ¥95,580 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 ¥7,617 million, or 15.4%, primarily as a result of the disruptions to our manufacturing facilities and customer supply chains caused by the flooding in Thailand, a decrease in sales of products such as control device units for home appliances at the Nidec Sankyo group of ¥3,579 million, or 12.4%, mainly because of the disruptions to the 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 ¥917 million, or 3.1%, compared to the year ended March 31, 2011.

Net sales of our electronic and optical components accounted for 15.9% of our total net sales for the year ended March 31, 2011 and 14.0% of our total net sales for the year ended March 31, 2012.

(Others)

Net sales of our other products increased ¥3,819 million, or 11.0%, from ¥34,617 million for the year ended March 31, 2011 to ¥38,436 million for the year ended March 31, 2012. This increase in net sales for the year ended March 31, 2012 was primarily due to an increase in sales of automotive parts at the Nidec Tosok group of ¥4,154 million, or 15.9%, compared to the year ended March 31, 2011, resulting from the recovering demand for such parts in China and Europe. The increase in net sales of our other products for the year ended March 31, 2012 was partially offset by a decrease in sales of pivot assemblies for hard disk drives of ¥1,085 million, or 65.4%, for the year ended March 31, 2012 compared to the year ended March 31, 2011.

Net sales of our other products accounted for 5.2% of our total net sales for the year ended March 31, 2011 and 5.7% 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 "general motors" 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.

Results of Operations— Year Ended March 31, 2011 Compared to Year Ended March 31, 2010
Net Sales

The following table is a summary of our net sales for the years ended March 31, 2010 and 2011 by product category. For a detailed discussion of our product categories, see “Item 4.B. Information on the Company –Business Overview.”

	(Yen in millions)			
	2010	2011	Inc/Dec	%
Net sales:				
Small precision motors:				
Hard disk drives spindle motors	¥203,845	¥196,265	¥(7,580)	(3.7)%
Other small precision brushless DC motors	72,362	70,149	(2,213)	(3.1)%
Brushless DC fans	32,651	33,801	1,150	3.5%
Other small precision motors	18,023	18,883	860	4.8%
Sub-total	326,881	319,098	(7,783)	(2.4)%
General motors	73,381	137,251	63,870	87.0%
Machinery	47,966	77,329	29,363	61.2%
Electronic and optical components	94,545	107,693	13,148	13.9%
Others	28,779	34,617	5,838	20.3%
Consolidated total	¥571,552	¥675,988	¥104,436	18.3%

Our net sales increased ¥104,436 million, or 18.3%, from ¥571,552 million for the year ended March 31, 2010 to ¥675,988 million for the year ended March 31, 2011. This increase was primarily due to the contributions of newly consolidated subsidiaries. Such subsidiaries include Nidec Motor Corporation, the former Emerson Electric Co.'s motors and controls business acquired in September 2010, whose sales were ¥35,458 million for the six months ended March 31, 2011. Such subsidiaries also include Nidec Sole Motor Corporation S.R.L. acquired in January 2010, whose sales were ¥15,429 million for the year ended March 31, 2011 and ¥3,032 million for the three months ended March 31, 2010.

Excluding the impact of the newly consolidated subsidiaries, our net sales increased ¥56,581 million, or 10.0% for the year ended March 31, 2011 compared to the year ended March 31, 2010. This increase was mainly due to increases in sales of our "machinery", "general motors" and "electronic and optical components" product categories, which was offset in part by a decrease in sales of products in the "small precision motors" category. This decrease in sales of small precision motors was primarily due to the appreciation of the Japanese yen against the U.S. dollar.

The strong Japanese yen particularly against the U.S. dollar had, and was expected to continue to have, an adverse impact on our results of operations and financial condition, particularly net sales and shareholders' equity, as unit prices of many of our products are denominated in U.S. dollars and we have expanded, and continue to seek opportunities to expand, our overseas operations. For example, on September 30, 2010, we acquired Emerson Electric Co.'s motors and controls business, as described below. Appreciation of the Japanese yen against other currencies will also affect our foreign currency translation adjustments, which will in turn negatively affect our shareholders' equity.

(Small precision motors)

Net sales of small precision motors decreased ¥7,783 million, or 2.4%, from ¥326,881 million for the year ended March 31, 2010 to ¥319,098 million for the year ended March 31, 2011. 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 ¥7,580 million, or 3.7%, from ¥203,845 million for the year ended March 31, 2010 to ¥196,265 million for the year ended March 31, 2011. This decrease was mainly due to an approximately 8% decrease in average unit price of hard disk drives spindle motors on a Japanese yen basis, which was partially offset by an approximately 5% increase in units sold of hard disk drives spindle motors for the year ended March 31, 2011. On a U.S. dollar basis, our average unit price of hard disk drives spindle motors decreased by approximately 1% for the year ended March 31, 2011.

Although units sold of spindle motors for 2.5-inch hard disk drives for the year ended March 31, 2011 increased approximately 14% compared to the year ended March 31, 2010, units sold of spindle motors for 3.5-inch hard disk drives for the year ended March 31, 2011 decreased approximately 2% compared to the year ended March 31, 2010. Although sales of spindle motors for 2.5-inch hard disk drives for the year ended March 31, 2011 increased approximately 1%, sales of spindle motors for 3.5-inch hard disk drives decreased approximately 7% compared to the year ended March 31, 2010.

Net sales of hard disk drives spindle motors accounted for 35.7% of total net sales for the year ended March 31, 2010 and 29.0% of total net sales for the year ended March 31, 2011.

Other small precision brushless DC motors

Net sales of our other small precision brushless DC motors decreased ¥2,213 million, or 3.1%, from ¥72,362 million for the year ended March 31, 2010 to ¥70,149 million for the year ended March 31, 2011. This decrease was mainly due to an approximately 19% decrease in average unit price of small precision brushless DC motors for optical disk drives on a Japanese yen basis, which was partially offset by an approximately 2% increase in units sold of small precision brushless DC motors for optical disk drives, compared to the year ended March 31, 2010.

Net sales of our other small precision brushless DC motors accounted for 12.7% of total net sales for the year ended March 31, 2010 and 10.4% of total net sales for the year ended March 31, 2011.

Brushless DC fans

Net sales of brushless DC fans increased ¥1,150 million, or 3.5%, from ¥32,651 million for the year ended March 31, 2010 to ¥33,801 million for the year ended March 31, 2011. This increase was mainly due to an approximately 11% increase in units sold of brushless DC fans, which was partially offset by an approximately 8% decrease in average unit price of brushless DC fans on a Japanese yen basis for the year ended March 31, 2011 compared to the year ended March 31, 2010.

Net sales of brushless DC fans accounted for 5.7% of total net sales for the year ended March 31, 2010 and 5.0% of total net sales for the year ended March 31, 2011.

Other small precision motors

Net sales of other small precision motors increased ¥860 million, or 4.8%, from ¥18,023 million for the year ended March 31, 2010 to ¥18,883 million for the year ended March 31, 2011.

Net sales of other small precision motors accounted for 3.1% of total net sales for the year ended March 31, 2010 and 2.8% of total net sales for the year ended March 31, 2011.

(General motors)

From the second quarter of the year ended March 31, 2011, this product category has been renamed from "mid-size motors" to "general motors," due to the addition of "large-size motors for industrial use" to this category following our acquisition of Emerson Electric Co.'s motors and controls business on September 30, 2010. The "general motors" product category currently consists of general motors for home appliances, general motors for industrial use, and general motors for automobiles.

Net sales of our general motors increased ¥63,870 million, or 87.0%, from ¥73,381 million for the year ended March 31, 2010 to ¥137,251 million for the year ended March 31, 2011. This increase was mainly due to the contributions of the newly consolidated subsidiaries. Such subsidiaries include Nidec Motor Corporation, the former Emerson Electric Co.'s motors and controls business acquired in September 2010, whose sales were ¥35,458 million for the six months ended March 31, 2011. Such subsidiaries also include Nidec Sole Motor Corporation S.R.L. acquired in January 2010, whose sales were ¥15,429 million for the year ended March 31, 2011 and ¥3,032 million for the three months ended March 31, 2010. Excluding the impact of the newly consolidated subsidiaries, sales of general motors for home appliances and industrial use and sales of general motors for automobiles for the year ended March 31, 2011 increased ¥8,035 million and ¥7,981 million, or 23% and 23%, respectively, compared to the year ended March 31, 2010. Within the "general motors for automobiles" product category, sales of general motors for electric power steering and sales at Nidec Motors & Actuators, respectively, increased for the year ended March 31, 2011 compared to the year ended March 31, 2010.

Net sales of our general motors accounted for 12.8% of our total net sales for the year ended March 31, 2010 and 20.3% of total net sales for the year ended March 31, 2011.

(Machinery)

Net sales of our machinery increased ¥29,363 million, or 61.2%, from ¥47,966 million for the year ended March 31, 2010 to ¥77,329 million for the year ended March 31, 2011. The increase in net sales of machinery for the year ended March 31, 2011 was mainly due to an increase in sales of LCD panel handling robots and card readers at the Nidec Sankyo group of ¥11,658 million, or 54%, compared to the year ended March 31, 2010. The increase in net sales of machinery for the year ended March 31, 2011 was also due in part to an increase in sales of electronic circuit testing systems at the Nidec-Read group of ¥5,830 million, or 83%, mainly reflecting increasing demand for digital equipment, such as smartphones, an increase in sales of machinery at the Nidec-Shimpo group of ¥4,501 million, or 51%, mainly reflecting increasing demand in developing countries, and an increase in sales of press machines for electronic components at Nidec-Kyori group of ¥4,136 million, or 96%, compared to the year ended March 31, 2010. Sales of peripheral equipment for chip mounters at the Nidec Copal group and sales of measuring and inspection machines for air conditioning compressors at the Nidec Tosok group for the year ended March 31, 2011 increased ¥1,683 million and ¥1,138 million, or 51% and 46%, respectively, compared to the year ended March 31, 2010.

Net sales of our machinery accounted for 8.4% of our total net sales for the year ended March 31, 2010 and 11.4% of total net sales for the year ended March 31, 2011.

(Electronic and optical components)

Net sales of our electronic and optical components increased ¥13,148 million, or 13.9%, from ¥94,545 million for the year ended March 31, 2010 to ¥107,693 million for the year ended March 31, 2011. This increase in net sales for the year ended March 31, 2011 was mainly due to an increase in sales of electronic components, including circuit components and sensors, at the Nidec Copal Electronics group of ¥5,506 million, or 23%, and an increase in sales of products such as shutters and lens units for digital cameras and mobile

phones at the Nidec Copal group of ¥4,726 million, or 11%, compared to the year ended March 31, 2010. Sales of control device units at the Nidec Sankyo group and sales of plastic-mold products at the Nidec Nissin also increased for the year ended March 31, 2011 compared to the year ended March 31, 2010.

Net sales of our electronic and optical components accounted for 16.5% of our total net sales for the year ended March 31, 2010 and 15.9% of our total net sales for the year ended March 31, 2011.

(Others)

Net sales of our other products increased ¥5,838 million, or 20.3%, from ¥28,779 million for the year ended March 31, 2010 to ¥34,617 million for the year ended March 31, 2011. This increase in net sales for the year ended March 31, 2011 was primarily due to an increase in sales of automotive parts at the Nidec Tosok group of ¥5,197 million, or 25%, compared to the year ended March 31, 2010. Sales from the logistics and services related businesses also increased for the year ended March 31, 2011 compared to the year ended March 31, 2010. Sales of pivot assemblies for hard disk drives for the year ended March 31, 2011, however, decreased ¥1,002 million, or 38%, compared to the year ended March 31, 2010.

Net sales of our other products accounted for 5.1% of our total net sales for the year ended March 31, 2010 and 5.2% of total net sales for the year ended March 31, 2011.

Cost of Products Sold

Our cost of products sold increased ¥78,844 million, or 18.7%, from ¥421,190 million for the year ended March 31, 2010 to ¥500,034 million for the year ended March 31, 2011. Excluding the impact of the newly consolidated subsidiaries, our cost of products sold increased ¥36,591 million from ¥418,511 million for the year ended March 31, 2010 to ¥455,102 million for the year ended March 31, 2011. This increase mainly corresponded to the overall increase in sales.

As a percentage of net sales, cost of products sold increased from 73.7% for the year ended March 31, 2010 to 74.0% for the year ended March 31, 2011. Excluding the impact of the recently consolidated subsidiaries, as a percentage of net sales, cost of products sold decreased from 73.6% for the year ended March 31, 2010 to 72.9% for the year ended March 31, 2011. This decrease was primarily due to cost reductions achieved through our streamlining of manufacturing processes, increased in-sourcing of product manufacturing, enhanced economies of scale, and an increase in unit volumes of products with higher margins.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses increased ¥8,539 million, or 18.2%, from ¥46,809 million for the year ended March 31, 2010 to ¥55,348 million for the year ended March 31, 2011. Excluding the impact of the newly consolidated subsidiaries, our selling, general and administrative expenses increased ¥4,383 million from ¥46,533 million for the year ended March 31, 2010 to ¥50,916 million for the year ended March 31, 2011. This increase was mainly due to increases in personnel expenses.

As a percentage of net sales, selling, general and administrative expenses for each of the years ended March 31, 2010 and 2011 were 8.2%.

Research and Development Expenses

Our research and development expenses increased ¥3,466 million, or 14.3%, from ¥24,271 million for the year ended March 31, 2010 to ¥27,737 million for the year ended March 31, 2011. Excluding the impact of the newly consolidated subsidiaries, our research and development expenses increased ¥2,102

million from ¥24,207 million for the year ended March 31, 2010 to ¥26,309 million for the year ended March 31, 2011. This increase was due mainly to our increased investments in research and development activities relating to the "small precision motors" and "general motors for automobiles" product categories.

As a percentage of net sales, research and development expenses decreased from 4.2% for the year ended March 31, 2010 to 4.1% for the year ended March 31, 2011.

Operating Income

As a result of the foregoing factors, our operating income increased ¥13,587 million, or 17.1%, from ¥79,282 million for the year ended March 31, 2010 to ¥92,869 million for the year ended March 31, 2011.

As a percentage of net sales, operating income decreased from 13.9% for the year ended March 31, 2010 to 13.7% for the year ended March 31, 2011.

Other Income (Expense)

Our other expenses increased ¥7,592 million, or 229.3%, from ¥3,311 million for the year ended March 31, 2010 to ¥10,903 million for the year ended March 31, 2011. Excluding the impact of the newly consolidated subsidiaries, our other expenses increased ¥7,623 million from ¥3,262 million for the year ended March 31, 2010 to ¥10,885 million for the year ended March 31, 2011.

Our foreign exchange loss increased ¥6,147 million, or 207.6%, from ¥2,961 million for the year ended March 31, 2010 to ¥9,108 million for the year ended March 31, 2011. This increase was principally due to the appreciation in the value of the Japanese yen against relevant foreign currencies compared to the previous year. The exchange rate of the Japanese yen against the U.S. dollar as of March 31, 2009, 2010 and 2011 was ¥98.23, ¥93.04 and ¥83.15, respectively. Foreign exchange fluctuations can have a significant impact on our results of operations and financial condition, as we have a substantial amount of U.S. dollar-based purchases of inventory and sales of products.

Income from Continuing Operations before Income Taxes

As a result of the foregoing, our income from continuing operations before income taxes increased ¥5,995 million, or 7.9%, from ¥75,971 million for the year ended March 31, 2010 to ¥81,966 million for the year ended March 31, 2011.

As a percentage of net sales, our income from continuing operations before income taxes decreased from 13.3% for the year ended March 31, 2010 to 12.1% for the year ended March 31, 2011.

Income Taxes

Our income taxes increased ¥741 million, or 4.2%, from ¥17,568 million for the year ended March 31, 2010 to ¥18,309 million for the year ended March 31, 2011. This was primarily due to the increase in income from continuing operations before income taxes, which was partially offset by the decrease in the effective income tax rate.

The effective income tax rate decreased 0.8 percentage points from 23.1% for the year ended March 31, 2010 to 22.3% for the year ended March 31, 2011. The main reasons for the decrease were the net impact of a decrease in tax (benefit) on undistributed earnings and an increase in liabilities for unrecognized tax benefits.

For a detailed discussion of our income taxes, see Note 16 to our audited consolidated financial statements included elsewhere in this annual report.

Equity in Net Income (Loss) of Affiliated Companies

We had equity in net income of affiliated companies in the amount of ¥6 million for the year ended March 31, 2011, compared to equity in net loss of affiliated companies in the amount of ¥45 million for the year ended March 31, 2010.

Income from Continuing Operations

As a result of the foregoing, our income from continuing operations increased ¥5,305 million, or 9.1%, from ¥58,358 million for the year ended March 31, 2010 to ¥63,663 million for the year ended March 31, 2011.

As a percentage of net sales, our income from continuing operations decreased from 10.2% for the year ended March 31, 2010 to 9.4% for the year ended March 31, 2011.

Loss on Discontinued Operations

Our loss on discontinued operations increased ¥3,964 million, or 179.6%, from ¥2,207 million for the year ended March 31, 2010 to ¥6,171 million for the year ended March 31, 2011.

We discontinued the semiconductor manufacturing equipment business of the Nidec Tosok group as of September 30, 2009 and the specialty lens unit business of the Nidec Copal group as of March 31, 2011.

For a detailed discussion of our loss on discontinued operations, 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 increased ¥1,341 million, or 2.4%, from ¥56,151 million for the year ended March 31, 2010 to ¥57,492 million for the year ended March 31, 2011.

Net Income Attributable to Noncontrolling Interests

Our net income attributable to noncontrolling interests increased ¥969 million, or 23.1%, from ¥4,190 million for the year ended March 31, 2010 to ¥5,159 million for the year ended March 31, 2011. This increase was primarily due to increases in net income of some of our group companies that had noncontrolling interests, including the Nidec Sankyo group, the Nidec Tosok group and the Nidec Copal Electronics group, despite a decrease in net income of the Nidec Copal group.

Net Income Attributable to Nidec Corporation

As a result of the foregoing, our net income attributable to Nidec Corporation increased ¥372 million, or 0.7%, from ¥51,961 million for the year ended March 31, 2010 to ¥52,333 million for the year ended March 31, 2011.

As a percentage of net sales, our net income attributable to Nidec Corporation decreased from 9.1% for the year ended March 31, 2010 to 7.7% for the year ended March 31, 2011.

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 ASC280, see Note 25 to our audited consolidated financial statements included elsewhere in this annual report.

We changed segment reporting to align it with the changes in our management decision-making process for the year ended March 31, 2012. Since September 2011, Nidec Component Technology Group previously included in the All Others segment has been included in the Nidec Electronics (Thailand) segment as we aim to enhance their hard disk drive motors businesses mainly in Thailand. Additionally the Nidec Sole Motor group is no longer included in the Nidec Techno Motor segment but has been included in the Nidec Motor segment since April 2011. All prior period segment information has been reclassified in accordance with the current period presentation to enable comparisons between the relevant amounts for the years ended March 31, 2010, 2011 and 2012.

We acquired Emerson Electric Co.'s motors and controls business on September 30, 2010. The acquired business has been identified as a reportable operating segment, the Nidec Motor segment, since the quarterly reporting period ended December 31, 2010.

The Nidec Corporation segment comprises Nidec Corporation in Japan, which primarily produces and sells hard disk drives spindle motors, DC motors, fans, and general motors for automobiles.

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 general motors business for automobiles.

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, fans, and pivot assemblies.

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 and machinery.

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 (renamed from Nidec Techno Motor Holdings Corporation on April 1, 2012), a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell general motors for home appliances and industrial use.

The Nidec Motor segment comprises Nidec Motor Holdings Corporation, a subsidiary in Japan, and other subsidiaries in North America, Latin America, Asia and Europe, which primarily produce and sell general motors for home appliances and industrial use.

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 general motors for automobiles.

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 years’ 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, 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 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, 2010, 2011 and 2012. 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, 2010, 2011 and 2012:

	Year ended March 31,		
	2010	2011	2012
	(Yen in millions)		
Nidec Corporation			
Net sales to external customers	¥67,285	¥72,334	¥46,901
Net sales to other operating segments	77,125	74,406	100,064
Sub total	<u>144,410</u>	<u>146,740</u>	<u>146,965</u>
Nidec Electronics (Thailand)			
Net sales to external customers	90,907	86,086	64,226
Net sales to other operating segments	43,695	45,219	36,649
Sub total	<u>134,602</u>	<u>131,305</u>	<u>100,875</u>
Nidec (Zhejiang)			
Net sales to external customers	22,948	24,500	26,430
Net sales to other operating segments	6,028	6,618	3,617
Sub total	<u>28,976</u>	<u>31,118</u>	<u>30,047</u>

	Year ended March 31,		
	2010	2011	2012
	(Yen in millions)		
Nidec (Dalian)			
Net sales to external customers	6,976	4,218	4,269
Net sales to other operating segments	24,274	20,852	15,471
Sub total	<u>31,250</u>	<u>25,070</u>	<u>19,740</u>
Nidec Singapore			
Net sales to external customers	26,157	19,082	34,220
Net sales to other operating segments	390	451	448
Sub total	<u>26,547</u>	<u>19,533</u>	<u>34,668</u>
Nidec (H.K.)			
Net sales to external customers	51,390	55,724	50,748
Net sales to other operating segments	4,142	1,587	1,162
Sub total	<u>55,532</u>	<u>57,311</u>	<u>51,910</u>
Nidec Philippines			
Net sales to external customers	10,891	7,337	15,326
Net sales to other operating segments	28,019	28,504	24,390
Sub total	<u>38,910</u>	<u>35,841</u>	<u>39,716</u>
Nidec Sankyo			
Net sales to external customers	68,924	86,027	78,589
Net sales to other operating segments	395	556	396
Sub total	<u>69,319</u>	<u>86,583</u>	<u>78,985</u>
Nidec Copal			
Net sales to external customers	53,681	58,396	51,124
Net sales to other operating segments	2,357	2,632	2,318
Sub total	<u>56,038</u>	<u>61,028</u>	<u>53,442</u>
Nidec Tosok			
Net sales to external customers	23,345	29,745	33,358
Net sales to other operating segments	156	201	150
Sub total	<u>23,501</u>	<u>29,946</u>	<u>33,508</u>
Nidec Copal Electronics			
Net sales to external customers	24,954	30,553	29,098
Net sales to other operating segments	31	27	20
Sub total	<u>24,985</u>	<u>30,580</u>	<u>29,118</u>
Nidec Techno Motor			
Net sales to external customers	35,029	42,935	40,058
Net sales to other operating segments	818	889	952
Sub total	<u>35,847</u>	<u>43,824</u>	<u>41,010</u>
Nidec Motor			
Net sales to external customers	3,032	50,886	83,999
Net sales to other operating segments	-	-	30
Sub total	<u>3,032</u>	<u>50,886</u>	<u>84,029</u>
Nidec Motor & Actuators			
Net sales to external customers	32,186	38,371	44,748
Net sales to other operating segments	9,432	6,702	11,607
Sub total	<u>41,618</u>	<u>45,073</u>	<u>56,355</u>
All Others			
Net sales to external customers	54,768	69,402	78,268
Net sales to other operating segments	<u>52,853</u>	<u>55,039</u>	<u>52,944</u>

	Year ended March 31,		
	2010	2011	2012
	(Yen in millions)		
Sub total	107,621	124,441	131,212
Total			
Net sales to external customers	572,473	675,596	681,362
Net sales to other operating segments	249,715	243,683	250,218
Adjustments (*)	(921)	392	958
Inter segment elimination	(249,715)	(243,683)	(250,218)
Consolidated total (net sales)	<u>¥571,552</u>	<u>¥675,988</u>	<u>¥682,320</u>

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

	Year ended March 31,		
	2010	2011	2012
	(Yen in millions)		
Operating income or loss:			
Nidec Corporation	¥8,066	¥6,799	¥7,497
Nidec Electronics (Thailand)	23,227	21,473	15,027
Nidec (Zhejiang)	2,114	2,351	774
Nidec (Dalian)	4,808	2,658	431
Nidec Singapore	319	245	781
Nidec (H.K.)	661	564	359
Nidec Philippines	6,939	5,403	7,799
Nidec Sankyo	8,578	13,226	7,414
Nidec Copal	5,655	9,557	6,384
Nidec Tosok	2,825	4,009	3,140
Nidec Copal Electronics	2,422	4,969	4,194
Nidec Techno Motor	1,938	4,018	4,591
Nidec Motor	13	240	2,111
Nidec Motors & Actuators	553	1,274	3,126
All Others	11,450	16,184	11,177
Total	<u>79,568</u>	<u>92,970</u>	<u>74,805</u>
Adjustments (*)	<u>(286)</u>	<u>(101)</u>	<u>(1,735)</u>
Consolidated total	<u>¥79,282</u>	<u>¥92,869</u>	<u>¥73,070</u>

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

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. In the year ended March 31, 2012, 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).

Net sales of Nidec Corporation increased ¥2,330 million, or 1.6%, from ¥144,410 million for the year ended March 31, 2010 to ¥146,740 million for the year ended March 31, 2011. The main reason for this increase was an increase in demand for hard disk drives spindle motors and general motors. Net sales to external customers of Nidec Corporation increased ¥5,049 million, or 7.5%, from ¥67,285 million for the year ended March 31, 2010 to ¥72,334 million for the year ended March 31, 2011. Inter segment revenues of Nidec Corporation decreased ¥2,719 million, or 3.5%, from ¥77,125 million for the year ended March 31, 2010 to ¥74,406 million for the year ended March 31, 2011. Operating income of Nidec Corporation decreased ¥1,267 million, or 15.7%, from ¥8,066 million for the year ended March 31, 2010 to ¥6,799 million for the year ended March 31, 2011. This decrease was due primarily to a decrease in royalty and commission fees from subsidiaries and the negative impact of the appreciation of the Japanese yen against the U.S. dollar.

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.

Net sales of Nidec Electronics (Thailand) decreased ¥3,297 million, or 2.4%, from ¥134,602 million for the year ended March 31, 2010 to ¥131,305 million for the year ended March 31, 2011. This was primarily due to the appreciation of the Japanese yen against the U.S. dollar. Operating income of Nidec Electronics (Thailand) decreased ¥1,754 million, or 7.6%, from ¥23,227 million for the year ended March 31, 2010 to ¥21,473 million for the year ended March 31, 2011. This was primarily due to the appreciation of the Japanese yen and other Asian currencies against the U.S. dollar and an increase in depreciation expenses as a result of increased investments in manufacturing facilities in Thailand.

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.

Net sales of Nidec (Zhejiang) increased ¥2,142 million, or 7.4%, from ¥28,976 million for the year ended March 31, 2010 to ¥31,118 million for the year ended March 31, 2011. This increase was due primarily to an increase in demand for hard disk drives spindle motors, and the contribution of Nidec Bearing (Zhejiang) Corporation, our subsidiary in China previously included in the All Others segment, which was merged into Nidec (Zhejiang) Corporation in April 2011. Operating income of Nidec (Zhejiang) increased ¥237 million, or 11.2%, from ¥2,114 million for the year ended March 31, 2010 to ¥2,351 million for the year ended March 31, 2011. This increase was primarily due to the positive impact of the merger of Nidec Bearing (Zhejiang) Corporation into Nidec (Zhejiang) Corporation.

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.

Net sales of Nidec (Dalian) decreased ¥6,180 million, or 19.8%, from ¥31,250 million for the year ended March 31, 2010 to ¥25,070 million for the year ended March 31, 2011. This decrease was primarily due to a decrease in sales volume of DC motors as a result of customers' reductions of inventory. Operating income of Nidec (Dalian) decreased ¥2,150 million, or 44.7% from ¥4,808 million for the year ended March 31, 2010 to ¥2,658 million for the year ended March 31, 2011. This decrease was primarily due to increases in wages and raw material costs in addition to lower 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. 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.

Net sales of Nidec Singapore decreased ¥7,014 million, or 26.4%, from ¥26,547 million for the year ended March 31, 2010 to ¥19,533 million for the year ended March 31, 2011, primarily due to a decrease in sales volume for DC motors and hard disk drives spindle motors as a result of a major customer's transfer of its manufacturing operations to China. Operating income of Nidec Singapore decreased ¥74 million, or 23.2%, from ¥319 million for the year ended March 31, 2010 to ¥245 million for the year ended March 31, 2011. This was primarily due to a decrease in sales volume.

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.

Net sales of Nidec (H.K.) increased ¥1,779 million, or 3.2%, from ¥55,532 million for the year ended March 31, 2010 to ¥57,311 million for the year ended March 31, 2011. This increase was primarily due to an increase in sales of hard disk drives spindle motors as a result of stronger customer demand. Operating income of Nidec (H.K.) decreased ¥97 million, or 14.7%, from ¥661 million for the year ended March 31, 2010 to ¥564 million for the year ended March 31, 2011. This decrease was mainly due to an increase in service fees to other subsidiaries.

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.

Net sales of Nidec Philippines decreased ¥3,069 million, or 7.9%, from ¥38,910 million for the year ended March 31, 2010 to ¥35,841 million for the year ended March 31, 2011. This decrease was primarily due to a decrease in sales volume of hard disk drives spindle motors as a result of customers' reductions of inventory. Operating income of Nidec Philippines decreased ¥1,536 million, or 22.1%, from ¥6,939 million for the year ended March 31, 2010 to ¥5,403 million for the year ended March 31, 2011. This decrease was mainly

due to a decrease in sales volume and the appreciation of the Japanese yen and other Asian currencies against the U.S. dollar.

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.

Net sales of Nidec Sankyo increased ¥17,264 million, or 24.9%, from ¥69,319 million for the year ended March 31, 2010 to ¥86,583 million for the year ended March 31, 2011. This was due primarily to a significant increase in demand for LCD panel handling robots. Operating income of Nidec Sankyo increased ¥4,648 million, or 54.2%, from ¥8,578 million for the year ended March 31, 2010 to ¥13,226 million for the year ended March 31, 2011. This was primarily due to an increase in sales of products with higher margins and improved production cost management such as factory automation.

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.

Net sales of Nidec Copal increased ¥4,990 million, or 8.9%, from ¥56,038 million for the year ended March 31, 2010 to ¥61,028 million for the year ended March 31, 2011. This was primarily due to an increase in sales of camera shutters for mobile phones and mold components. Operating income of Nidec Copal increased ¥3,902 million, or 69.0%, from ¥5,655 million for the year ended March 31, 2010 to ¥9,557 million for the year ended March 31, 2011. This increase was primarily due to further cost reduction achieved through such measures as in-sourcing of product manufacturing.

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. 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.

Net sales of Nidec Tosok increased ¥6,445 million, or 27.4%, from ¥23,501 million for the year ended March 31, 2010 to ¥29,946 million for the year ended March 31, 2011. This was primarily due to an increase in demand for automotive parts and machinery. Operating income increased ¥1,184 million, or 41.9%, from ¥2,825 million for the year ended March 31, 2010 to ¥4,009 million for the year ended March 31, 2011. This was due to improved production cost management through an expansion of overseas manufacturing in addition to the increase 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.

Net sales of Nidec Copal Electronics increased ¥5,595 million, or 22.4%, from ¥24,985 million for the year ended March 31, 2010 to ¥30,580 million for the year ended March 31, 2011. This was primarily due to an increase in demand for electronic circuit components and sensors. Operating income increased ¥2,547 million, or 105.2%, from ¥2,422 million for the year ended March 31, 2010 to ¥4,969 million for the year ended March 31, 2011. This was primarily due to cost reductions achieved through enhanced economies of scale resulting from the expansion of the segment's operations, in addition to the increase in sales.

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.

Net sales of Nidec Techno Motor increased ¥7,977 million, or 22.3%, from ¥35,847 million for the year ended March 31, 2010 to ¥43,824 million for the year ended March 31, 2011. This was primarily due to an increase in demand for general motors for industrial use in Japan and home appliances use in Asia. Operating income increased ¥2,080 million, or 107.3%, from ¥1,938 million for the year ended March 31, 2010 to ¥4,018 million for the year ended March 31, 2011. This increase was primarily due to the increase in sales and cost reduction achieved through such measures as in-sourcing of product manufacturing.

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.

Net sales of Nidec Motor increased ¥47,854 million from ¥3,032 million for the year ended March 31, 2010 to ¥50,886 million for the year ended March 31, 2011. 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 ¥227 million from ¥13 million for the year ended March 31, 2010 to ¥240 million for the year ended March 31, 2011. This increase was primarily due to the positive impact of the newly consolidated Nidec Motor Corporation and other subsidiaries.

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.

Net sales of Nidec Motors & Actuators increased ¥3,455 million or 8.3%, from ¥41,618 million for the year ended March 31, 2010 to ¥45,073 million for the year ended March 31, 2011. This was primarily due to an increase in demand for general motors for automobiles in North American and Europe. Operating income increased ¥721 million, or 130.4%, from ¥553 million for the year ended March 31, 2010 to ¥1,274 million for the year ended March 31, 2011. This increase was primarily due to the increase in sales and cost reduction measures.

With respect to the All Others segment, net sales increased ¥6,711 million, or 5.4%, from ¥124,441 million for the year ended March 31, 2011 to ¥131,212 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. Operating income decreased ¥5,007 million, or 30.9% from ¥16,184 million for the year ended March 31, 2011 to ¥11,177 million for the year ended March 31, 2012. This decrease was primarily due to an increase in raw material costs

With respect to the All Others segment, net sales increased ¥16,820 million, or 15.6%, from ¥107,621 million for the year ended March 31, 2010 to ¥124,441 million for the year ended March 31, 2011. This increase was primarily due to an increase in demand for machinery such as electronic circuit testing systems. Operating income increased ¥4,734 million, or 41.3% from ¥11,450 million for the year ended March 31, 2010 to ¥16,184 million for the year ended March 31, 2011. This increase was primarily due to the increase in sales.

Accounting Changes

As of April 1, 2011, we adopted FASB Accounting Standards Codification™ (ASC) 350 “Intangibles — Goodwill and Other” updated by Accounting Standards Update (ASU) No. 2010-28 “When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts.” ASU 2010-28 modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. The adoption of this standard did not have a material impact on our consolidated financial position, results of operations or liquidity.

As of April 1, 2011, we adopted FASB ASC 805 “Business Combinations” updated by ASU No.2010-29 “Disclosure of Supplementary Pro Forma Information for Business Combinations.” ASU 2010-29 requires a public entity that enters into business combination(s) to disclose pro forma revenue and earnings of the combined entity in the comparative financial statements as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. ASU 2010-29 also expands the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. ASU2010-29 is a provision for disclosure. The adoption of ASU2010-29 did not have any impact on our consolidated financial position, results of operations or liquidity.

As of January 1, 2012, we adopted FASB ASC 820 “Fair Value Measurement” updated by ASU No.2011-04 “Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs.” ASU 2011-04 amends current U.S. GAAP to create more commonality with IFRS by changing some of the wording used to describe requirements for measuring fair value and for disclosing information about fair value measurements. The adoption of this standard did not have a material impact on our consolidated financial position, results of operations or liquidity.

Recent Accounting Pronouncements to Be Adopted in Future Periods

In June 2011, the FASB issued ASU No. 2011-05, “Comprehensive Income (Topic 220): Presentation of Comprehensive Income.” 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. Additionally, in December 2011, the FASB issued ASU No. 2011-12, “Comprehensive Income (Topic 220): 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” which 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 effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011. Early adoption is permitted. These standards are provisions for disclosure. The adoption of these standards will not have any impact on our consolidated financial position, results of operations or liquidity.

In September 2011, the FASB issued ASU No. 2011-08, "Intangibles-Goodwill and Other (Topic 350): 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. ASU 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted. We are currently evaluating the potential impact of adopting ASU 2011-08 on our consolidated financial position, results of operations or liquidity.

Application of Critical Accounting Policies

Nidec 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 operating income would be material.

As of March 31, 2012, the estimated fair value of our marketable securities was ¥14,353 million. We recorded a net loss from marketable securities in the amount of ¥202 million for the year ended March 31, 2012.

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

	Year ended March 31,		
	2010	2011	2012
	(Yen in millions)		
Other-than-temporary losses on marketable securities	<u>¥273</u>	<u>¥202</u>	<u>¥253</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, 2012, sales to our two largest customers represented approximately 22% of our net sales. Our accounts receivable are likewise concentrated. At March 31, 2012, the two customers represented ¥39,159 million, or 23%, 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 ¥496 million as of March 31, 2012. Our trade notes and accounts receivable balance was ¥182,462 million, net of allowance for doubtful accounts, as of March 31, 2012.

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

	Year ended March 31,		
	2010	2011	2012
	(Yen in millions)		
Provision for doubtful accounts, net of reversal	¥31	¥26	¥30

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, 2012, we had deferred tax assets in the amount of ¥36,781 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 ¥9,786 million as of March 31, 2012, 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 28.8% of our total assets as of March 31, 2012, 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 Sankyo (which includes goodwill of ¥26,100 million in its carrying amount as of March 31, 2012), Nidec Copal (which includes goodwill of ¥16,462 million in its carrying amount as of March 31, 2012) and Nidec Copal Electronics (which includes goodwill of ¥6,561 million in its carrying amount as of March 31, 2012). After including estimated control premiums, the adjusted market capitalization 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 ¥80,525 million as of March 31, 2012.

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 For the year ending March 31, 2013	Effect on PBO As of March 31, 2012
Discount rates		
0.5% decrease	¥(15)	¥1,153
0.5% increase	15	(1,091)
Expected rate of return on plan assets		
0.5% decrease	¥(38)	
0.5% increase	38	

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, general motors 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.

B. Liquidity and Capital Resources.

As part of our efforts to enhance liquidity, we continued to focus particularly on efficient use of capital and better management of foreign exchange risk during the year ended March 31, 2012. For example, in an effort to efficiently use capital, we continued to strive to make effective use of our cash management system, which is shared among our subsidiaries in Japan. We have also created a cash management system that is shared among our subsidiaries in China. In November 2011, we established Nidec Management Shanghai Corporation in China as a subsidiary to supervise and coordinate the surplus cash management of our group companies in China to achieve higher capital efficiency. We also expanded our risk mitigation initiatives, including centralized management of foreign exchange risks and management of the risks associated with exchange rate fluctuations between multiple local currencies. Surplus U.S. dollars owned by our subsidiaries in China were converted into and held in Chinese yuan time deposits, in preparation for a possible Chinese currency revaluation. As of March 31, 2012, our cash and cash equivalents of Chinese yuan were approximately RMB 1,100 million.

Our principal capital needs include (1) purchases of property, plant and equipment and other assets, (2) research and development activities, (3) mergers and acquisitions, (4) investments in subsidiaries, (5) purchases of raw materials, (6) employees' salaries, wages and other payroll costs, (7) repayment of short-term borrowings and long-term debt, and (8) repurchase of shares of our common stock.

Investments for the purchase of property, plant, equipment and other assets totaled ¥41,446 million for the year ended March 31, 2012. We plan to invest ¥37,455 million in additions to the property, plant and equipment for the year ending March 31, 2013, including plans to purchase property, plant and equipment to replace the assets damaged by the Thai flooding. Outstanding commitments for the purchase of property, plant and equipment and other assets amounted to ¥7,292 million as of March 31, 2012.

Research and development expenses were ¥30,050 million for the year ended March 31, 2012, and are expected to reach approximately ¥36,000 million for the year ending March 31, 2013. For further information on our research and development expenses, see “— C. Research and Development, Patents and Licenses, etc.”

We acquired Sanyo Seimitsu Co., Ltd. (which was subsequently renamed Nidec Seimitsu) on July 1, 2011. As a result of the seller increasing the capital of Nidec Seimitsu prior to its sale to us, we recorded a positive cash inflow of ¥5,201 million from acquisitions of business, net of cash acquired for the year ended March 31, 2012. Since April 2012, we have acquired The Minster Machine Company, a U.S. manufacturer of press machines, and Ansaldo Sistemi Industriali S.p.A., an Italian manufacturer of industrial motors, generators and drives. We intend to continue to seek opportunities for acquiring other companies and making additional investments in our subsidiaries. For a more detailed discussion of our recent acquisitions, see “— A. Operating Results — Overview.”

Our short-term borrowings, consisting of bank loans and commercial paper, were ¥86,608 million as of March 31, 2012, an increase of ¥34,590 million from ¥52,018 million as of March 31, 2011. In October 2011, we established a domestic commercial paper program allowing issuance of up to ¥100,000 million. As of March 31, 2012, we had ¥27,000 million of commercial paper issued under the program and outstanding in the Japanese commercial paper market, which was recorded in short-term borrowings in our audited consolidated balance sheet as of the same date.

Our long-term debt was ¥101,236 million as of March 31, 2012, a decrease of ¥583 million from ¥101,819 million as of March 31, 2011. Our long-term debt primarily consists of an aggregate principal amount of ¥100,000 million of zero coupon euro yen convertible bonds due 2015.

We currently have a share repurchase plan pursuant to which we are authorized to repurchase the lesser of an aggregate of 5,000,000 shares of our common stock and an aggregate of ¥40.0 billion between February 7, 2012 and February 6, 2013. We did not repurchase any shares under the plan between February 7, 2012 and March 31, 2012. Between April 1,

2012 and June 22, 2012, we repurchased an aggregate of 2,615,100 shares for approximately ¥16.8 billion under the plan. Our previous share repurchase plan expired on February 6, 2012, pursuant to which we repurchased an aggregate of 2,316,700 shares for approximately ¥15.0 billion between February 7, 2011 and February 6, 2012. For more information on our share repurchase plan, see “Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.”

On March 28, 2012, we submitted to the Director General of the Kanto Local Finance Bureau of the Ministry of Finance of Japan a shelf registration statement for issuances of corporate bonds in Japan of an aggregate principal amount of up to ¥200 billion 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. As of the date of this annual report, we have not issued any bonds under the shelf registration statement.

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 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 had cash and cash equivalents of ¥130,290 million as of March 31, 2012, compared to ¥94,321 million as of March 31, 2011.

We believe that these funding sources, together with our cash flow from operations, will sufficiently meet our capital requirements for the fiscal year ending March 31, 2013.

Assets, liabilities and shareholders' equity

Our total assets increased ¥52,196 million from ¥748,205 million as of March 31, 2011 to ¥800,401 million as of March 31, 2012. Excluding the impact of the newly consolidated companies, including Nidec Seimitsu and other subsidiaries, total assets increased ¥37,501 million from ¥748,205 million as of March 31, 2011 to ¥785,706 million as of March 31, 2012. The increase of ¥52,196 million in total assets was mainly due to an increase in cash and cash equivalents of ¥35,969 million as described below in “— Cash Flows,” and an increase in trade accounts receivable of ¥17,164 million as a result of the recovering demand from some customers subsequent to the flooding in Thailand.

Our total liabilities increased ¥37,091 million from ¥337,699 million as of March 31, 2011 to ¥374,790 million as of March 31, 2012. Excluding the impact of the newly consolidated companies, including Nidec Seimitsu and other subsidiaries, total liabilities increased ¥33,390 million from ¥337,699 million as of March 31, 2011 to ¥371,089 million as of March 31, 2012. The increase of ¥37,091 million was mainly due to an increase in short-term borrowings of ¥34,590 million, mostly consisting of Japanese yen-denominated borrowings including the commercial paper described above, as part of our asset liability management.

Our working capital, defined as current assets less current liabilities, increased ¥20,665 million from ¥166,262 million as of March 31, 2011 to ¥186,927 million as of March 31, 2012.

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 decreased 0.4 points from 4.1 points for the year ended March 31, 2011 to 3.7 points for the year ended March 31, 2012. This was mainly due to the increase in trade 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 increased 0.2 points from 5.5 points for the year ended March 31, 2011 to 5.7 points for the year ended March 31, 2012, primarily due to the increase in cost of products sold.

Our total shareholders' equity increased ¥14,932 million from ¥355,250 million as of March 31, 2011 to ¥370,182 million as of March 31, 2012. This increase was mainly due to an increase in retained earnings of ¥28,332 million, which was partially offset by an increase in treasury stock, at cost, of ¥10,155 million. As a result, the ratio of Nidec Corporation shareholders' equity to total assets decreased 1.3 percentage points from 47.5% as of March 31, 2011 to 46.2% as of March 31, 2012.

Cash Flows

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.

Net cash provided by operating activities decreased ¥6,996 million from ¥90,080 million for the year ended March 31, 2010 to ¥83,084 million for the year ended March 31, 2011. Although our consolidated net income increased ¥1,341 million, net cash provided by operating activities decreased primarily due to the negative impact of changes in operating assets and liabilities of ¥9,858 million.

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 decreased customers demand caused by the earthquake and subsequent events in northeastern Japan and increased orders from some customers, which resulted in higher inventory levels.

For the year ended March 31, 2010, we had ¥90,080 million of cash inflows mainly due to consolidated net income of ¥56,151 million. On the other hand, we had a decrease in operating assets and liabilities of ¥5,185 million which consisted of an increase in operating assets of ¥40,979 million and an increase in operating liabilities of ¥35,794 million owing to sales recovery.

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.

Net cash used in investing activities increased ¥66,428 million from ¥40,514 million for the year ended March 31, 2010 to ¥106,942 million for the year ended March 31, 2011. The increase in net cash used in investing activities were mainly due to an increase in acquisitions of business, net of cash acquired, of ¥47,198 million and an increase in additions to property, plant and equipment of ¥18,402 million, resulting from our increased capital investments.

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.

For the year ended March 31, 2010, ¥40,514 million of cash outflows was mainly due to additions to property, plant and equipments of ¥36,608 million for constructions of additional plants, and acquisitions of business, net of cash acquired of ¥4,396 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.

Net cash provided by financing activities was ¥3,764 million for the year ended March 31, 2011, while net cash used in financing activities was ¥122,779 million for the year ended March 31, 2010.

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.

For the year ended March 31, 2010, ¥122,779 million of the cash outflows was mainly due to a decrease in short-term borrowings of ¥109,100 million and dividends paid to shareholders of Nidec Corporation of ¥7,661 million.

As a result of the foregoing factors and the effect of exchange rate changes, our total outstanding balance of cash and cash equivalents increased ¥35,969 million from ¥94,321 million as of March 31, 2011 to ¥130,290 million as of March 31, 2012. Currency of cash and cash equivalents consists primarily of the U.S. dollar, the Thai baht, the Japanese yen, the Chinese yuan and the Euro.

We believe that cash generated from operating activities 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 “General Motors” 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, 2012, we employed 3,153 people engaged in research and development activities mainly in Japan as well as in China, the United States, Germany, Taiwan, Mexico, Vietnam, Italy, Spain, the United Kingdom, Thailand, Indonesia, Poland, South Korea, and Singapore.

We incurred research and development expenses of ¥24,271 million, 27,737 million and 30,050 million for the fiscal years ended March 31, 2010, 2011 and 2012, respectively.

The following table sets forth our research and development expenses by operating segment for the year ended March 31, 2012:

	Yen in Millions
	For the year ended
	March 31, 2012
Nidec Corporation	¥15,747
Nidec Electronics (Thailand)	-
Nidec (Zhejiang)	-
Nidec (Dalian)	-
Nidec Singapore	-
Nidec (H.K.)	-
Nidec Philippines	-
Nidec Sankyo	3,850
Nidec Copal	1,958
Nidec Tosok	986
Nidec Copal Electronics	1,341
Nidec Techno Motor	1,267
Nidec Motor	2,540
Nidec Motors & Actuators	1,135
All Others	1,226
Total	<u>¥30,050</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 ¥36,000 million on research and development in the year ending March 31, 2013. 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 ¥86 million of bank loans for employees in connection with their housing costs at March 31, 2012. 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 ¥86 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, 2012:

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 year	2-3 years	4-5 years	After 5 years
Long-term Debt	¥101,910	¥674	¥531	¥100,550	¥155
Capital Lease Obligations	1,308	652	469	154	33
Interest on debt *1	34	18	12	3	1
Operating Lease Obligations	4,179	1,481	1,203	753	742
Purchase Commitments for Fixed Assets	7,292	7,292	-	-	-
Total Contractual Cash Obligations	114,723	10,117	¥2,215	¥101,460	¥931
Contribution under Pension Plans *2	¥2,718	¥2,718	-	-	-

Other Commercial Commitments	Amount of Commitment Expiration per Period				
	Total amounts committed	Less than 1 year	2-3 years	4-5 years	Over 5 years
Guarantees	¥86	¥24	¥17	¥11	¥34
Total Commercial Commitments	¥86	¥24	¥17	¥11	¥34

*1 Interest at variable interest rates are assumed based on the current applicable rate of 2.5%.

*2 Amounts are only available for payments due in less than one year.

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, 2012, we had unrecognized tax benefits of ¥1,766 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 net proceeds of the issuance of convertible bonds were applied towards the repayment of existing short-term borrowings. For further information, see Note 11 to our audited consolidated financial statements elsewhere in this annual report.

Our capital commitments as of March 31, 2012 principally consisted of commitments to purchase property, plant and equipment. 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. Between March 31, 2010 and 2011, commitments outstanding for the purchase of property, plant and equipment and other assets decreased from approximately ¥2,115 million to approximately ¥315 million. The increase in our capital commitments between March 31, 2011 and 2012 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."

For further information on our commitments, see Notes 21 and 23 to our audited consolidated financial statements included elsewhere in this annual report.

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 Corporate Auditors 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, 2012 (in thousands)	Percentage of common stock outstanding as of March 31, 2012
Shigenobu Nagamori	Representative Director, President and Chief Executive Officer	August 28, 1944	June 2013	20,142	14.72%
Hiroshi Kobe	Representative Director, Executive Vice President and Chief Operating Officer	March 28, 1949	June 2013	236	*
Kenji Sawamura	Member of the Board, Executive Vice President	February 15, 1942	June 2013	8	*
Akira Sato	Member of the Board First Senior Vice President	November 2, 1954	June 2013	0	*
Tadaaki Hamada	Member of the Board, First Senior Vice President	August 14, 1948	June 2013	3	*
Masuo Yoshimatsu	Member of the Board, Senior Vice President and Chief Financial Officer	April 28, 1958	June 2013	3	*
Toshihiko Miyabe	Member of the Board Senior Vice President	June 16, 1958	June 2013	4	*
Shozo Wakabayashi	Member of the Board	November 23, 1943	June 2013	-	*
Noriko Ishida	Member of the Board	August 30, 1948	June 2013	-	*
Ryuichi Tanabe	Corporate Auditor	March 9, 1948	June 2015	0	*
Osamu Narumiya	Corporate Auditor	August 6, 1951	June 2015	1	*
Kazuya Murakami	Corporate Auditor	January 18, 1955	June 2016	-	*

Name	Position	Date of birth	Month in which current term expires	Number of Nidec shares owned as of March 31, 2012	Percentage of common stock outstanding as of March 31, 2012
Chihiro Suematsu	Corporate Auditor	January 29, 1956	June 2014	-	*
Kiichiro Kobayashi	Corporate Auditor	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%.

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 Corporation, Nidec Tosok Corporation, Nidec Copal Electronics Corporation, Nidec-Read Corporation, and Nidec Motor Corporation, and as Representative Director and Chairman of Nidec Motor Holdings Corporation, Nidec-Shimpo Corporation, Nidec Seimitsu Corporation, and Nidec Nissin Corporation.

Hiroshi Kobe has since June 2006 served, and was most recently reappointed in June 2012 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.

Kenji Sawamura has since June 2006 served, and was most recently reappointed in June 2012 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 Director and Chairman of Nidec India Private Limited, Nidec (H.K.) Co., Ltd., and Nidec Servo Corporation. Mr. Sawamura was a Member of the Board and Managing Director in his previous employment at Nissan Motor Co., Ltd.

Akira Sato, who was appointed to serve as a Member of the Board and First Senior Vice President of Nidec Corporation in June 2012, joined Nidec as First Senior Vice President in January 2012. Mr. Sato currently supervises CFO Strategy Office, Public Relations, Advertising & Investor Relations Dept., Affiliates Administration Dept., Accounting Dept., Global Tax Planning Dept., Finance Dept., Corporate Administration & Internal Audit Dept., Compliance Office, Legal Dept., and CSR Promotion Office. Mr. Sato was Executive Officer in his previous employment at Nissan Motor Co., Ltd.

Tadaaki Hamada has since June 2009 served, and was most recently reappointed in June 2012 to serve, as a Member of the Board 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>Masuo Yoshimatsu has since June 2009 served, and was most recently reappointed in June 2012 to serve, as a Member of the Board, 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. 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>Toshihiko Miyabe, who was appointed to serve as a Member of the Board and Senior Vice President of Nidec Corporation in June 2012, joined Nidec Corporation in April 1983. He currently serves as President of FDBM Business Unit and General Manager of the Unit's Production Division, and Director and Chairman of Nidec Electronics (Thailand) Co., Ltd., Nidec (Zhejiang) Corporation, Nidec Philippines Corporation, and Nidec Subic Philippines Corporation.</p>
<p>Shozo Wakabayashi has since June 2010 served, and was most recently reappointed in June 2012 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 was appointed to serve as an Outside Member of the Board of Directors in June 2012. 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 Refugee Examination Counselor in May 2010. Ms. Ishida serves as President of Ishida Law Firm (currently Lion Bashi Law Firm) and Chairperson of Osaka City Human Rights Promotion Council.</p>
<p>Ryuichi Tanabe was appointed to serve as an Outside Corporate Auditor 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 a Corporate Auditor 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>Kazuya Murakami was appointed to serve as an Outside Corporate Auditor in June 2012. Mr. Murakami joined Ministry of Finance of Japan in April 1977, and served as Chief of Nagoya Regional Taxation Bureau's Ise Tax Office, Executive Director to International Monetary Fund (IMF) in July 1984, Director of Central Asian Bureau of European Bank for Reconstruction and</p>

Development (EBRD) in June 1996, Director of Fukuoka Local Finance Branch Bureau of Ministry of Finance of Japan in July 2002, Counselor of the Minister's Secretariat (Custom & Tariff Bureau) in July 2004, Director of EBRD in July 2005, Director of Kanto Local Finance Bureau of Ministry of Finance of Japan in July 2008, and Director of Organization for Small & Medium Enterprises and Regional Innovation, JAPAN, which is an independent administrative agency under Ministry of Economy, Trade and Industry of Japan, in August 2009.

Chihiro Suematsu was appointed to serve as an Outside Corporate Auditor in June 2010. Mr. Suematsu joined McKinsey and Company in November 1985, was appointed to serve as Representative Director and President of Advanced Consulting Network, Inc. in November 1988, and became an assistant professor at Kyoto University Graduate School of Economics in April 2001. Mr. Suematsu currently serves as a professor at Kyoto University Graduate School of Management (Doctor of Economics) and Graduate School of Economics (Doctor of Economics), and an Outside Member of the Board of Directors of Zero-Sum, Ltd.

Kiichiro Kobayashi was appointed to serve as an Outside Corporate Auditor in June 2010. Mr. 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. Mr. 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, Mr. Kobayashi teaches at Keio University as a professor.

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 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, 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 Corporate Auditors. Currently, we have five Corporate Auditors: Ryuichi Tanabe, Osamu Narumiya, Kazuya Murakami, Chihiro Suematsu and Kiichiro Kobayashi. The Corporate Auditors 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 a Corporate Auditor. Corporate Auditors are elected at a general meeting of shareholders, and the normal term of office of a Corporate Auditor is four years, although they may serve any number of consecutive terms.

Three of our Corporate Auditors, Ryuichi Tanabe, Osamu Narumiya, and Kazuya Murakami are full-time Corporate Auditors. Except Osamu Narumiya, all of our Corporate Auditors are from outside the Nidec group. Our five Corporate Auditors form our Board of Corporate Auditors. Corporate Auditors 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. Corporate Auditors also have a statutory duty to provide their report to the Board of Corporate Auditors, which must submit its auditing report to the Representative Directors. The Board of Corporate Auditors also determines matters relating to the duties of the Corporate Auditors, such as auditors' policy and methods of investigation of our affairs.

In addition to Corporate Auditors, 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 Board of Corporate Auditors 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 corporate auditors. None of our directors or corporate auditors 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 Corporate Auditors by Nidec Corporation during the fiscal year ended March 31, 2012 was ¥332 million. Of this amount, an aggregate of ¥276 million was paid to our Directors (excluding our outside Directors), an aggregate of ¥15 million to our Corporate Auditors (excluding our outside Corporate Auditors), and an aggregate of ¥41 million to our outside Directors and outside Corporate Auditors. None of our Directors and Corporate Auditors 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 Corporate Auditor on an individual basis if the amount is ¥100 million or more during a fiscal year. For the fiscal year ended March 31, 2012, none of our Directors or Corporate Auditors 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 Corporate Auditors by Nidec Corporation and to the directors and corporate auditors of our subsidiaries by such subsidiaries during the fiscal year ended March 31, 2012 was ¥2,267 million.

In accordance with customary Japanese business practices, a retiring director or corporate auditor 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, 2012, no such retirement allowance was paid to our Directors or Corporate Auditors. Separately, an aggregate ¥7 million in retirement allowances was paid by our subsidiaries to their respective retiring directors and corporate auditors, none of whom are Directors or Corporate Auditors 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,		
	2010	2011	2012
Japan	8,758	8,730	10,470
North and South America	853	6,954	7,305
Asia and Oceania	84,870	88,219	87,947
Europe	2,001	1,970	1,767
Total	96,482	105,873	107,489

Note: The total number of our employees increased 9,391 as of March 31, 2011 compared to March 31, 2010 mainly due to our acquisition of Emerson Electric Co's motors and controls business.

Japan

In Japan, as of March 31, 2012, we had 10,470 employees. Of these employees, 5,245 employees were engaged in manufacturing operations, 2,091 in research and development and 988 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, 2012, we had 97,019 employees overseas. Of these employees, 86,083 employees were engaged in manufacturing operations, 1,062 in research and development and 1,024 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, 2012, there were 136,834,584 shares of our common stock outstanding held by 39,807 shareholders of record, excluding 8,240,496 shares held in treasury. According to our shareholders of record, as of March 31, 2012, 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)	20,142	14.7%
Japan Trustee Services Bank, Ltd. (trust account)	10,090	7.3%
The Master Trust Bank of Japan, Ltd. (trust account)	8,686	6.3%
The Bank of Kyoto, Ltd.	5,927	4.3%
State Street Bank and Trust Company	4,312	3.1%
The Dai-ichi Mutual Life Insurance Company	3,974	2.9%
The Bank of Tokyo-Mitsubishi UFJ, Ltd. (2)	3,514	2.5%
Nippon Life Insurance Company	3,371	2.4%
Meiji Yasuda Life Insurance Company	3,188	2.3%

Notes:

- (1) As of March 31, 2012, Mr. Shigenobu Nagamori, our CEO, directly held of record 8.7%, and, indirectly through S.N. Kosan, an entity indirectly wholly owned by Mr. Nagamori, held of record 4.0%, of our outstanding shares. Mr. Nagamori's immediate family member held an additional 1.9% of our outstanding shares as of the same date.
- (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 10, 2012, MUFG and its consolidated subsidiaries, including BTMU, beneficially owned an aggregate of 6.3% of the outstanding shares of our common stock, including 2.5% beneficially owned by BTMU, as of December 31, 2011. Other than as described in the table above, we have not independently confirmed this beneficial ownership information.
- (3) According to a large shareholding report filed in Japan by Sumitomo Mitsui Trust Holdings, Inc., or SMTH, on November 7, 2011, SMTH and its consolidated subsidiaries beneficially owned an aggregate of 5.1% of the outstanding shares of our common stock as of October 30, 2011. According to a large shareholding report filed in Japan by SMTH on April 18, 2012, SMTH and its consolidated subsidiaries beneficially owned an aggregate of 4.8% of the outstanding shares of our common stock as of April 13, 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, 2012, there were 123 shareholders of record with addresses in the United States who held 19,885,099 shares, representing approximately 14.5%, 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 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, 2012, 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.

In April 2012, we and Nidec Sankyo Corporation, a consolidated subsidiary in which we held an approximately 74.6% ownership interest as of March 31, 2012, entered into a share exchange agreement pursuant to which we will acquire the remaining ownership interest in Nidec Sankyo in exchange for an aggregate of 3,175,755 shares of our common stock held in treasury. The share exchange transaction was approved by shareholders of Nidec Sankyo in June 2012 and is expected to be completed on October 1, 2012. As of March 31, 2012, Mr. Nagamori, Japan Trustee Services Bank, Ltd. (trust account) and The Master Trust Bank of Japan (trust account) held approximately 1.1%, 0.8% and 0.5% of the total outstanding shares in Nidec Sankyo, and are expected to receive approximately 153 thousand, 105 thousand and 64 thousand shares of our common stock in the share exchange transaction, respectively.

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, 2010, 2011 and 2012, our transactions with such entities were conducted on an arms length basis which is described below, had no material impact on our consolidated financial position, results of operations or liquidity.

	Yen in million		
	For the year ended March 31		
	2010	2011	2012
S.N. Kosan (1)	¥(3)	¥(5)	¥(4)
Green Kosan (1)	(12)	(11)	(11)
Hamaguchi Denki Seisakusho (1)	(44)	(32)	(5)
Hamaguchi Denki Seisakusho (2)	4	-	-
Oersted International (1)	-	(0)	-
Oersted International (2)	-	-	0

Notes:

(1) Total amount paid by us.

(2) Total amount paid to us.

For the fiscal years ended March 31, 2010, 2011 and 2012, 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 ¥3 million, ¥5 million and ¥4 million for the services for the fiscal years ended March 31, 2010, 2011 and 2012, respectively.

For each of the same three-year periods, Nidec-Shimpo Corporation, our wholly owned subsidiary, paid a total of approximately ¥12 million, ¥11 million and ¥11 million, respectively, to Green Kosan, an entity wholly owned by Mr. Nagamori, under their lease agreement for office equipment.

We purchased iron cores from Hamaguchi Denski Seisakusho Co., Ltd., in which one of our directors, Mr. Yasuo Hamaguchi, directly and indirectly holds an ownership interest, for a total of approximately ¥44

million, ¥32 million and ¥5 million for the fiscal years ended March 31, 2010, 2011 and 2012, respectively. We sold materials to Hamaguchi Denki Seisakusho for a total of approximately ¥4 million for the fiscal year ended March 31, 2010. We made no sales to Hamaguchi Denki Seisakusho in the fiscal year ended March 31, 2011 or 2012.

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 thousand. 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 thousand.

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 ¥45.0 per share for the fiscal year ended March 31, 2012. As a result, together with the interim dividend of ¥45.0 per share, the full-year dividend for the fiscal year is expected to be ¥90.0 per share, an increase of ¥5.0 from the fiscal year ended March 31, 2011. The dividend payout ratio, which is obtained by dividing the dividend declared for the year by net income attributable to Nidec Corporation per share (basic), for the fiscal year ended March 31, 2012 is expected to be approximately 30%.

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	<u>Dividends per share</u> <u>Yen</u>
September 30, 2007	25.0
March 31, 2008	30.0
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	<u>45.0</u>

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% (applicable until December 31, 2013) or standard rate of 15% (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, 2012, 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 Osaka Securities Exchange, and the First Section of the Tokyo Stock Exchange. 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>				
2008	¥8,730	¥6,080	\$19.73	\$14.11
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
First Quarter	10,050	7,500	27.07	20.60
Second Quarter	8,380	7,130	23.84	20.58
Third Quarter	8,840	6,970	26.55	21.40
Fourth Quarter	8,770	6,350	26.50	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
<u>Calendar period</u>				
December 2011	7,130	6,500	22.54	18.80
January 2012	7,380	6,820	22.67	20.30
February 2012	7,680	7,180	22.80	20.58
March 2012	7,610	7,230	23.52	21.66
April 2012	7,590	7,150	23.08	21.95
May 2012	7,000	6,280	22.07	19.78

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 Handling 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, 2012.

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"). Japan Securities Depository Center, Inc., or "JASDEC", is the 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, any transfer of such shares is effected through entry in the books maintained under the new central clearing system, 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 an account managing institution. The holder of an account at 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 to assert shareholders' rights against us, a shareholder must have its name and address registered in our register of shareholders, except in limited circumstances. Under the clearing system, such registration is made upon our receipt of necessary information from JASDEC. See "—Share Registrar" and "—Record Date" below.

The registered beneficial holder of deposited shares underlying the ADSs is the depositary 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 fairly our assets and profit or loss, 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 the shares reported by the Osaka Securities Exchange Co., Ltd. (the “Osaka Securities Exchange”) on the day when the request to purchase is made; or
- if no sale takes place on such stock exchange on that day, the closing price of the shares reported by the Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”) on such day; or
- if no sale takes place on either of such stock exchanges on such day, the price at which the shares are first traded on the Osaka Securities Exchange on the next day; or
- if no sale takes place on such stock exchange on such day, the price at which the shares are first traded on the Tokyo Stock Exchange on such day; or
- if no sale takes place on either of such stock exchanges on such day, the price at which the shares are first traded on either of such stock exchanges, provided that, if the shares are traded on both such exchanges on the same day, the relevant price shall be the price at which the shares are first traded on the Osaka Securities Exchange.

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 Handling 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 Corporate Auditors 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 a Corporate Auditor;
- (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, Corporate Auditors 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 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 June 8, 2012, the closing price of our shares on the Osaka Securities Exchange was ¥6,450 per share. The following table shows the daily price limit for a stock on the Osaka Securities Exchange with a closing price of between ¥5,000 and ¥10,000 per share, as well as the daily price limit if our per share price were to rise to between ¥10,000 and ¥20,000, 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	¥500
Over	5,000	Less than	10,000	1,000
Over	10,000	Less than	20,000	2,000

For a history of the trading price of our shares on the Osaka Securities Exchange, 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 depository 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 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 reduced rate of tax for dividends received in taxable years beginning before January 1, 2013 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 in taxable years beginning before January 1, 2013 that constitute qualified dividend income will be taxable to you at a maximum tax rate of 15% 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. Absent legislation by Congress, for taxable years beginning after December 31, 2012, qualified dividend income will be taxable to you at the applicable ordinary income tax rates. 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. Capital gain of a non-corporate U.S. holder that is recognized in taxable years beginning before January 1, 2013 will generally be taxed at a maximum rate of 15% where the holder has a holding period greater than one year. Capital gain of a non-corporate U.S. holder that is recognized in taxable years beginning after December 31, 2012 will generally be taxed at a maximum rate of 20% where the holder has a holding period greater than one year. 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.

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 oppose 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 (Article 2(16) of the Japanese Corporation Tax Law and Article 8(1)(xiii) of the Japanese Corporation Tax Law Enforcement Order).

Unless otherwise provided for in applicable tax treaties, conventions or agreements reducing the maximum rate of withholding tax, under Japanese taxation law, the withholding rate applicable to dividends on the listed shares such as those paid by us to non-resident shareholders is 7% which is applicable during the period from January 1, 2004 through December 31, 2012. Although the 7% rate was scheduled to be abolished on December 31, 2011, under the 2011 tax legislation, the extension of the 7% rate until December 31, 2013 has been promulgated. However, due to the surtax for the reconstruction of the East Japan Earthquake which will be applicable to the national income tax amount at 2.1% rate from January 1, 2013 to December 31, 2037, the fractional tax rate increase in the withholding tax on dividends will be made from January 1, 2013. Accordingly, the withholding tax on dividends of 7.147% will be applicable from January 1, 2013 to December 31, 2013 and 15.315% withholding rate will be applicable thereafter until December 31, 2037. Notwithstanding the 7% withholding rate period stated above, 20% withholding rate applies (to dividends paid to any individual shareholder who holds 3% or more of the outstanding shares until December 31, 2012. Due to the imposition of the surtax stated above, such rate will be increased to 20.42% from January 1, 2013 to December 31, 2037. Japan has income tax treaties, conventions or agreements whereby the above mentioned withholding tax rate is generally promulgated as 15% for portfolio investors with, among others, Belgium, Canada, Denmark, Finland, Germany, Ireland, Italy, Luxembourg, New Zealand, Norway, Singapore, Spain, and Sweden. Under the Treaty (between the United States and Japan), the withholding tax rate on dividends is 10% for portfolio investors, if they do not have a permanent establishment in Japan and the shares with respect to which such dividends are paid are not related in-fact to such permanent establishment, and if they are qualified US residents eligible to enjoy treaty benefits. It shall be noted that, under the Treaty, withholding tax on dividends is exempt from Japanese taxation by way of withholding or otherwise for pension funds which are qualified US residents eligible to enjoy treaty benefits unless such dividends are derived from the carrying on of a business, directly or indirectly, by such pension funds (please refer to Article 10(3)(b) of the Treaty). In addition to the Treaty, Japan currently has income tax treaties, whereby the withholding tax rate on dividends is also reduced from 15% to 10% for portfolio investors, with, among others, the United Kingdom, France, Australia, the Netherlands, and Switzerland due to the recent treaty renewals. Non-resident shareholders who are entitled to a reduced 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. In the case where the treaty rate is applicable, no surtax stated above is imposed. For Japanese tax purposes, the treaty rate normally applies superseding the tax rate under the domestic law. However, due to the so-called preservation doctrine under Article 1(2) of the Treaty, and/or under Article 3-2 of the Special Measures Law for the Income Tax Law, Corporation Tax Law and Local Taxes Law with respect to the Implementation of Tax Treaties, if the 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. If the domestic tax rate still applies, no treaty application is required to be filed, consequently.

Gains derived from the sale of shares outside Japan, or from the sale of shares within Japan by a

nonresident 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 short-term 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 and commodities futures. Foreign exchange forward 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. 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. While sales denominated in U.S. dollars are, to a significant extent, offset by U.S. dollar denominated costs, we generally have had a substantial net long U.S. dollar position. To the extent that there are any open foreign currency—which, in our case, U.S. dollar-denominated—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, Thailand, the Philippines and China. 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

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.

From time to time we utilize foreign currency forward contracts and foreign currency options 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 for the next five years and thereafter as well as the item's fair value.

Foreign Currency Derivatives at March 31, 2012

	Maturity date						Total	Fair Value
	For the year ending March 31							
	2013	2014	2015	2016	2017	There-after		
Foreign Exchange Forward Contracts								
Sell U.S. dollars (Buy Mexican peso)								
Contract amounts (in millions)	¥5,362	¥1,723	-	-	-	-	¥7,085	¥124
Weighted-average contracted forward Rate (MXN per U.S.\$1)	13.19	14.05	-	-	-	-	13.41	
Sell Euro (Buy Hungarian forint)								
Contract amounts (in millions)	¥524	-	-	-	-	-	¥524	¥41
Weighted-average contracted forward Rate (HUF per €1)	322.48	-	-	-	-	-	322.48	

Interest Rate Risk

We have long-term receivables and debt, with fixed and variable rates. Almost all of our long-term receivables and debt are fixed rate. We believe that fluctuations in the fair values of our long-term receivables and debt and cash flows resulting from short-term changes in interest rates would not be significant.

The table below sets forth information about our interest-bearing financial instruments. 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.

Interest Rate Risk at March 31, 2012

	Maturity date						Total	Fair Value
	For the year ending March 31							
	2013	2014	2015	2016	2017	There-af-ter		
Long-term Loan Receivable								
Fixed Rate								
Principal cash flows	-	30	17	7	18	11	83	84
Weighted-average interest rate	-	2.08%	1.50%	1.91%	0.28%	0.06%	1.29%	
Floating Rate								
Principal cash flows	-	1	0	0	0	1	2	2
Weighted-average interest rate	-	1.67%	1.92%	2.18%	2.45%	2.70%	2.07%	
Long-term Debt								
Fixed Rate (long-term loan)								
Principal cash flows	21	34	29	28	19	121	252	224
Weighted-average interest rate	0.37%	0.23%	0.25%	0.20%	0.26%	0.28%	0.27%	
Fixed Rate (convertible bonds)								
Principal cash flows.....	-	-	-	100,000	-	-	100,000	102,991

Weighted-average interest rate.....	-	-	-	0.00%	-	-	0.00%	
Floating Rate (long-term loan)								
Principal cash flows.....	1	0	0	0	1	1	3	3
Weighted-average interest rate.....	1.37%	2.68%	2.92%	3.18%	3.46%	3.86%	2.82%	

Equity Price Risk

We hold available-for-sale securities and held-to-maturity securities that are included in our marketable securities. At March 31, 2011, the fair value of available-for-sale securities and held-to-maturity securities were ¥14,623 million and ¥203 million, respectively. 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.

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, 2012 would be ¥1,405 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 audited consolidated financial statements included elsewhere in this annual report.

Commodity Price Risk

We are exposed to market risk arising from changes in prices of commodities, 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, 2011 and 2012.

Commodity Price Risk at March 31, 2012

	For the year ended March 31			
	2011		2012	
	Contract amount	Fair value	Contract amount	Fair value
		(Yen in millions)		
Commodity futures				
To buy commodity	1,964	179	3,102	(22)

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.

Fees and Charges Payable by ADS Holders

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

Category	Depository 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: <ul style="list-style-type: none">• Share distributions, stock split, rights, and merger• Exchange of shares or any other transaction or event or other distribution affecting the ADSs or the deposited shares	US\$5.00 for each 100 ADSs (or portion thereof) evidenced by the new ADRs delivered
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
Transferring, splitting or grouping receipts	Transfers, combining or grouping of depository receipts	US\$2.50 per ADS

Category	Depository Actions	Associated Fee
Expenses of the Depository	<p>Expenses incurred on behalf of holders in connection with:</p> <ul style="list-style-type: none"> • Compliance with foreign exchange control regulations or any law or regulation relating to foreign investment • The Depository's or its custodian's compliance with applicable law, rule or regulation • Stock transfer or other taxes and other governmental charges • Cable, telex, facsimile transmission and delivery • Expenses of the Depository in connection with the conversion of foreign currency into U.S. dollars (which are paid out of such foreign currency) • Any other charge payable by the Depository or its agents 	Expenses payable at the sole discretion of the Depository by billing holders or by deducting charges from one or more cash dividends or other cash distributions

Fees and Payments made by the Depository to the Issuer

On February 21, 2012, we filed with the U.S. Securities and Exchange Commission a registration statement on Form F-6 containing information concerning amendments to our Deposit Agreement with the Depository and holders of our ADSs to register an additional 50,000,000 ADSs. In a separate Letter Agreement, we and the Depository agreed to an extension of the term of the Depository's appointment as the depository bank for our ADR Program until February 21, 2022.

The Depository has also 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 Depository will reimburse us, but the amount of reimbursement available to us is not related to the amounts of fees the Depository collects from investors. Under certain circumstances, including where the ADR Program is terminated prior to February 21, 2022, we are required to repay to the Depository the amounts reimbursed in prior periods. For calendar year 2011, the Depository reimbursed us an aggregate of US\$50,000 consisting of US\$12,000 for investor relations activities in the United States and US\$38,000 for continued ADR listing on the New York Stock Exchange under our previous Letter of Agreement with the Depository that expired on December 31, 2011.

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, 2012. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2012, 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" 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, 2012.

Our independent registered public accounting firm, Kyoto Audit Corporation, has audited the effectiveness of our internal control over financial reporting as of March 31, 2012, 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, 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 16A. Audit Committee Financial Expert.

Our Board of Corporate Auditors has determined that we do not have an “audit committee financial expert” as defined in Item 16A of Form 20-F serving on the Board of Corporate Auditors. Our Board of Directors and Board of Corporate Auditors believe that the combined knowledge, skills and experience of the Board of Corporate Auditors, elected 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 Corporate Auditors have the power and authority to engage outside experts as they deem appropriate to provide them with advice on matters related to their responsibilities.

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, corporate auditors, 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 Kyoto Audit Corporation, a cooperating firm of PricewaterhouseCoopers, and by member firms of the PricewaterhouseCoopers network to us in fiscal years ended March 31, 2011 and 2012:

Type of Fees	Yen in millions	
	For the year ended March 31,	
	2011	2012
Audit Fees (1)	¥770	¥756
Audit-Related Fees (2)	9	6
Tax Fees (3)	19	23
All Other Fees (4)	0	3
Total	¥798	¥788

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 Board of Corporate Auditors has concluded the provision of the non-audit services listed above is

compatible with maintaining the independence of Kyoto Audit Corporation.

Pursuant to Rule 2-01(c)(7) of Regulation S-X, the Board of Corporate Auditors 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 Board of Corporate Auditors 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 Board of Corporate Auditors 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 Board of Corporate Auditors 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 Board of Corporate Auditors. 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 Board of Corporate Auditors.

In each of the fiscal years ended March 31, 2011 and 2012, 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 boards of corporate auditors meeting certain requirements. For a New York Stock Exchange-listed Japanese company with a Board of Corporate Auditors, the requirements for relying on paragraph (c)(3) of Rule 10A-3 are as follows:

- (a) The Board of Corporate Auditors 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 corporate auditors.
- (b) Japanese law requires the Board of Corporate Auditors to be separate from the board of directors.
- (c) None of the members of the Board of Corporate Auditors is elected by management, and none of the listed company's executive officers is a member of the Board of Corporate Auditors.
- (d) Japanese law sets forth standards for the independence of the members of the Board of Corporate Auditors from the listed company or its management.
- (e) The Board of Corporate Auditors, 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 Board of Corporate Auditors 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 Board of Corporate Auditors 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 Board of Corporate Auditors, 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 Board of Corporate Auditors, and (iii) ordinary administrative expenses of the Board of Corporate Auditors that are necessary or appropriate in carrying out its duties.

In our assessment, our Board of Corporate Auditors 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, 2012:

	Shares	Yen	Shares	Shares
	Total number of shares purchased	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
2011				
April 1 – 30	40,121	¥6,848	40,000	2,289,100
May 1 – 31	248	7,418	-	2,289,100
June 1 – 30	53	7,236	-	2,289,100
July 1 – 31	252	7,667	-	2,289,100
August 1 – 31	380,034	6,324	380,000	1,909,100
September 1 – 30	1,010,003	6,138	1,010,000	899,100
October 1 – 31	215,960	5,890	215,800	3,683,300
November 1 – 30	68	6,640	-	3,683,300
December 1 – 31	66	6,655	-	3,683,300
2012				
January 1 – 31	20	7,380	-	3,683,300
February 1 – 29	-	-	-	3,000,000
March 1 – 31	24	7,470	-	3,000,000
Total	1,646,849	¥6,166	1,645,800	

Notes:

- (1) During the fiscal year ended March 31, 2012, in addition to the shares repurchased through a publicly announced plan or program, a total of 1,049 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 October 7, 2011, a modification to the share repurchase plan that was announced on February 5, 2011 authorizing us to repurchase up to the smaller of 3,000,000 shares or ¥25.0 billion between February 7, 2011 and February 6, 2012, to increase the authorized repurchase amount to the smaller of 6,000,000 shares or ¥47.0 billion. The modified share repurchase plan expired on February 6, 2012.

On February 6, 2012, 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 ¥25.0 billion between February 7, 2012 and February 6, 2013. On June 9, 2012, we announced a modification to this share repurchase plan to increase the authorized repurchase amount to the smaller of 5,000,000 shares or ¥40.0 billion. The modified share repurchase plan expires on February 6, 2013.

Between April 1, 2012 and June 22, 2012, we repurchased an aggregate of 2,615,100 shares under the 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 boards of corporate auditors, 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.

Consistent with the requirements of the Company Law, our corporate auditors are elected by a resolution at a general meeting of shareholders. We currently have five corporate auditors, which exceeds the minimum of three corporate auditors required by the Company Law, who comprise our board of corporate auditors. Our board of corporate auditors 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 corporate auditors be "outside auditors," which is defined as a corporate auditor 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. Four of our five current corporate auditors are outside corporate auditors.

Compensation, Nominating and Corporate Governance Committees

A company listed on the NYSE must have a compensation committee comprised entirely of independent directors. Under the Company Law, we and other Japanese companies with boards of corporate auditors 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 corporate auditors 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 corporate auditors is determined by consultation among the corporate auditors.

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 boards of corporate auditors 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. Our corporate auditors are also elected or dismissed at a general meeting of shareholders. A proposal by our Board of Directors to elect a corporate auditor needs the consent of our board of corporate auditors.

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) (Incorporated by reference to Nidec's annual report on Form 20-F for the year ended March 31, 2010 filed on June 23, 2010)
1.2	Share Handling Regulations of Nidec Corporation (English translation)
1.3	Regulations of the Board of Directors of Nidec Corporation (English translation) (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 Board of Corporate Auditors of Nidec Corporation (English translation) (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)
2.1	Form of Deposit Agreement, amended and restated as of February 21, 2012 between Nidec Corporation, JPMorgan Chase Bank, N.A. as Depositary 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
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.

INDEX OF EXHIBITS

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NIDEC CORPORATION
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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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, changes in equity, and cash flows present fairly, in all material respects, the financial position of NIDEC Corporation and its subsidiaries (The "Company") at March 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2012 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, 2012, based on criteria established in *Internal Control - Integrated Framework* 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.

/s/ Kyoto Audit Corporation

Kyoto, Japan

June 27, 2012

NIDEC CORPORATION
CONSOLIDATED BALANCE SHEETS
ASSETS

	Yen in millions	
	March 31	
	2011	2012
Current assets:		
Cash and cash equivalents	¥94,321	¥130,290
Trade notes and accounts receivable, net of allowance for doubtful accounts of ¥496 million on March 31, 2011 and ¥496 million on March 31, 2012:		
Notes	11,486	11,207
Accounts	154,091	171,255
Inventories	90,377	91,453
Other current assets	22,822	35,082
Total current assets	<u>373,097</u>	<u>439,287</u>
Marketable securities and other securities investments	15,338	14,818
Investments in and advances to affiliated companies	588	754
	<u>15,926</u>	<u>15,572</u>
Property, plant and equipment:		
Land	41,763	39,996
Buildings	135,794	133,911
Machinery and equipment	291,664	289,139
Construction in progress	15,434	22,196
	<u>484,655</u>	<u>485,242</u>
Less - Accumulated depreciation	<u>(250,246)</u>	<u>(254,411)</u>
	<u>234,409</u>	<u>230,831</u>
Goodwill	82,107	80,525
Other non-current assets, net of allowance for doubtful accounts of ¥517 million on March 31, 2011 and ¥506 million on March 31, 2012	42,666	34,186
Total assets	<u>¥748,205</u>	<u>¥800,401</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	
	2011	2012
Current liabilities:		
Short-term borrowings	¥52,018	¥86,608
Current portion of long-term debt	1,124	674
Trade notes and accounts payable	112,759	107,345
Accrued expenses	22,039	22,983
Other current liabilities	18,895	34,750
Total current liabilities	206,835	252,360
Long-term liabilities:		
Long-term debt	101,819	101,236
Accrued pension and severance costs	12,824	12,715
Other long-term liabilities	16,221	8,479
Total long-term liabilities	130,864	122,430
Commitments and contingencies (Note 21 and 23)		
Equity:		
Common stock authorized 2011 and 2012: 480,000,000 shares; issued and outstanding:		
2011- 145,075,080 shares /		
2012- 145,075,080 shares	66,551	66,551
Additional paid-in capital	66,960	66,762
Retained earnings	298,445	326,777
Accumulated other comprehensive income (loss):		
Foreign currency translation adjustments	(45,162)	(47,911)
Unrealized gains from securities, net of reclassification adjustments	1,066	1,013
Unrealized gains from derivative instruments qualifying for cash flow hedges	219	73
Pension liability adjustments	(544)	(643)
Treasury stock, at cost:		
2011- 6,593,647 shares /		
2012- 8,240,496 shares	(32,285)	(42,440)
Total Nidec Corporation shareholders' equity	355,250	370,182
Noncontrolling interests	55,256	55,429
Total equity	410,506	425,611
Total liabilities and equity	¥748,205	¥800,401

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		
	2010	2011	2012
Net sales	¥571,552	¥675,988	¥682,320
Operating expenses:			
Cost of products sold	421,190	500,034	523,729
Selling, general and administrative expenses	46,809	55,348	55,471
Research and development expenses	24,271	27,737	30,050
	<u>492,270</u>	<u>583,119</u>	<u>609,250</u>
Operating income	<u>79,282</u>	<u>92,869</u>	<u>73,070</u>
Other income (expense):			
Interest and dividend income	822	1,049	1,634
Interest expense	(690)	(355)	(299)
Foreign exchange loss, net	(2,961)	(9,108)	(1,756)
Gain (loss) from marketable securities, net	52	(238)	(202)
Other, net	(534)	(2,251)	(1,591)
	<u>(3,311)</u>	<u>(10,903)</u>	<u>(2,214)</u>
Income from continuing operations before income taxes	<u>75,971</u>	<u>81,966</u>	<u>70,856</u>
Income taxes	(17,568)	(18,309)	(18,801)
Equity in net (loss) income of affiliated companies	(45)	6	0
Income from continuing operations	<u>58,358</u>	<u>63,663</u>	<u>52,055</u>
Loss on discontinued operations	<u>(2,207)</u>	<u>(6,171)</u>	<u>(7,768)</u>
Consolidated net income	<u>56,151</u>	<u>57,492</u>	<u>44,287</u>
Less: Net income attributable to noncontrolling interests	<u>(4,190)</u>	<u>(5,159)</u>	<u>(3,556)</u>
Net income attributable to Nidec Corporation	<u>¥51,961</u>	<u>¥52,333</u>	<u>¥40,731</u>
	Yen		
Per share data:			
Earning per share - basic			
Income from continuing operations attributable to Nidec Corporation	¥384.91	¥406.10	¥336.33
Loss on discontinued operations attributable to Nidec Corporation	(11.87)	(30.19)	(40.08)
Net income attributable to Nidec Corporation	<u>373.04</u>	<u>375.91</u>	<u>296.25</u>
Earning per share - diluted			
Income from continuing operations attributable to Nidec Corporation	¥384.91	¥391.96	¥314.41
Loss on discontinued operations attributable to Nidec Corporation	(11.87)	(29.16)	(37.52)
Net income attributable to Nidec Corporation	<u>373.04</u>	<u>362.80</u>	<u>276.89</u>
Cash dividends paid	<u>¥55.00</u>	<u>¥80.00</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		
	2010	2011	2012
Net income attributable to Nidec Corporation			
Income from continuing operations attributable to Nidec Corporation	¥53,614	¥56,536	¥46,242
Loss on discontinued operations attributable to Nidec Corporation	(1,653)	(4,203)	(5,511)
Net income attributable to Nidec Corporation	¥51,961	¥52,333	¥40,731

The accompanying notes are an integral part of these financial statements.

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, 2009	145,075,080	¥66,551	¥69,162	¥212,955	¥(27,464)	¥(24,056)	¥297,148	¥60,539	¥357,687
Comprehensive income:									
Net income				51,961			51,961	4,190	56,151
Other comprehensive income (loss):									
Foreign currency translation adjustments					(2,910)		(2,910)	(211)	(3,121)
Unrealized gains from securities, net of reclassification adjustment					2,164		2,164	581	2,745
Pension liability adjustments					(310)		(310)	104	(206)
Total comprehensive income							50,905	4,664	55,569
Purchase of treasury stock						(11)	(11)	-	(11)
Dividends paid to shareholders of Nidec Corporation				(7,661)			(7,661)	-	(7,661)
Dividends paid to noncontrolling interests							-	(1,197)	(1,197)
Capital transaction with consolidated subsidiaries and other			(72)				(72)	(2,784)	(2,856)
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 losses on securities, net of reclassification adjustment					(681)		(681)	(226)	(907)
Unrealized gains from derivative instruments qualifying for cash flow hedges					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 Nidec Servo 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

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, 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 (losses) gains on securities, net of reclassification adjustment					(53)		(53)	46	(7)
Unrealized losses on derivative instruments qualifying for cash flow hedges					(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 CASH FLOWS

	Yen in millions		
	For the year ended		
	March 31		
	2010	2011	2012
Cash flows from operating activities:			
Consolidated net income	¥56,151	¥57,492	¥44,287
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	29,185	32,981	31,511
Amortization	1,954	2,729	2,819
(Gain) loss from marketable securities, net	(52)	238	200
Loss on sales, disposal or impairment of property, plant and equipment	1,088	545	15,705
Loss recovery and gain on property, plant and equipment damaged in flood	-	-	(19,662)
Deferred income taxes	(740)	(4,496)	12,835
Equity in net loss (income) of affiliated companies	45	(6)	0
Foreign currency adjustments	4,036	5,523	236
Accrual for pension and severance costs, net payments	(1,457)	(3,745)	(915)
Changes in operating assets and liabilities:			
(Increase) decrease in notes and accounts receivable	(32,537)	3,995	(14,819)
Increase in inventories	(8,442)	(15,856)	(257)
Increase (decrease) in notes and accounts payable	29,799	(3,058)	(8,061)
Increase (decrease) in accrued income taxes	5,995	(124)	(2,259)
Other	5,055	6,866	(4,908)
Net cash provided by operating activities	<u>¥90,080</u>	<u>¥83,084</u>	<u>¥56,712</u>

The accompanying notes are an integral part of these financial statements.

NIDEC CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(continued)

	Yen in millions		
	For the year ended		
	March 31		
	2010	2011	2012
Cash flows from investing activities:			
Additions to property, plant and equipment	¥(36,608)	¥(55,010)	¥(41,446)
Proceeds from sales of property, plant and equipment	633	960	2,725
Insurance proceeds related to property, plant and equipment damaged in flood	-	-	20,804
Purchases of marketable securities	(10)	(12)	(213)
Proceeds from sale or redemption of marketable securities	94	72	414
Acquisitions of business, net of cash acquired	(4,396)	(51,594)	5,201
Other	(227)	(1,358)	(7,403)
Net cash used in investing activities	<u>(40,514)</u>	<u>(106,942)</u>	<u>(19,918)</u>
Cash flows from financing activities:			
(Decrease) increase in short-term borrowings	(109,100)	(63,205)	26,060
Repayments of long-term debt	(1,733)	(2,016)	(1,229)
Proceeds from issuance of corporate bonds	-	100,500	-
Purchases of treasury stock	(11)	(11,226)	(10,155)
Payments for additional investments in subsidiaries	(3,152)	(7,827)	(454)
Dividends paid to shareholders of Nidec Corporation	(7,661)	(11,143)	(12,399)
Dividends paid to noncontrolling interests	(1,197)	(1,655)	(1,444)
Other	75	336	(1,193)
Net cash (used in) provided by financing activities	<u>(122,779)</u>	<u>3,764</u>	<u>(814)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(4,444)</u>	<u>(8,894)</u>	<u>(11)</u>
Net (decrease) increase in cash and cash equivalents	(77,657)	(28,988)	35,969
Cash and cash equivalents at beginning of year	200,966	123,309	94,321
Cash and cash equivalents at end of year	<u>¥123,309</u>	<u>¥94,321</u>	<u>¥130,290</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 and other small motors; ii) general motors, which are used in various electric household appliances, industrial equipment and automobiles; iii) machinery, which includes, test systems, measuring equipment, power transmission equipment, factory automation systems, card readers and industrial robots; iv) electronic and optical components, which include camera shutters, camera lens units, switches, trimmer potentiometers, motor driven actuator units, processing and precision plastic mold products; and v) other products, which include auto parts, pivot assemblies, other components and 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, 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.

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 allowance for doubtful accounts, depreciation and amortization of long-lived assets, valuation allowance for deferred tax assets, 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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.

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

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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 interest rate, foreign exchange rate, and commodity prices movements through the use of derivative financial instruments which include foreign exchange forward contracts, interest rate currency swap 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 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.

Property, plant and equipment and Change in Accounting Estimate -

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 new 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.

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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 mainly 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 ¥29,185 million, ¥32,981 million, and ¥31,511 million for the years ended March 31, 2010, 2011 and 2012, 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.

Other intangible assets include patent rights, 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 patent rights, proprietary technology, customer relationships and software are 9 years, 11 years, 19 years and 5 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

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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, general motors 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.

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 ¥156 million, ¥246 million, and ¥228 million for the years ended March 31, 2010, 2011 and 2012, respectively.

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.

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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, 2010 and 2011 to conform to the current year presentation.

As of September 30, 2009, NIDEC discontinued its semiconductor manufacturing equipment business. The results of the semiconductor manufacturing equipment business were previously recorded in the Nidec Tosok reporting segments. 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".

Accounting Changes

As of April 1, 2011, NIDEC adopted FASB Accounting Standards Codification™ (ASC) 350 "Intangibles - Goodwill and Other" updated by Accounting Standards Update (ASU) No. 2010-28 "When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts." ASU 2010-28 modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. The adoption of this standard did not have a material impact on NIDEC's consolidated financial position, results of operations or liquidity.

As of April 1, 2011, NIDEC adopted FASB ASC 805 "Business Combinations" updated by ASU No.2010-29 "Disclosure of Supplementary Pro Forma Information for Business Combinations." ASU 2010-29 requires a public entity that enters into business combination(s) to disclose pro forma revenue and earnings of the combined entity in the comparative financial

NIDEC CORPORATION
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statements as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. ASU 2010-29 also expands the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. ASU2010-29 is a provision for disclosure. The adoption of ASU2010-29 did not have any impact on NIDEC's consolidated financial position, results of operations or liquidity.

As of January 1, 2012, NIDEC adopted FASB ASC 820 "Fair Value Measurement" updated by ASU No.2011-04 "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs." ASU 2011-04 amends current U.S. GAAP to create more commonality with IFRS by changing some of the wording used to describe requirements for measuring fair value and for disclosing information about fair value measurements. The adoption of this standard did not have a material impact on NIDEC's consolidated financial position, results of operations or liquidity.

Recent Accounting Pronouncements to be adopted in future periods

In June 2011, the FASB issued ASU No. 2011-05, "Comprehensive Income (Topic 220): Presentation of Comprehensive Income." 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. Additionally, in December 2011, the FASB issued ASU No. 2011-12, "Comprehensive Income (Topic 220): 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" which 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 effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011. Early adoption is permitted. These standards are provisions for disclosure. The adoption of these standards will not have any impact on NIDEC's consolidated financial position, results of operations or liquidity.

In September 2011, the FASB issued ASU No. 2011-08, "Intangibles-Goodwill and Other (Topic 350): 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. ASU 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted. NIDEC is currently evaluating the potential impact of adopting ASU 2011-08 on its consolidated financial position, results of operations or liquidity.

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3. Acquisitions and dispositions:

On August 4, 2009, NIDEC acquired the additional 60.0% of the voting rights of NTN-Nidec (Thailand) Co., Ltd., currently Nidec Bearing (Thailand) Co., Ltd. (“NBTC”). NIDEC previously owned 40.0% of the voting rights of NBTC prior to August 4, 2009. As a result, NIDEC acquired all of the voting rights of NBTC. These acquisitions did not have a material impact on NIDEC’s consolidated financial position, results of operations or liquidity.

On January 26, 2010, NIDEC acquired all of the voting rights of the household motor business of Appliances Components Companies S.p.A.. As a result, NIDEC has included Nidec Sole Motor Corporation S.R.L. (“NSMC”) in its scope of consolidation as wholly owned subsidiary of NIDEC. This acquisition did not have a material impact on NIDEC’s consolidated financial position, results of operations or liquidity.

On February 26, 2010, NIDEC acquired 864,000 shares (or, 90.0%) of SC WADO Co., Ltd. This acquisition did not have a material impact on NIDEC’s consolidated financial position, results of operations or liquidity.

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.

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4. Goodwill and other intangible assets:

Intangible assets subject to amortization are summarized as follows:

	Yen in millions			
	March 31			
	2011		2012	
	Gross carrying amounts	Accumulated amortization	Gross carrying amounts	Accumulated amortization
Patent rights	¥934	¥422	¥1,047	¥745
Proprietary technology	1,785	744	1,690	870
Customer relationships	16,670	2,336	16,114	3,150
Software	8,556	3,830	10,879	5,242
Other	2,787	954	3,048	1,201
Total	¥30,732	¥8,286	¥32,778	¥11,208

The weighted average amortization periods for patent rights, proprietary technology, customer relationships and software are 9 years, 11 years, 19 years and 5 years, respectively.

Total amortization of intangible assets for the years ended March 31, 2010, 2011 and 2012 amounted to ¥1,863 million, ¥2,605 million and ¥2,664 million, respectively.

Total indefinite lived intangible assets amounted to ¥1,846 million and ¥1,755 million as of March 31, 2011 and 2012, 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>
2013	¥3,071
2014	2,770
2015	2,359
2016	2,094
2017	1,734

NIDEC has completed the annual impairment test for existing goodwill as required by ASC 350 as of January 1, 2012. For the years ended March 31, 2010, 2011 and 2012, 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, 2010, 2011 and 2012, no goodwill impairment loss has been recorded except for losses due to the discontinued operations described below.

As of September 30, 2009, NIDEC discontinued the semiconductor manufacturing equipment (“SME”) business included within the "Nidec Tosok" reportable segment. The goodwill impairment loss was ¥230 million. 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

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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 SME, 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, 2011 and 2012 are as follows.

	Yen in millions	
	March 31,	
	2011	2012
Nidec Electronics (Thailand)	¥6,181	¥6,109
Nidec (Zhejiang)	922	912
Nidec Sankyo	27,459	26,100
Nidec Copal	17,148	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	11,984
Nidec Motors & Actuators	4,886	4,737
All Others	3,810	4,504
	¥82,107	¥80,525

Reportable segment information is described in Note 25 (2).

NIDEC has changed segment reporting to align with changes in its management decision-making process for the six months ended September 30, 2011. Since September 2011, Nidec Component Technology Group previously included in the All Others segment has been included in the Nidec Electronics (Thailand) segment, as we aimed to enhance their hard disk drive motors businesses mainly in Thailand. Additionally, the Nidec Sole Motor group is no longer included in the Nidec Techno Motor segment but has been included in the Nidec Motor segment since April 2011.

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The changes in the carrying amount of goodwill for the year ended March 31, 2010 and 2011 are as follows:

	Yen in millions				Balance as of March 31, 2011
	Balance as of April 1, 2010	Acquisition	Impairment loss	Translation adjustments and Others	
Goodwill:					
Nidec Electronics (Thailand)	¥6,842	¥-	¥-	¥(661)	¥6,181
Nidec (Zhejiang)	976	-	-	(54)	922
Nidec Sankyo	27,816	-	-	-	27,816
Nidec Copal	17,148	-	-	-	17,148
Nidec Tosok	1,337	-	-	-	1,337
Nidec Copal Electronics	6,561	-	-	-	6,561
Nidec Techno Motor	2,059	-	-	(10)	2,049
Nidec Motor	1,088	11,511	-	(615)	11,984
Nidec Motors & Actuators	5,285	-	-	(399)	4,886
All Others	3,706	-	-	104	3,810
	<u>72,818</u>	<u>11,511</u>	<u>-</u>	<u>(1,635)</u>	<u>82,694</u>
Accumulated impairment losses:					
Nidec Sankyo	(357)	-	-	-	(357)
Nidec Tosok	(230)	-	-	-	(230)
	<u>(587)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(587)</u>
	<u>¥72,231</u>	<u>¥11,511</u>	<u>¥-</u>	<u>¥(1,635)</u>	<u>¥82,107</u>

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 March 31, 2012
	Balance as of April 1, 2011	Acquisition	Impairment loss	Translation adjustments and Others	
Goodwill:					
Nidec Electronics (Thailand)	¥6,181	¥-	¥-	¥(72)	¥6,109
Nidec (Zhejiang)	922	-	-	(10)	912
Nidec Sankyo	27,816	-	-	-	27,816
Nidec Copal	17,148	-	-	-	17,148
Nidec Tosok	1,337	-	-	-	1,337
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
	<u>82,694</u>	<u>694</u>	<u>-</u>	<u>(231)</u>	<u>83,157</u>
Accumulated impairment losses:					
Nidec Sankyo	(357)	-	(1,359)	-	(1,716)
Nidec Tosok	(230)	-	-	-	(230)
Nidec Copal	-	-	(686)	-	(686)
	<u>(587)</u>	<u>-</u>	<u>(2,045)</u>	<u>-</u>	<u>(2,632)</u>
	<u>¥82,107</u>	<u>¥694</u>	<u>¥(2,045)</u>	<u>¥(231)</u>	<u>¥80,525</u>

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5. Supplemental cash flow information:

The supplemental information associated with the consolidated statements of cash flows for the years ended March 31, 2010, 2011 and 2012 are as follows:

	Yen in millions		
	For the year ended		
	March 31		
	2010	2011	2012
Cash paid during the fiscal year for:			
Income taxes	¥11,504	¥22,088	¥8,197
Interest	706	372	327
Non-cash investing and financing activities:			
Capital leasing receivables	-	-	31
Capital lease obligations	602	1,022	214
Change in ownership of Nidec Servo in connection with share exchange transaction			
-Change in common stock	-	1,186	-
-Change in treasury stock	-	3,002	-

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, 2010, 2011 and 2012 is as follows:

	Yen in millions		
	2010	2011	2012
Allowance for doubtful accounts at April 1	¥2,311	¥1,830	¥1,013
Provision for doubtful accounts, net of reversal	31	26	30
Write-offs	(492)	(912)	(30)
Translation adjustment and other	(20)	69	(11)
Allowance for doubtful accounts at March 31	¥1,830	¥1,013	¥1,002

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7. Inventories:

Inventories consist of the following:

	Yen in millions	
	March 31	
	2011	2012
Finished goods	¥39,477	¥40,069
Raw materials	23,303	25,363
Work in process	23,405	21,512
Project in progress	1,108	850
Supplies and other	3,084	3,659
	¥90,377	¥91,453

8. Other current assets:

Other current assets as of March 31, 2011 and 2012 consist of the following:

	Yen in millions	
	March 31	
	2011	2012
Deferred tax assets (Note 16)	¥6,963	¥7,314
Other receivable	6,676	10,802
Time deposit	2,745	7,810
Other	6,438	9,156
	¥22,822	¥35,082

“Other” primarily consists of Advance Payments Trade and prepaid expenses.

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, 2011			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale				
Equity securities	¥8,768	¥6,207	¥352	¥14,623
Held-to-maturity				
Japanese government debt securities	200	3	-	203
	¥8,968	¥6,210	¥352	¥14,826
Securities not practicable to fair value				
Equity securities	¥515			

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	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
	¥8,934	¥5,611	¥192	¥14,353
Securities not practicable to fair value				
Equity securities	¥466			

During the years ended March 31, 2010, 2011 and 2012, the net unrealized gain on available-for-sale securities included as a component of accumulated other comprehensive income, net of applicable taxes, increased by ¥2,164 million, decreased by ¥681 million and decreased by ¥53 million, respectively.

Proceeds from sale or redemption of marketable securities were ¥94 million, ¥72 million and ¥100 million for the years ended March 31, 2010, 2011 and 2012, respectively. On those sales, gross realized gains were ¥66 million, ¥12 million and ¥0 million and gross realized losses were ¥0 million, ¥0 million and ¥0 million, respectively.

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.

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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, 2011			
Less than 12 months		12 months or more	
Fair value	Unrealized loss	Fair value	Unrealized loss
Equity securities	¥1,643	¥282	¥241
	¥70		¥70

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		¥100

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 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, 2012, NIDEC determined that the decline in value for equity securities with unrealized losses shown in the above table is temporary in nature.

For the years ended March 31, 2011 and 2012, held-to-maturity securities of ¥200 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.

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10. Other non-current assets:

Other non-current assets as of March 31, 2011 and 2012 consist of the following:

	Yen in millions	
	March 31	
	2011	2012
Intangible assets *	¥24,292	¥23,325
Deferred tax assets	15,526	8,352
Other	2,848	2,509
	¥42,666	¥34,186

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, 2011 and 2012 consist of the following:

	Yen in millions	
	March 31	
	2011	2012
Loans, principally from banks with average interest at March 31, 2011 and 2012 of 0.19% and 0.22% per annum, respectively	¥52,018	¥59,608
Commercial papers with average interest at March 31, 2012 of 0.11% per annum	-	27,000
	¥52,018	¥86,608

At March 31, 2012, NIDEC had unused lines of credit amounting to ¥210,039 million with banks. Under these programs, NIDEC is authorized to obtain short-term financing at prevailing interest rates.

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Long-term debt at March 31, 2011 and 2012 is comprised of the following:

	Yen in millions	
	March 31	
	2011	2012
Unsecured loans, representing obligations principally to banks and an insurance company		
Due 2011 to 2026 in 2011 with interest ranging from 0.00% to 6.40% per annum in 2011		
Due 2012 to 2026 in 2012 with interest ranging from 0.00% to 6.40% per annum in 2012	¥305	¥255
Zero coupon convertible bonds due 2015		
Convertible at ¥10,626 for one common share, redeemable before due date (see notes below)	100,447	100,347
Long-term capital lease obligations		
Due 2011 to 2017 in 2011, with interest from 0.18% to 12.43% per annum in 2011		
Due 2012 to 2026 in 2012, with interest from 0.00% to 9.15% per annum in 2012	2,191	1,308
	102,943	101,910
Less - Current portion due within one year	(1,124)	(674)
	<u>¥101,819</u>	<u>¥101,236</u>

Note:

Detail of Zero coupon convertible bonds, due 2015 is as follow;

	Yen in millions	
	March 31	
	2011	2012
Principal amount	¥100,000	¥100,000
Unamortized premium	447	347
Total	<u>¥100,447</u>	<u>¥100,347</u>

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, 2012. 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.

NIDEC was not required to bifurcate any of the embedded features contained in the bonds for accounting purposes.

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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>
2013	¥674
2014	343
2015	188
2016	100,492
2017	58
2018 and thereafter	<u>¥155</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, 2012 and 2011.

12. Other current liabilities:

Other current liabilities as of March 31, 2011 and 2012 consist of the following:

	<u>Yen in millions</u>	
	<u>March 31</u>	
	<u>2011</u>	<u>2012</u>
Income taxes payable	¥8,117	¥5,802
Payable for property, plant and equipment	6,011	11,734
Other	4,767	17,214
	<u>¥18,895</u>	<u>¥34,750</u>

“Other” primarily consists of deferred tax liabilities.

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.

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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.

Information regarding NIDEC's employees' defined benefit plans is as follows:

Japanese plans:

	Yen in millions	
	March 31	
	2011	2012
Change in benefit obligation:		
Benefit obligation at beginning of year	¥18,951	¥15,455
Service cost	949	983
Interest cost	253	213
Actuarial loss	634	337
Acquisition and other	-	691
Plan amendment	(841)	(625)
Curtailments	(442)	(221)
Settlements	(2,844)	(1,304)
Benefits paid	(1,205)	(1,274)
	15,455	14,255
Change in plan assets:		
Fair value of plan assets at beginning of year	7,976	7,699
Actual return on plan assets	95	330
Employer contribution	2,741	677
Plan amendment	(109)	-
Settlements	(2,348)	(1,043)
Benefits paid	(656)	(567)
Fair value of plan assets at end of year	7,699	7,096
Funded status	¥(7,756)	¥(7,159)

Amounts included in the consolidated balance sheet are comprised of:

	Yen in millions	
	March 31	
	2011	2012
Accrued pension and severance costs	¥7,756	¥7,159
Net amounts recognized	¥7,756	¥7,159

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Amounts included in accumulated other comprehensive income (loss) as pension liability adjustments are comprised of:

	Yen in millions	
	March 31	
	2011	2012
Actuarial loss	¥(2,880)	¥(2,243)
Prior service credit	1,145	1,559
Pension liability adjustments, pre-tax	¥(1,735)	¥(684)

The accumulated benefit obligations for all defined benefit pension plans were ¥14,808 million and ¥14,002 million for the years ended March 31, 2011 and 2012, respectively.

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	
	2011	2012
Projected benefit obligations	¥15,454	¥14,255
Accumulated benefit obligations	14,808	14,002
Fair value of plan assets	¥7,699	¥7,096

Weighted-average assumptions used to determine benefit obligations as of March 31, 2011 and 2012 are as follows:

	March 31	
	2011	2012
Discount rate	1.6%	1.6%
Rate of compensation increase	2.2%	2.3%

Weighted-average assumptions used to determine net pension and severance costs for the years ended March 31, 2010, 2011 and 2012 are as follows:

	For the year ended		
	March 31		
	2010	2011	2012
Discount rate	1.8%	1.8%	1.6%
Expected return on plan assets	1.8%	2.3%	2.3%
Rate of compensation increase	2.4%	2.3%	2.2%

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	Yen in millions		
	For the year ended		
	March 31		
	2010	2011	2012
Components of net periodic (benefit) cost:			
Service cost	¥1,155	¥949	¥983
Interest cost	331	253	213
Expected return on plan assets	(120)	(165)	(134)
Amortization of net actuarial loss	165	106	120
Amortization of prior service credit	(62)	(135)	(171)
(Gains) losses from curtailments and settlements	-	(249)	296
Net periodic pension cost	<u>¥1,469</u>	<u>¥759</u>	<u>¥1,307</u>

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, 2013 are ¥147 million and ¥124 million, respectively.

Foreign plans:

	Yen in millions	
	March 31	
	2011	2012
Change in benefit obligation:		
Benefit obligation at beginning of year	¥5,002	¥5,661
Service cost	321	441
Interest cost	206	230
Actuarial (gain) loss	(43)	287
Acquisition and other	789	-
Foreign currency exchange rate changes	(439)	(254)
Benefits paid	(175)	(246)
	<u>5,661</u>	<u>6,119</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	435	593
Actual return on plan assets	57	37
Employer contribution	179	50
Foreign currency exchange rate changes	(30)	(12)
Benefits paid	(48)	(105)
Fair value of plan assets at end of year	<u>593</u>	<u>563</u>
Funded status	<u>¥(5,068)</u>	<u>¥(5,556)</u>

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Amounts included in the consolidated balance sheet are comprised of:

	Yen in millions	
	March 31	
	2011	2012
Accrued pension and severance costs	¥5,068	¥5,556
Net amounts recognized	¥5,068	¥5,556

Amounts included in accumulated other comprehensive income (loss) as pension liability adjustments are comprised of:

	Yen in millions	
	March 31	
	2011	2012
Actuarial gain	¥301	¥(195)
Pension liability adjustments, pre-tax	¥301	¥(195)

The accumulated benefit obligations for all defined benefit pension plans were ¥5,441 million and ¥5,882 million for the years ended March 31, 2011 and 2012, respectively.

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	
	2011	2012
Projected benefit obligations	¥5,661	¥6,119
Accumulated benefit obligations	5,441	5,882
Fair value of plan assets	¥593	¥563

Weighted-average assumptions used to determine benefit obligations as of March 31, 2011 and 2012 are as follows:

	March 31	
	2011	2012
Discount rate	5.7%	4.9%
Rate of compensation increase	2.9%	3.0%

Weighted-average assumptions used to determine net pension and severance costs for the years ended March 31, 2010, 2011 and 2012 are as follows:

	For the year ended		
	March 31		
	2010	2011	2012
Discount rate	6.0%	4.8%	5.7%
Expected return on plan assets	2.3%	2.0%	4.4%
Rate of compensation increase	2.5%	2.5%	2.9%

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	Yen in millions		
	For the year ended		
	March 31		
	2010	2011	2012
Components of net periodic (benefit) cost:			
Service cost	¥221	¥321	¥441
Interest cost	212	206	230
Expected return on plan assets	(16)	(90)	(48)
Amortization of net actuarial (gain) loss	(39)	5	(2)
Net periodic pension cost	¥378	¥442	¥621

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, 2013 is ¥31 million.

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 7% is invested in equity securities, approximately 8% is invested in debt securities, and approximately 85% 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.

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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, 2011 and 2012, by asset category, are as follows:

	Yen in millions			
	Fair Value at March 31, 2011	Fair Value Measurements Using Inputs Considered as		
		Level 1	Level 2	Level 3
Equity securities:				
Japanese companies	¥469	¥469	¥-	¥-
Foreign companies	409	409	-	-
Debt securities:				
Pooled funds *1	617	-	617	-
Other assets:				
Cash and cash equivalents	746	746	-	-
Life insurance company general accounts	2,767	-	2,767	-
Pooled funds *2	3,284	-	3,284	-
Total	¥8,292	¥1,624	¥6,668	¥-

*1 These funds invest in approximately 80% Japanese bonds, 20% foreign bonds.

*2 These funds primarily invest in listed equity securities consisting of approximately 34% Japanese companies and 21% foreign companies, and debt security consisting of approximately 29% Japanese bonds and 12% foreign bonds.

	Yen in millions			
	Fair Value at March 31, 2012	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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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.

NIDEC expects to contribute approximately ¥671 million to its defined benefit plans for the year ending March 31, 2013.

The future benefit payments for defined benefit plans are expected as follows:

	Yen in millions	
	Japanese plans	Foreign plans
2013	¥812	¥336
2014	784	293
2015	795	383
2016	791	430
2017	722	370
Years 2018-2022	<u>¥4,049</u>	<u>¥2,791</u>

Certain subsidiaries have a number of multiemployer plans. Total amounts of cost recognized for certain subsidiaries' contributions to the plans were ¥203 million, ¥206 million and ¥252 million for the years ended March 31, 2010, 2011 and 2012, respectively. NIDEC expects to contribute approximately ¥162 million for the year ending March 31, 2013.

Certain subsidiaries have a number of defined contribution plans. Total amounts of cost recognized for certain subsidiaries' contribution to the plans were ¥340 million, ¥982 million and ¥1,533 million for the years ended March 31, 2010, 2011 and 2012, respectively. NIDEC expects to contribute approximately ¥1,600 million for the year ending March 31, 2013.

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14. Other long-term liabilities:

Other long-term liabilities as of March 31, 2011 and 2012 consist of the following:

	Yen in millions	
	March 31	
	2011	2012
Deferred tax liabilities	¥3,430	¥2,943
Unrecognized tax benefits, accrued interest and penalty*	9,595	2,163
Other	3,196	3,373
	¥16,221	¥8,479

Notes:

* “Unrecognized tax benefits, accrued interest and penalty” information is described in Note 16 “Income taxes”

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 ¥102,889 million and ¥109,970 million for the years ended March 31, 2011 and 2012, 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, 2012 includes amounts representing final cash dividends of ¥6,158 million, ¥45 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, 2011 and 2012. In accordance with the resolution, NIDEC repurchased 670,900 shares of treasury stock for the aggregate cost of ¥4,835 million and 1,645,800 shares of treasury stock for the aggregate cost of ¥10,148 million during years ended March 31, 2011 and 2012. NIDEC owned 6,593,647 shares, or ¥32,285 million and 8,240,496 shares, or ¥42,440 million of treasury stock repurchased for the years ended March 31, 2011 and 2012, which were restricted regarding the payment of cash dividend. On October 1, 2010, the Company made the Nidec Servo Corporation (“NSRV”) a wholly owned subsidiary by way of share exchange transaction. The Company allocated 721,534 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 NSRV increased from 64.9% to 100%.

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Retained earnings relating to equity in undistributed earnings reflect ¥197 million, ¥189 million and ¥190 million of accumulated deficit of the companies accounted for by the equity method for the years ended March 31, 2010, 2011 and 2012.

The Company purchased additional interests in major subsidiaries from each noncontrolling interest. These purchases of additional interests were primarily related to the Nidec Sankyo Corporation (“NSNK”) and the Nidec Copal Corporation (“NCPL”). As a result, these capital transactions primarily increased the Company’s interests in NSNK and NCPL from 76.7% and 64.8% to 77.4% and 66.0%, respectively.

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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, 2010, 2011 and 2012 are as follows:

	Yen in millions		
	Pre-tax amount	Tax benefit/ (expense)	Net-of-tax amount
For the year ended March 31, 2010:			
Foreign currency translation adjustments:			
Foreign currency translation adjustments arising during period	¥(2,828)	¥(75)	¥(2,903)
Reclassification adjustments for gains and losses realized in net income	(218)	-	(218)
Unrealized gains (losses) from securities:			
Unrealized holding gains arising during period	4,563	(1,915)	2,648
Reclassification adjustments for gains and losses realized in net income	162	(65)	97
Pension liability adjustment:			
Actuarial losses arising during period	(107)	(175)	(282)
Prior service credit arising during period	138	(56)	82
Reclassification adjustments for actuarial gains and losses realized in net income	99	(68)	31
Reclassification adjustments for prior service credit and cost realized in net income	(62)	25	(37)
Other comprehensive income (loss)	<u>¥1,747</u>	<u>¥(2,329)</u>	<u>¥(582)</u>
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>

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	Yen in millions		
	Pre-tax amount	Tax benefit/ (expense)	Net-of-tax Amount
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
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>

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		
	2010	2011	2012
Income from continuing operations before income taxes:			
The Company and domestic subsidiaries	¥18,046	¥22,311	¥46,181
Foreign subsidiaries	57,925	59,655	24,675
	<u>¥75,971</u>	<u>¥81,966</u>	<u>¥70,856</u>

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The provision for income taxes consists of the following:

	Yen in millions		
	For the year ended March 31		
	2010	2011	2012
Current income tax expense/(benefit):			
The Company and domestic subsidiaries	¥9,267	¥14,033	¥(1,216)
Foreign subsidiaries	9,041	8,772	7,184
Total current	<u>18,308</u>	<u>22,805</u>	<u>5,968</u>
Deferred income tax expense (benefit):			
The Company and domestic subsidiaries	198	(3,861)	13,043
Foreign subsidiaries	(938)	(635)	(210)
Total deferred	<u>(740)</u>	<u>(4,496)</u>	<u>12,833</u>
Total provision	<u>¥17,568</u>	<u>¥18,309</u>	<u>¥18,801</u>

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 2010, 2011 and 2012. Reconciliation of the differences between the statutory tax rate and the effective income tax rate is as follows:

	For the year ended		
	March 31		
	2010	2011	2012
Statutory tax rate	41.0%	41.0%	41.0%
Increase (reduction) in taxes resulting from:			
Tax benefit in foreign subsidiaries	(23.4)	(22.4)	(16.1)
Tax (benefit) on undistributed earnings	3.3	(0.1)	5.1
Valuation allowance	0.4	(1.7)	4.1
Liabilities for unrecognized tax benefits	3.4	5.3	(10.5)
Accumulated earnings tax of foreign subsidiaries	(0.1)	0.3	0.0
Changes in Japanese income tax rates	-	-	1.4
Other	(1.5)	(0.1)	1.5
Effective income tax rate	<u>23.1%</u>	<u>22.3%</u>	<u>26.5%</u>

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 main reasons for the increase were the net impact of a decrease in tax benefit in foreign subsidiaries, an increase in tax (benefit) on undistributed earnings, an increase in valuation allowance and a decrease in liabilities for unrecognized tax benefits. The decrease in tax benefit in foreign subsidiaries was mainly due to the decreases in profit of the Thailand subsidiaries. The decrease in liabilities for unrecognized tax benefits resulted from 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 influence of tax benefit in foreign subsidiaries occurred mainly in Thailand, the Philippines and China.

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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.

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 December 2006 and March 2010. Under these privileges, NIDEC received an exemption from corporate income tax for a period of seven to 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.

The aggregate amounts and per share effects of tax holidays are as follows:

	Yen in millions		
	For the year ended		
	March 31		
	2010	2011	2012
Aggregate amounts of tax holidays	¥6,979	¥6,839	¥4,023
	Yen		
Per share --- basic	¥50.10	¥49.13	¥29.26
Diluted	¥50.10	¥47.44	¥27.38

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The significant components of deferred tax assets and liabilities are as follows:

	Yen in millions	
	March 31	
	2011	2012
Deferred tax assets:		
Inventories	¥2,474	¥3,650
Property, plant and equipment	6,894	7,570
Accrued bonus	2,497	2,324
Accrued enterprise tax	252	317
Pension and severance plans	4,617	3,677
Operating loss carryforwards for tax purposes	5,000	6,672
Foreign tax credit	7,222	7,880
Accrued vacation	859	949
Accrued expenses	1,550	1,839
Other	1,485	1,903
Gross deferred tax assets	32,850	36,781
Less - Valuation allowance	(6,235)	(9,786)
Net deferred tax assets	26,615	26,995
Deferred tax liabilities:		
Basis difference of acquired assets	(2,672)	(3,613)
Undistributed earnings not permanently reinvested	(2,428)	(6,097)
Marketable securities	(1,401)	(125)
Intangible assets	(1,207)	(1,068)
Transfer pricing adjustments	-	(9,363)
Other	(254)	(1,172)
Gross deferred tax liabilities	(7,962)	(21,438)
Net deferred tax assets	¥18,653	¥5,557

Operating loss carryforwards for tax purposes of consolidated subsidiaries on March 31, 2012 amounted to approximately ¥22,138 million and are available as an offset against future taxable income of such subsidiaries.

With the exception of ¥4,712 million with no expiration period, total available operating loss carryforwards expire at various dates primarily up to 9 years.

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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, 2010, 2011 and 2012 consist of the following:

	Yen in millions		
	March 31		
	2010	2011	2012
Valuation allowance at beginning of year	¥(7,026)	¥(7,606)	¥(6,235)
Additions	(1,693)	(1,535)	(3,490)
Deductions	1,113	2,906	1,581
Impact of acquisition of companies	-	-	(1,642)
Valuation allowance at end of year	<u>¥(7,606)</u>	<u>¥(6,235)</u>	<u>¥(9,786)</u>

Net deferred tax assets are included in the consolidated balance sheets as follows:

	Yen in millions	
	March 31	
	2011	2012
Deferred tax assets:		
Other current assets	¥6,963	¥7,314
Other non-current assets	15,526	8,352
Deferred tax liabilities:		
Other current liabilities	(406)	(7,166)
Other long-term liabilities	<u>(3,430)</u>	<u>(2,943)</u>
Net deferred tax assets	<u>¥18,653</u>	<u>¥5,557</u>

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 ¥113,808 million as of March 31, 2012. NIDEC estimates an additional deferred tax liability of ¥11,741 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,		
	2010	2011	2012
Balance at April 1	¥2,374	¥4,887	¥9,199
Additions for tax positions of the current year	2,944	4,312	1,766
Additions for tax positions of prior years	-	-	-
Reductions for tax positions of prior years	(431)	-	-
Lapse of the applicable statute of limitations	-	-	-
Settlements	-	-	(9,199)
Balance at March 31	¥4,887	¥9,199	¥1,766

Total amount of unrecognized tax benefits that would reduce the effective tax rate, if recognized, is ¥1,766 million.

During the year ended March 31, 2012, the relevant tax authorities of Japan and Thailand reached a provisional agreement on a bilateral APA, for which NIDEC had submitted requests with respect to certain intercompany transactions between related parties in Japan and Thailand. NIDEC decided to accept the transfer pricing method provisionally agreed to between these tax authorities. The additional provision for income taxes arising in connection with the transfer pricing adjustment on a consolidated basis was accrued as the unrecognized tax benefit.

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, 2010, 2011 and 2012, respectively, had no material impact on its consolidated results of operations. The total gross accrued interest and penalty were ¥396 million and ¥396 million at March 31, 2011 and 2012, respectively.

NIDEC remains subject to income tax examination for the tax returns related to the years beginning on and after January 1, 2005, 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, 2010, 2011 and 2012.

	<u>Yen in millions</u>	<u>Thousand s of shares</u>	<u>Yen</u>
	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, 2010:			
Basic net income attributable to Nidec Corporation per share			
Income from continuing operations attributable to Nidec Corporation	¥53,614	139,291	¥384.91
Loss on discontinued operations attributable to Nidec Corporation	(1,653)	139,291	(11.87)
Net income attributable to Nidec Corporation	51,961	139,291	<u>373.04</u>
Diluted net income attributable to Nidec Corporation per share			
Income from continuing operations attributable to Nidec Corporation	53,614	139,291	384.91
Loss on discontinued operations attributable to Nidec Corporation	(1,653)	139,291	(11.87)
Net income attributable to Nidec Corporation	<u>¥51,961</u>	<u>139,291</u>	<u>¥373.04</u>

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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	<u>Yen in millions</u>	<u>Thousand s of shares</u>	<u>Yen</u>
	<u>Net income (loss) attributable to Nidec Corporation</u>	<u>Weighted- average shares</u>	<u>Net income (loss) attributable to Nidec Corporation per share</u>
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>
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>

NIDEC has no dilutive securities outstanding for the year ended March 31, 2010, therefore there is no difference between basic and diluted income attributable to Nidec Corporation per share.

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18. Derivatives:

NIDEC manages the exposures to fluctuations in interest rate, foreign exchange rate, and commodity prices movements through the use of derivative financial instruments which include foreign exchange forward contracts, interest rate currency swap 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 and commodities agreements designated as cash flow hedges to protect against foreign exchange rate risks and commodity prices risks inherent in its forecasted transactions related to purchase commitments.

Derivatives not designated as hedges

NIDEC uses derivatives such as foreign exchange forward contracts and interest rate currency swaps to protect against foreign exchange rate risks and interest rate risks. NIDEC is unable or has elected not to apply hedge accounting to some of these derivatives. 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, 2011	March 31, 2012
Foreign exchange forward contracts	¥2,930	¥7,609
Commodity futures	1,964	3,102

Derivatives not designated as hedging instruments are as follows:

	Yen in millions	
	March 31, 2011	March 31, 2012
Interest rate currency swap agreements	¥24	¥-

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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, 2011	March 31, 2012
	Balance sheet location		
Foreign exchange forward contracts	Other current assets	¥477	¥165
Commodity futures	Other current assets	179	22
		Liability Derivatives	
		Yen in millions	
		March 31, 2011	March 31, 2012
Foreign exchange forward contracts	Other current liabilities	¥-	¥-
Commodity futures	Other current liabilities	-	44

Derivatives not designated as hedging instruments are as follows:

		Liability Derivatives	
		Yen in millions	
		March 31, 2011	March 31, 2012
	Balance sheet location		
Interest rate currency swap agreements	Other current liabilities	¥2	¥-

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		
	2010	2011	2012
Foreign exchange forward contracts	¥-	¥152	¥(68)
Commodity futures	-	67	(78)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Gains (losses) reclassified from accumulated other comprehensive income into income (effective portion)

<u>Statement of income location</u>		<u>Yen in millions</u>		
		<u>For the year ended March 31</u>		
		<u>2010</u>	<u>2011</u>	<u>2012</u>
Foreign exchange forward contracts	Cost of sales	¥-	¥55	¥17
Commodity futures	Cost of sales	-	64	(196)

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, 2012.

A net gain of ¥51 million in accumulated other comprehensive income at March 31, 2012 is expected to be reclassified into earnings within the next 12 months.

As of March 31, 2012, the maximum length of time over which NIDEC hedged its exposure to variability in future cash flows for forecasted transactions was approximately 21 months.

Derivatives not designated as hedging instruments are as follows:

<u>Statement of income location</u>		<u>Yen in millions</u>		
		<u>For the year ended March 31</u>		
		<u>2010</u>	<u>2011</u>	<u>2012</u>
Foreign exchange forward contracts	Other, net	¥0	¥2	¥-
Interest rate currency swap agreements	Other, net	2	(1)	2

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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, 2011	Fair Value Measurements Using Inputs Considered as		
		Level 1	Level 2	Level 3
Assets:				
Marketable securities	¥14,623	¥14,623	-	-
Derivatives	¥654	¥179	¥475	-
Total assets:	¥15,277	¥14,802	¥475	-

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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	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>

Level 1 marketable equity 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 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 are summarized as follows:

	Yen in millions		Yen in millions	
	March 31, 2011		March 31, 2012	
Asset (Liability)	Carrying amount	Estimated fair value	Carrying amount	Estimated Fair value
Cash and cash equivalents	¥94,321	¥94,321	¥130,290	¥130,290
Short-term investments	2,745	2,745	7,810	7,810
Short-term loan receivable	141	141	119	119
Long-term loan receivable	241	243	85	86
Short-term borrowings	(52,018)	(52,018)	(59,608)	(59,608)
Commercial papers	-	-	(27,000)	(27,000)
Long-term debt including the current portion and excluding capital lease obligation	<u>¥(100,751)</u>	<u>¥(104,891)</u>	<u>¥(100,602)</u>	<u>¥(103,218)</u>

The following are explanatory notes relating to the financial instruments.

Cash and cash equivalents, short-term investments (time deposits), short-term loans receivable and short-term borrowings: In the normal course of business, substantially all cash and cash equivalents, 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.

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Long-term debt: NIDEC's long-term debt instruments are classified as Level 2 instruments. The fair value of bonds issued by NIDEC was estimated based on their market price which was influenced by, and corresponded to stock price. The fair value of long-term bank loans (including the current portion and excluding the capital lease obligation) was estimated based on the discounted amounts of future cash flows using NIDEC's current incremental borrowing rates for similar liabilities.

20. Related party transactions:

As of March 31, 2012, the Chief Executive Officer ("CEO") of the Company, a business entity indirectly owned by the CEO, and the CEO's immediate family member held 8.8%, 4.0% 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.

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	
	2011	2012
Machinery and equipment	¥5,173	¥3,091
Other leased assets	195	112
Less – Accumulated amortization	(3,792)	(2,152)
	¥1,576	¥1,051

Amortization expenses under capital leases for the years ended March 31, 2010, 2011 and 2012 were ¥1,005 million, ¥1,039 million and ¥835 million, respectively.

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The future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of March 31, 2012 are as follows:

	Yen in millions
<u>Year ending March 31:</u>	
2013	¥670
2014	318
2015	163
2016	118
2017	39
2018 and thereafter	34
Total minimum lease payments	1,342
Less – Amount representing interest	(34)
Present value of net minimum lease payments	1,308
Less – Current obligations	(652)
Long-term capital lease obligations	¥656

Rental expenses under operating leases for the years ended March 31, 2010, 2011 and 2012 were ¥1,674 million, ¥1,472 million and ¥1,526 million, respectively.

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, 2012 are as follows:

	Yen in millions
<u>Year ending March 31:</u>	
2013	¥1,481
2014	808
2015	395
2016	291
2017	462
2018 and thereafter	742
Total minimum future rentals	¥4,179

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, 2010, 2011 and 2012 were ¥317 million, ¥376 million and ¥373 million, respectively.

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The future minimum lease payments to be received under operating leases that have remaining non-cancelable terms as of March 31, 2012 are as follows:

	Yen in millions
Year ending March 31:	
2013	¥367
2014	211
2015	-
2016	-
2017	-
2018 and thereafter	-
Total minimum future rentals	¥578

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.

NIDEC has insurance policies which cover certain damage directly caused by the flooding in Thailand for NIDEC. The insurance policies cover the damage associated with fixed assets and inventories. NIDEC has recognized insurance recoveries that exceed the loss of ¥17,269 million. As a result, the Company has recorded a net gain of ¥5,932 million in operating gain for the year ended March 31, 2012.

23. Other commitments and contingencies, concentrations and factors that may affect future operations:

Commitments -

Commitments outstanding at March 31, 2012 for the purchase of property, plant and equipment and other assets approximated ¥7,292 million.

Contingencies -

NIDEC has guaranteed approximately ¥86 million of bank loans for employees in connection with their housing costs at March 31, 2012. 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 ¥86 million. The current carrying amount of the liabilities for NIDEC's obligations under the guarantee is zero.

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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 31%, 25% and 22% of consolidated net sales for the years ended March 31, 2010, 2011 and 2012, respectively. Sales to NIDEC's largest customer were approximately 17%, 13% and 12% of consolidated net sales for the years ended March 31, 2010, 2011 and 2012, respectively. Accounts receivable are financial instruments that expose NIDEC to a concentration of credit risk. At March 31, 2011, the two largest customers with outstanding accounts receivable balances totaled ¥31,283 million, or 20% of the gross accounts receivable, compared to ¥39,159 million, or 23% of the gross accounts receivable, at March 31, 2012. 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.

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, 2011 and 2012 are summarized as follows:

	Yen in millions	
	March 31	
	2011	2012
Balance at beginning of year	¥85	¥959
Addition	928	643
Utilization	(61)	(620)
Foreign exchange impact	7	(11)
Balance at end of year	¥959	¥971

24. Discontinued Operations

As of September 30, 2009, NIDEC discontinued the semiconductor manufacturing equipment ("SME") business included within the "Nidec Tosok" reportable segment, in order to improve profitability by prioritizing NIDEC's investment of management resources to the development and production of new products in the automobile parts and measuring equipment businesses, areas with more potential for growth than the SME business. Total exit costs were ¥1,835 million (net of tax ¥1,174 million), which includes an impairment loss of ¥230 million of goodwill, loss on disposal of inventories and fixed assets, and other closing costs.

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.

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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.

Operating results of discontinued operations for the year ended March 31, 2010, 2011 and 2012 were as follows:

	Yen in millions					
	For the year ended					
	March 31, 2010					
	SME Business	SLU business	LAC business	PGN business	CLU business	Total
Net sales	¥604	¥1,430	¥3,279	¥3,604	¥7,594	¥16,511
(Loss) income on discontinued operations before income taxes	¥(2,047)	¥(181)	¥(706)	¥(502)	¥420	¥(3,016)
Income taxes	760	11	(14)	(17)	69	809
(Loss) income on discontinued operations	¥(1,287)	¥(170)	¥(720)	¥(519)	¥489	¥(2,207)

	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)

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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	Yen in millions			
	For the year ended			
	March 31, 2012			
	LAC	PGN	CLU	Total
	business	business	business	
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)

25. Segment information:

(1) Enterprise-wide information:

Product information –

The following table provides product information for the years ended March 31, 2010, 2011 and 2012:

	Yen in millions		
	For the year ended		
	March 31		
	2010	2011	2012
Net sales:			
Small precision motors:			
Hard disk drives spindle motors	¥203,845	¥196,265	¥176,932
Other small precision brushless DC motors	72,362	70,149	69,753
Brushless DC fans	32,651	33,801	30,327
Other small precision motors	18,023	18,883	28,174
Sub-total	326,881	319,098	305,186
General motors	73,381	137,251	178,214
Machinery	47,966	77,329	64,904
Electronic and optical components	94,545	107,693	95,580
Others	28,779	34,617	38,436
Consolidated total	¥571,552	¥675,988	¥682,320

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 brushless DC motors” group of products consists of brushless motors for many types of products, including optical disk drives, copiers, printers and fax machines.

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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The “Brushless DC fans” group of products consists of 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.

The “Other small precision motors” group of products consists of vibration motors for mobile phones, brush DC motors for many types of products, and stepping motors.

The “General motors” group of products consists of motors which are used in automobiles, various electric household appliances and industrial equipment.

The “Machinery” group of products consists of test systems, measuring equipment, power transmission equipment, factory automation systems, card readers and industrial robots.

The “Electronic and optical components” group of products consists of camera shutters, camera lens units, switches, trimmer potentiometers, motor driven actuator units, processing and precision plastic mold products.

“Others” consists of auto parts, pivot assemblies, other components and other services.

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, 2010, 2011 and 2012, and long-lived assets for the years ended March 31, 2011 and 2012 are as follows:

	Yen in millions		
	For the year ended		
	March 31		
	2010	2011	2012
Net sales:			
Japan	¥245,977	¥295,376	¥260,470
U.S.A.	11,352	46,579	71,317
Singapore	33,673	28,015	40,595
Thailand	102,261	99,932	75,908
The Philippines	14,884	10,657	19,683
China	122,833	139,264	148,553
Other	40,572	56,165	65,794
Consolidated total	<u>¥571,552</u>	<u>¥675,988</u>	<u>¥682,320</u>

NIDEC CORPORATION
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	Yen in millions	
	For the year ended	
	March 31	
	2011	2012
Long-lived assets:		
Japan	¥84,916	¥84,299
U.S.A.	17,897	15,650
Singapore	1,374	1,412
Thailand	39,810	33,476
The Philippines	11,779	11,691
China	43,342	47,260
Other	35,291	37,043
Consolidated total	¥234,409	¥230,831

(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.

NIDEC has changed segment reporting to align with changes in its management decision-making process for the six months ended September 30, 2011. Since September 2011, Nidec Component Technology Group previously included in the All Others segment has been included in the Nidec Electronics (Thailand) segment, as we aimed to enhance their hard disk drive motors businesses mainly in Thailand. Additionally, the Nidec Sole Motor group is no longer included in the Nidec Techno Motor segment but has been included in the Nidec Motor segment since April 2011.

All prior period segment information has been reclassified in accordance with the current period presentation to enable comparisons between the relevant amounts for the year ended March 31, 2010, 2011 and 2012.

The Nidec Corporation segment comprises Nidec Corporation in Japan, which primarily produces and sells hard disk drives spindle motors, DC motors, fans, and general motors for automobiles.

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.

NIDEC CORPORATION
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The Nidec (Dalian) segment comprises Nidec (Dalian) Limited, a subsidiary in China, which primarily produces and sells DC motors and fans but excludes its general motors business for automobiles.

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, fans, and pivot assemblies.

The Nidec (H.K.) segment comprises Nidec (H.K.) Co., Ltd., a subsidiary in Hong Kong, and its consolidated subsidiaries, which primarily sells 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 produces and sells 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 and machinery.

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 Holdings Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell general motors for home appliances and industrial use.

The Nidec Motor segment comprises Nidec Motor Holdings Corporation, a subsidiary in Japan, and its consolidated subsidiaries which primarily produce and sell general motors for home appliances and industrial use.

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 general motors for automobiles.

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

NIDEC CORPORATION
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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.

The following tables show net sales to external customers and other financial information by operating segment for the years ended March 31, 2010, 2011 and 2012:

	Yen in millions		
	For the year ended		
	March 31		
	2010	2011	2012
Net sales to external customers:			
Nidec Corporation	¥67,285	¥72,334	¥46,901
Nidec Electronics (Thailand)	90,907	86,086	64,226
Nidec (Zhejiang)	22,948	24,500	26,430
Nidec (Dalian)	6,976	4,218	4,269
Nidec Singapore	26,157	19,082	34,220
Nidec (H.K.)	51,390	55,724	50,748
Nidec Philippines	10,891	7,337	15,326
Nidec Sankyo	68,924	86,027	78,589
Nidec Copal	53,681	58,396	51,124
Nidec Tosok	23,345	29,745	33,358
Nidec Copal Electronics	24,954	30,553	29,098
Nidec Techno Motor	35,029	42,935	40,058
Nidec Motor	3,032	50,886	83,999
Nidec Motors & Actuators	32,186	38,371	44,748
All Others	54,768	69,402	78,268
Total	<u>572,473</u>	<u>675,596</u>	<u>681,362</u>
Adjustments *1	(921)	392	958
Consolidated total	<u>¥571,552</u>	<u>¥675,988</u>	<u>¥682,320</u>

*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 ¥176,100 million, ¥165,797 million, ¥151,253 million within the Nidec Corporation, Nidec Electronics (Thailand), Nidec (Zhejiang), Nidec Singapore, Nidec (H.K.) and "All Others" segments for the year ended March 31, 2010, 2011 and 2012, respectively, that exceeded 10% of NIDEC's net sales.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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	Yen in millions		
	For the year ended		
	March 31		
	2010	2011	2012
Net sales to other operating segments:			
Nidec Corporation	¥77,125	¥74,406	¥100,064
Nidec Electronics (Thailand)	43,695	45,219	36,649
Nidec (Zhejiang)	6,028	6,618	3,617
Nidec (Dalian)	24,274	20,852	15,471
Nidec Singapore	390	451	448
Nidec (H.K.)	4,142	1,587	1,162
Nidec Philippines	28,019	28,504	24,390
Nidec Sankyo	395	556	396
Nidec Copal	2,357	2,632	2,318
Nidec Tosok	156	201	150
Nidec Copal Electronics	31	27	20
Nidec Techno Motor	818	889	952
Nidec Motor	-	-	30
Nidec Motors & Actuators	9,432	6,702	11,607
All Others	52,853	55,039	52,944
Total	249,715	243,683	250,218
Intersegment elimination	(249,715)	(243,683)	(250,218)
Consolidated total	-	-	-

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	Yen in millions		
	For the year ended		
	March 31		
	2010	2011	2012
Operating income or loss:			
Nidec Corporation	¥8,066	¥6,799	¥7,497
Nidec Electronics (Thailand)	23,227	21,473	15,027
Nidec (Zhejiang)	2,114	2,351	774
Nidec (Dalian)	4,808	2,658	431
Nidec Singapore	319	245	781
Nidec (H.K.)	661	564	359
Nidec Philippines	6,939	5,403	7,799
Nidec Sankyo	8,578	13,226	7,414
Nidec Copal	5,655	9,557	6,384
Nidec Tosok	2,825	4,009	3,140
Nidec Copal Electronics	2,422	4,969	4,194
Nidec Techno Motor	1,938	4,018	4,591
Nidec Motor	13	240	2,111
Nidec Motors & Actuators	553	1,274	3,126
All Others	11,450	16,184	11,177
Total	<u>79,568</u>	<u>92,970</u>	<u>74,805</u>
Consolidation adjustments mainly related to elimination of intersegment profits	639	1,455	2,794
Reclassification *1	(389)	(1,090)	(3,072)
U.S. GAAP adjustments and Others *2	(536)	(466)	(1,457)
	<u>¥79,282</u>	<u>¥92,869</u>	<u>¥73,070</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.

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	Yen in millions		
	For the year ended		
	March 31		
	2010	2011	2012
Depreciation:			
Nidec Corporation	¥1,941	¥1,072	¥995
Nidec Electronics (Thailand)	5,721	6,569	5,085
Nidec (Zhejiang)	1,357	1,430	1,231
Nidec (Dalian)	529	780	802
Nidec Singapore	78	79	70
Nidec (H.K.)	3	7	6
Nidec Philippines	2,717	2,734	2,598
Nidec Sankyo	3,957	3,830	3,715
Nidec Copal	3,340	3,990	3,115
Nidec Tosok	1,768	2,119	2,660
Nidec Copal Electronics	1,325	1,254	1,150
Nidec Techno Motor	1,854	1,676	1,491
Nidec Motor	99	2,914	3,892
Nidec Motors & Actuators	1,494	1,383	1,423
All Others	4,188	4,150	4,297
Total	30,371	33,987	32,530
U.S. GAAP adjustments*1 and Others*2	(1,186)	(1,006)	(1,019)
Consolidated total	¥29,185	¥32,981	¥31,511

*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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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	Yen in millions	
	For the year ended	
	March 31	
	2011	2012
Segment assets:		
Nidec Corporation	¥447,220	¥488,939
Nidec Electronics (Thailand)	76,327	107,523
Nidec (Zhejiang)	17,197	15,267
Nidec (Dalian)	20,524	19,119
Nidec Singapore	8,278	23,886
Nidec (H.K.)	16,262	17,345
Nidec Philippines	25,220	31,530
Nidec Sankyo	104,650	99,089
Nidec Copal	66,813	70,809
Nidec Tosok	36,682	38,035
Nidec Copal Electronics	34,641	35,517
Nidec Techno Motor	41,666	33,846
Nidec Motor	75,017	72,846
Nidec Motors & Actuators	32,703	43,053
All Others	104,818	127,875
Total	1,108,018	1,224,679
Elimination of intersegment assets, net of taxes	(450,539)	(510,192)
Intangible assets and other fair value adjustments	13,990	11,809
Goodwill	82,107	80,525
U.S.GAAP adjustments and Others *1	(5,371)	(6,420)
Consolidated total	¥748,205	¥800,401

*1 Others is mainly due to the reclassification of deferred tax assets and liabilities on consolidation.

NIDEC CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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	Yen in millions	
	For the year ended	
	March 31	
	2011	2012
Expenditure for segment assets:		
Nidec Corporation	¥2,237	¥426
Nidec Electronics (Thailand)	10,163	11,152
Nidec (Zhejiang)	931	255
Nidec (Dalian)	2,156	967
Nidec Singapore	7	11
Nidec (H.K.)	19	5
Nidec Philippines	3,349	1,584
Nidec Sankyo	3,777	3,980
Nidec Copal	5,811	6,151
Nidec Tosok	2,586	1,944
Nidec Copal Electronics	1,741	1,413
Nidec Techno Motor	1,213	1,733
Nidec Motor	2,605	1,993
Nidec Motors & Actuators	1,287	1,471
All Others	4,356	4,124
Total	42,238	37,209
Reconciliation *1	12,772	4,237
Consolidated total	¥55,010	¥41,446

*1 The amounts of expenditure for segment assets are presented on an accrual basis while the amounts of consolidated total are presented on a cash basis.

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
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26. Subsequent events:

Dividends for the fiscal year ended March 31, 2012

Subsequent to March 31, 2012, the Company's Board of Directors declared a cash dividend of ¥6,158 million payable on June 5, 2012 to stockholders as of March 31, 2012.

Completion of Acquisition of The Minster Machine Company

On April 2, 2012, Nidec-Shimpo Corporation, the Company's wholly owned subsidiary, acquired all of the voting rights in The Minster Machine Company ("Minster").

1) Purpose of transaction	Minster is a leading U.S. manufacturer of medium-sized and large-sized high-speed, high-rigidity press machines and large-sized press machines for dies for motor parts, which would be included in NIDEC's "machinery" product category. Following the acquisition, NIDEC continues 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.
2) Funds for transaction	Own funds

Completion of Acquisition of Ansaldo Sistemi Industriali S.p.A.

On May 31, 2012, NIDEC acquired all of the voting rights in Ansaldo Sistemi Industriali S.p.A., an Italian company, from HVEASI Holding, B.V. (Netherlands), a privately owned company affiliated with Patriarch Partners, LLC, and entered into a share purchase agreement with HVEASI Holding, B.V. (Netherlands).

1) Purpose of transaction	Through this transaction, NIDEC aims to accelerate the global expansion of NIDEC's industrial motor business, which is a part of the general motor business where NIDEC has increasingly focused NIDEC's efforts as one of the principal growth areas, by gaining sales platforms in markets where NIDEC currently does not have significant sales and by expanding NIDEC's product offerings to include a wider range of products that are currently not in NIDEC's product portfolio.
2) Funds for transaction	Own funds

NIDEC CORPORATION
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A Share Exchange Agreement to Make Nidec Sankyo Corporation a Wholly Owned Subsidiary of Nidec Corporation

On April 24, 2012, NIDEC decided, at a meeting of the board of directors, to enter into a share exchange transaction (the “Share Exchange”) with Nidec Sankyo Corporation (“NSNK”) to make NSNK a wholly owned subsidiary, and entered into a share exchange agreement with NSNK on the same day.

1) Reason for the share exchange	The Company and NSNK have determined that, in order for NSNK 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 NSNK produce better results, and an operational structure be established where NSNK 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, 2012, per approval of NSNK’s shareholders at the ordinary general meeting held on June 18, 2012. 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 NSNK common stock, 0.068 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 NSNK.
4) Number of shares of the Company allocated in the share exchange	The Company expects to allocate 3,175,755 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)

27. Quarterly Financial Data for the year ended March 31, 2012: (Unaudited)

	Yen in millions				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Net sales	¥176,634	¥180,657	¥157,442	¥167,587	¥682,320
Income from continuing operations before income taxes	18,260	16,327	14,206	22,063	70,856
Net income attributable to Nidec Corporation	¥12,210	¥10,319	¥9,125	¥9,077	¥40,731
Net income attributable to Nidec Corporation per share:					
Basic	88.20	74.86	66.68	66.34	296.25
Diluted	82.49	69.98	62.30	61.98	276.89

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.

Enacted on June 24, 1987
Last updated on April 01, 2012

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 Osaka Stock Exchange Co., Ltd. ("the Osaka 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 Osaka market on the day of the purchase request, such purchase price shall be the final price of a market held by Tokyo Stock Exchange, Inc. ("the Tokyo market" hereinafter) of the same day.

2. Should no transactions take place at either the Osaka or Tokyo market on the day of the purchase request, such purchase price shall be the final price of the first sales transaction at the Osaka market the next day ("the start price" hereinafter). Should no such sales transactions take place in the Osaka market, such purchase price shall be the start price at the Tokyo market the same day. This rule shall apply to the start price of the next day or after should no such sales transactions take place at either of the markets.

3. 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.

Exhibit 4.1
(Translation)

Share Exchange Agreement

Nidec Corporation (“Nidec”) and Nidec Sankyo Corporation (“Nidec Sankyo”) hereby enter into this Share Exchange Agreement (this “Agreement”).

Article 1: Share Exchange

Nidec and Nidec Sankyo shall execute a share exchange (the “Share Exchange”) with Nidec becoming the wholly-owning parent company of Nidec Sankyo and Nidec Sankyo becoming the wholly-owned subsidiary of Nidec in accordance with this Agreement, and Nidec will acquire all outstanding shares of Nidec Sankyo pursuant to the Share Exchange.

Article 2: Trade Names and Addresses of Nidec and Nidec Sankyo

The trade names and addresses of Nidec and Nidec Sankyo are as set forth below.

- (1) Nidec
 1. Trade name: Nidec Corporation
 2. Address: 338 Tonoshiro-cho, Kuze, Minami-ku, Kyoto

- (2) Nidec Sankyo
 1. Trade name: Nidec Sankyo Corporation
 2. Address: 5329 Shimosuwa-machi, Suwa-gun, Nagano

Article 3: Effective Date

The effective date of the Share Exchange shall be October 1, 2012; provided, however, that the effective date may be modified following consultations by Nidec and Nidec Sankyo if necessary based on the progress of the Share Exchange procedures in accordance with Article 790 of the Companies Act. In this case, Nidec Sankyo 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 Nidec Sankyo common stock, Nidec shall grant Nidec common stock equal to the number of Nidec Sankyo common shares owned times 0.068 (fractions less than one share shall be rounded down) to Nidec Sankyo shareholders of record (excluding Nidec; referred to as “Shareholders at the Reference Time”) immediately prior to the acquisition of all Nidec Sankyo issued shares 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 0.068 shares of Nidec common stock for each one share of Nidec Sankyo common stock owned.

3. When executing the Share Exchange, if any fractional shares of less than one share of Nidec

common stock are allocated to Shareholders at the Reference Time, they shall be handled 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.

- | | |
|--------------------------------|----------------------------------------------------------------------------------------------------|
| (1) Capital: | Zero (0) yen |
| (2) Capital reserves: | Amount of change in shareholder's equity specified in Article 39 of the Corporate Accounting Rules |
| (3) 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. Nidec Sankyo 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 18, 2012; provided, however, that this may be modified following consultations between Nidec and Nidec Sankyo if necessary according to the progress of the Share Exchange procedures.

Article 7: Handling of Treasury Shares

Nidec Sankyo 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 Nidec Sankyo 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 Nidec Sankyo 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 Nidec Sankyo.

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 Nidec Sankyo 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 Nidec Sankyo, 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 Nidec Sankyo 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 Nidec Sankyo shall engage in consultations 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 Nidec Sankyo, each shall retain one copy.

April 24, 2012

Nidec:

Nidec Corporation
338 Tonoshiro-cho, Kuze, Minami-ku, Kyoto
By: Shigenobu Nagamori, president and representative director

Nidec Sankyo:

Nidec Sankyo Corporation
5329 Shimosuwa-machi, Suwa-gun, Nagano
By: Kazuyoshi Yasukawa, president and representative director

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) Limited	China
4	Nidec (DongGuan) Limited	China
5	Nidec (Shaoguan) Limited	China
6	Nidec Electronics GmbH	Germany
7	Nidec Korea Corporation	South Korea
8	Nidec Taiwan Corporation	Taiwan
9	Nidec (Shanghai) International Trading Co., Ltd.	China
10	Nidec (H.K.) Co., Ltd.	Hong Kong
11	Nidec (Shenzhen) Co., Ltd.	China
12	Nidec (Beijing) Co., Ltd.	China
13	Nidec (New Territories) Co., Ltd.	China
14	Nidec Vietnam Corporation	Vietnam
15	Nidec Automobile Motor (Zhejiang) Corporation	China
16	Nidec Philippines Corporation	Philippines
17	Nidec Precision Philippines Corporation	Philippines
18	Nidec Subic Philippines Corporation	Philippines
19	Nidec Singapore Pte. Ltd.	Singapore
20	P.T. Nidec Indonesia	Indonesia
21	Nidec India Private Limited	India
22	Nidec Electronics (Thailand) Co., Ltd.	Thailand
23	Nidec Precision (Thailand) Co., Ltd.	Thailand
24	SC WADO Co., Ltd.	Thailand
25	Nidec Precision (Malaysia) Sdn. Bhd.	Malaysia
26	Nidec Bearing (Thailand) Co., Ltd.	Thailand
27	Nidec Management Shanghai Corporation	China
28	Nidec Techno Motor Corporation	Japan
29	Nidec Seiko Corporation	Japan
30	Nidec Shibaura (Zhejiang) Co., Ltd.	China
31	Nidec Shibaura Electronics (Thailand) Co., Ltd.	Thailand
32	Nidec Shibaura (H.K.) Limited	Hong Kong
33	Nidec Power Motor (Shanghai) International Trading Co., Ltd.	China
34	Nidec-Kyori Corporation	Japan
35	Nidec-Kyori (Shanghai) Machinery Corporation	China
36	Nidec-Kyori (Zhejiang) Machinery Corporation	China
37	Nidec Machinery Corporation	Japan

No.	Company name in English	Jurisdiction of Incorporation
38	Nidec Machinery (Thailand) Co., Ltd.	Thailand
39	Nidec Machinery (Zhejiang) Corporation	China
40	Nidec Machinery (Shanghai) Co., Ltd.	China
41	Nidec Total Service Corporation	Japan
42	Nidec Total Service (Zhejiang) Corporation	China
43	Nidec-Shimpo Corporation	Japan
44	Nidec-Read Corporation	Japan
45	Nidec-Read Taiwan Corporation	Taiwan
46	Nidec-Read Korea Corporation	South Korea
47	LuzCom Inc.	Japan
48	Nidec-Read (Zhejiang) Corporation	China
49	Nidec-Read (Thailand) Co., Ltd.	Thailand
50	Nidec-Shimpo America Corporation	U.S.A
51	Shimpo Drives Incorporation	U.S.A
52	Nidec-Shimpo Philippines Corporation	Philippines
53	Nidec-Shimpo (Shanghai) International Trading Co., Ltd.	China
54	Nidec-Shimpo (Zhejiang) Corporation	China
55	Nidec-Shimpo (H.K.) Co., Ltd.	Hong Kong
56	Nidec-Shimpo Taiwan Corporation	Taiwan
57	Nidec-Shimpo India Sales & Trading Private Limited	India
58	Nidec-Shimpo do Brasil Importacao, Exportacao e Comercio de Equipamentos Ltda.	Brazil
59	Nidec-Shimpo Korea Corporation	South Korea
60	Nidec Tosok Corporation	Japan
61	Nidec Tosok (Vietnam) Co., Ltd.	Vietnam
62	Nidec Tosok (Shanghai) Co., Ltd.	China
63	Nidec Tosok (Zhejiang) Corporation	China
64	Nidec Tosok Akiba (Vietnam) Co., Ltd.	Vietnam
65	Nidec Tosok Uogishi (Pinghu) Corporation	China
66	Nidec Copal Corporation	Japan
67	Nidec Copal Philippines Corporation	Philippines
68	Nidec Copal (Vietnam) Co., Ltd.	Vietnam
69	Nidec Copal (Malaysia) Sdn. Bhd.	Malaysia
70	Nidec Copal Precision Parts Corporation	Japan
71	Nidec Copal (Thailand) Co., Ltd.	Thailand
72	Copal Optical and Electronic Machinery (Shanghai) Co., Ltd.	China
73	Nidec Copal (U.S.A) Corporation	U.S.A
74	Nidec Copal Hong Kong Co., Ltd.	Hong Kong
75	Nidec Copal (Zhejiang) Co., Ltd.	China
76	Copal Yamada Corporation	Japan
77	Copal Yamada (Vietnam) Co., Ltd.	Vietnam

No.	Company name in English	Jurisdiction of Incorporation
78	Nidec Copal Precision (Vietnam) Corporation	Vietnam
79	Nidec Copal Electronics Corporation	Japan
80	Nidec Copal Electronics, Inc.	U.S.A
81	Nidec Copal Electronics GmbH	Germany
82	Globa Service Inc.	Japan
83	Globa Sales Co., Ltd.	Japan
84	Nidec Copal Electronics (Shanghai) Co., Ltd.	China
85	Nidec Copal Electronics (Korea) Co., Ltd.	South Korea
86	Nidec Copal Electronics (Zhejiang) Co., Ltd.	China
87	Nidec Copal Electronics Singapore Pte. Ltd.	Singapore
88	Fujisoku Corporation	Japan
89	Hangzhou Keming Electronics., Ltd.	China
90	Nidec Copal Electronics (Taiwan) Co., Ltd.	Taiwan
91	Nidec Logistics Corporation	Japan
92	Nidec Logistics Consulting (Pinghu) Corporation	China
93	Nidec Logistics Singapore Pte. Ltd.	Singapore
94	Nidec Logistics (H.K.) Co., Limited	Hong Kong
95	Nidec Sankyo Corporation	Japan
96	Nidec Sankyo Service Engineering Corporation	Japan
97	Nidec Sankyo Shoji Corporation	Japan
98	Nidec Sankyo Music Box Corporation	Japan
99	Nidec Sankyo America Corporation	U.S.A
100	Nidec Sankyo Taiwan Corporation	Taiwan
101	Nidec Sankyo Singapore Pte. Ltd.	Singapore
102	Nidec Sankyo (Zhejiang) Corporation	China
103	Nidec Sankyo Vietnam Corporation	Vietnam
104	Nidec Sankyo Electronics (Shanghai) Corporation	China
105	Nidec Sankyo (H.K.) Co., Ltd.	Hong Kong
106	Nidec Sankyo Electronics (Shaoguan) Co., Ltd.	China
107	Nidec Sankyo Electronics (Shenzhen) Corporation	China
108	Nidec Sankyo Europe GmbH	Germany
109	Nidec Sankyo Electronics (Dongguan) Corporation	China
110	Nidec Sankyo (Thailand) Co., Ltd.	Thailand
111	Nidec Nissin Corporation	Japan
112	Nidec Nissin Tohoku Corporation	Japan
113	Nidec Nissin (H.K.) Co., Ltd.	Hong Kong
114	Nidec Nissin (Dongguan) Corporation	China
115	P.T. Nidec Nissin Indonesia	Indonesia
116	Nidec Nissin (Dalian) Corporation	China
117	Nidec Nissin Vietnam Corporation	Vietnam

No.	Company name in English	Jurisdiction of Incorporation
118	Nidec Motors & Actuators	France
119	Nidec Motors & Actuators (Germany) GmbH	Germany
120	NMA Property Verwaltungsgesellschaft mbH	Germany
121	Nidec Motors & Actuators (Poland) Sp.Z o.o.	Poland
122	Nidec Motors & Actuators (Spain) S.A.	Spain
123	Nidec Motors & Actuators (USA) Inc.	U.S.A
124	Nidec Motors & Actuators (Mexico) S. de R.L. de C.V.	Mexico
125	Nidec Component Technology Co., Ltd.	Singapore
126	Nidec BMS Pte. Ltd.	Singapore
127	Nidec Legend Pte. Ltd.	Singapore
128	PT. Nidec Component Technology Indonesia	Indonesia
129	PT Pacific Coatings Batam	Indonesia
130	Nidec Component Technology Bangpa-In Co., Ltd.	Thailand
131	Nidec Component Technology (Thailand) Co., Ltd.	Thailand
132	Nidec Component Technology (Suzhou) Co., Ltd.	China
133	Nidec BMS (Suzhou) Co., Ltd.	China
134	Taima Casting Sdn. Bhd.	Malaysia
135	Nidec Servo Corporation	Japan
136	Nidec Servo Hotaka Corporation	Japan
137	Japan Servo Motors Singapore Pte, Ltd	Singapore
138	PT. Japan Servo Batam	Indonesia
139	Nidec Servo (Hong Kong) Co., Limited	Hong Kong
140	Nidec Servo (Changzhou) Corporation	China
141	Nidec Servo Vietnam Corporation	Vietnam
142	Nidec Servo Europe B.V.	Netherlands
143	Nidec Servo (Shanghai) Co., Ltd.	China
144	Nidec Motor Holdings Corporation	Japan
145	Nidec Motor Corporation	U.S.A
146	Nidec Motor Canada Corporation	Canada
147	Compania de Motores Domesticos, S.A. de C.V.	Mexico
148	Rotores S.A. de C.V.	Mexico
149	Controles Electromecanicos de Mexico S.A. de C.V.	Mexico
150	Nidec Laminaciones de Acero, S.A. de C.V.	Mexico
151	Motores Reynosa, S.A. de C.V.	Mexico
152	Motores U.S. de Mexico S.A. de C.V.	Mexico
153	U.S.E.M. de Mexico, S.A. de C.V.	Mexico
154	Nidec SR Drives Manufacturing Ltd.	England
155	Nidec SR Drives Ltd.	England
156	Nidec Motor (Qingdao) Corporation	China
157	Nidec Motor Colombia SAS	Colombia

No.	Company name in English	Jurisdiction of Incorporation
158	Emerson Venezuela C.A.	Venezuela
159	Nidec Motor Philippines Corporation	Philippines
160	Nidec Sole Motor Corporation S.R.L.	Italy
161	Nidec Sole Motor Hungary K.F.T.	Hungary
162	Nidec Seimitsu Corporation	Japan
163	Nidec Seimitsu Motor Parts (Shenzhen) Co., Ltd.	China
164	Nidec Seimitsu Singapore Pte. Ltd.	Singapore
165	PT. Nidec Seimitsu Batam	Indonesia
166	Sanyo Motor Technology (Dongguan) Co., Ltd.	China
167	Nidec Seimitsu America Corporation	U.S.A
168	Nidec Seimitsu (Hong Kong) Co., Ltd.	Hong Kong
169	Sanyo Motor Technology (Shenzhen) Co., Ltd.	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: June 28, 2012

/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: June 28, 2012

/s/ Masuo Yoshimatsu

Masuo Yoshimatsu
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, 2012 (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: June 28, 2012

/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, 2012 (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: June 28, 2012

/s/ Masuo Yoshimatsu

Masuo Yoshimatsu
Senior Vice President, Chief Financial
Officer and Director