

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, 2015  
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)

<b>Japan</b> (Jurisdiction of incorporation or organization)	<b>338 Kuzetonoshiro-cho Minami-ku, Kyoto 601-8205, Japan</b> (Address of principal executive offices)
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**Masahiro Nagayasu, +81-75-935-6140, ir@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>
<b>Common Stock*</b>	<b>New York Stock Exchange</b>
<b>American Depositary Shares each representing one-fourth of one share of common stock</b>	<b>New York Stock Exchange</b>

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, 2015, 294,108,416 shares of common stock were outstanding, including 2,320,079 shares represented by 9,280,316 American Depositary Shares and 9,636 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, or ADSs.

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

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

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 “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “seek,” “should,” “target,” “will” or similar words. These statements discuss future expectations, identify strategies, contain projections of results of operations or of our financial condition, or state other forward-looking information. Known and unknown risks, uncertainties and other factors could cause the actual results to differ materially from those contained in any forward-looking statement. We cannot promise that our expectations expressed in these forward-looking statements will turn out to be correct. Our actual results could be materially different from and worse than our expectations. Important risks and factors that could cause our actual results to be materially different from our expectations are set forth in “Item 3.D. Key Information—Risk Factors,” “Item 4. Information on the Company,” “Item 5. Operating and Financial Review and Prospects” and elsewhere in this annual report and include, but are not limited to:

- general economic conditions in the computer, information storage and communication technology, home appliance, industrial and commercial machinery and equipment, automobile and related product markets, particularly levels of consumer spending and capital expenditures by companies;
- our ability to expand our business portfolio into new business areas in the highly competitive automotive, appliance, commercial and industrial product markets;
- our ability to design, develop, mass produce and win acceptance of our products, including those that use the hard disk spindle motor technology, which are offered in highly competitive markets characterized by continual new product introductions, rapid technological development and shifts in use;
- alleged or actual product defects and malfunctions of any end-product in which our products are incorporated;
- the effectiveness of our measures designed to reduce costs and improve profitability;
- our ability to acquire and successfully integrate companies with complementary technologies, product lines, and marketing and sales networks;
- our ability to match production and inventory levels with actual demand;
- any negative impact on our businesses of natural or human-caused disasters and other incidents beyond our control in the countries where our manufacturing and research and development operations are concentrated, including Japan, Thailand and China;
- our ability to procure raw materials and attract and retain qualified personnel at satisfactory cost levels;
- exchange rate fluctuations, particularly between the Japanese yen and the U.S. dollar and other currencies in which we make significant sales or in which our assets and liabilities are denominated;
- fluctuations in interest rates; and

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

Forward looking statements represent our estimates and assumptions only as of the date that they were made. We do not undertake any duty to update the forward-looking statements, and the estimates and assumptions associated with them, after the date of this annual report, except to the extent required by law.

## **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, 2011 through 2015 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,				
	2011 <sup>(1)</sup>	2012 <sup>(1)</sup>	2013	2014	2015
(Yen in millions, except number of shares outstanding and per share amounts)					
<b>Income statement data:</b>					
Net sales	¥675,988	¥682,320	¥709,270	¥875,109	¥1,028,385
Cost of products sold	500,034	523,729	572,634	674,903	786,207
Selling, general and administrative expenses	55,348	55,471	84,760	77,534	85,781
Operating income	92,869	73,070	17,598	84,864	111,218
Income from continuing operations before income taxes	81,966	70,856	13,398	84,460	107,371
Net income attributable to Nidec Corporation	52,333	40,731	7,986	56,272	76,216
<b>Balance sheet data (period end):</b>					
Total assets	¥748,205	¥800,401	¥1,005,417	¥1,166,938	¥1,355,139
Short-term borrowings	52,018	86,608	32,798	22,600	52,401
Current portion of long-term debt	1,124	674	133,628	29,245	45,485
Long-term debt	101,819	101,236	146,271	299,411	184,612
Total Nidec Corporation shareholders' equity	355,250	370,182	415,653	517,971	745,171
Common stock	66,551	66,551	66,551	66,551	77,071
Number of shares outstanding <sup>(2)</sup>	290,150,160	290,150,160	290,150,160	290,150,160	294,108,416
<b>Per share data:</b> <sup>(2)</sup>					
Income from continuing operations per share-basic	¥203.05	¥168.16	¥29.64	¥206.82	¥272.32
Loss on discontinued operations per share-basic	(15.10)	(20.04)	-	-	-
Net income attributable to Nidec Corporation per share-basic	187.96	148.12	29.64	206.82	272.32
Income from continuing operations per share-diluted	195.98	157.20	27.49	193.50	256.73
Loss on discontinued operations per share-diluted	(14.58)	(18.76)	-	-	-
Net income attributable to Nidec Corporation per share-diluted	181.40	138.45	27.49	193.50	256.73
Cash dividends declared per share	¥42.50	¥45.00	¥42.50	¥50.00	¥70.00
Cash dividends declared per share <sup>(3)</sup>	\$0.51	\$0.55	\$0.45	\$0.49	\$0.58

#### Notes:

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

CLU, business, both of which had previously been included in the “electronic and optical components” product category. The operating results of the SME, SLU, LAC, PGN and CLU businesses and exit costs with related taxes were recorded as “net loss on discontinued operations” in our audited consolidated statements of income in accordance with ASC 205-20 “Presentation of Financial Statements-Discontinued Operations” (formerly SFAS No.144, “Accounting for the impairment or disposal of Long-Lived Assets”). All prior period SME, SLU, LAC, PGN and CLU amounts in the above table, except for the balance sheet data, have also been so reclassified as to enable comparisons between the relevant amounts for the fiscal years ended March 31, 2011 through 2015.

- (2) We implemented a two-for-one stock split of our common stock effective April 1, 2014. The number of shares outstanding and per share amounts have been adjusted to reflect the effect of the stock split.
- (3) 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. Fluctuations in foreign currency exchange rates also affect our results of operations and shareholders’ equity. See “Item 5.A. Operating and Financial Review and Prospects—Operating Results—Introduction—Effects of Foreign Currency Fluctuations.”

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.

	<b>High</b>	<b>Low</b>	<b>Average<sup>(1)</sup></b>	<b>Period-end</b>
<b>Year ended March 31,</b>				
2011	¥94.68	¥78.74	¥85.00	¥82.76
2012	85.26	75.72	78.82	82.41
2013	96.16	77.41	83.26	94.16
2014	105.25	92.96	100.46	102.98
2015	121.50	101.26	109.75	119.96
<b>2014</b>				
December	¥121.38	¥117.28	¥119.32	¥119.85
<b>2015</b>				
January	¥120.20	¥116.78	¥118.25	¥117.44
February	120.38	117.33	118.76	119.72
March	121.50	119.01	120.39	119.96
April	120.36	118.80	119.51	119.86
May	124.18	119.09	120.80	123.98

Note:

- (1) The average exchange rate for each yearly period represents the average of the exchange rates on the last day of each month during the period, and the average exchange rate for each monthly period represents the average of the daily exchange rates during the period.

As of June 5, 2015, the noon buying rate was ¥125.58 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.*

#### **Economic downturns may lead to 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, and the end-products in which they are used, are sold. 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 decline in general consumption levels could adversely affect our sales. Similarly, capital investment levels in the manufacturing sector can be particularly sensitive to economic trends, and a decline in capital investment could adversely affect sales of our products that are used in industrial applications. For example, our results of operations for the fiscal year ended March 31, 2013 were adversely affected by the deterioration in the global economic environment due to the credit and financial crises in Europe as well as weakened consumer spending. Our results of operations and financial condition may be materially and adversely affected by negative economic trends in future periods.

#### **We are subject to risks associated with the expansion of our business portfolio into new business areas.**

While our business has traditionally been centered on motors and their derivative products, equipment and components used in the information technology sector, we are currently endeavoring to expand our business portfolio in other business areas from the viewpoint of risk diversification and future growth. However, there can be no assurance that we will be able to secure the necessary information, business resources, customer relationships, business expertise and brand recognition in a timely manner. For example, the success of our acquisition and investment activities which is a key factor in our ability to succeed in our business portfolio expansion is constantly subject to uncertainty. In addition, the automotive, appliance, commercial and industrial product markets in which we are endeavoring to expand are subject to various risks such as those stemming from vast supply chains that increase the risk of manufacturing disruptions and labor problems of third parties having an adverse effect on our business and increased compliance costs related to more stringent environmental and safety regulations. Furthermore, our overall operating margin could be adversely affected if, in the course of our business portfolio expansion, our product mix changes in a manner that increases the proportion of sales related to less profitable products and businesses.

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

While we are endeavoring to expand our business portfolio into new business areas, a substantial portion of our net sales continues to depend on sales of products used in information storage and communication equipment and peripherals, including small precision motors. In particular, the hard disk drive, or HDD, market is particularly important to us, and declines in demand and price of HDDs may have a material adverse effect on our results of operations and financial condition due to a decline in our sales of spindle motors for use in HDDs. In recent years, demand for HDDs has been declining due to a gradual shift in demand to solid state drives, or SSDs, which has advantages in terms of data access speeds, and although SSDs are still more expensive on a bit-by-bit basis, SSD price levels have been declining steadily. To the extent the information technology industry shifts further from the usage of HDDs to SSDs or other forms of storage devices, demand for HDDs could decline further. This could occur if, for example, demand for products such as tablet computers and smartphones, which have functions that are similar to personal computers, or PCs, further replaces demand for PCs that utilize HDDs. In addition, if the price of SSDs declines to a level that makes SSDs more competitive compared to HDDs, demand for HDDs would decline significantly, and our sales of spindle motors for use in HDDs would be materially and adversely affected. Furthermore, we rely on our major customers for spindle motors for use in HDDs for a higher percentage of our net sales compared to our other customers, and a significant decline in orders from such customers could

have a materially adverse effect on our business, results of operations and financial condition.

**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.**

We generally face aggressive competition in the markets in which we conduct business. In the HDD market, where we supply our main products, we are under constant pricing pressure as the market is characterized by declining selling prices over the life of a product. In the markets in which we are attempting to expand our market share, including the automotive, appliance, commercial and industrial product 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 more 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 will also need to continue our cost reduction efforts in order to maintain our profitability.

Our competitiveness may decline and/or our profitability may be adversely affected 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 that are able to better meet increasing demand or otherwise cope with developing markets;
- our cost reduction efforts are insufficient to offset declines in market price levels or increases in raw material costs;
- 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 or other resources necessary to maintain or enhance our investments.

**If our research and development activities are not successful, our business and results of operations could be materially and adversely affected.**

We engage in continuous research and development activities, including those related to basic technologies, new products, product improvements and manufacturing processes. The markets for our products are characterized by continual and fast-paced technological development, and our customers' requirements regarding the performance of our products are expected to continue to heighten. In such markets, our success will depend upon our ability to continue to develop superior technologies, products and processes in a timely manner in order to meet our customers' needs effectively. If third parties succeed in developing new technologies, products or processes that are more attractive to our customers than ours due to our inability to

accurately anticipate the direction of the market, our inability to conduct research and development in an effective or timely manner or otherwise, our products could be rendered obsolete or the competitiveness of our products could decline. Anticipating such shifts accurately and developing appropriate technologies, products and processes in a timely manner present a significant challenge. Determining the direction of our research activities related to basic technologies is particularly difficult, and the risk of our being unable to recoup the costs related to such activities can be significant. If we are unsuccessful in our research and development activities, our business and results of operations could be materially and adversely affected.

In addition, our customers generally require us to provide customized products that meet specific performance requirements within a set delivery timetable. Our customers are increasingly demanding that we provide them with more complex products on a shorter timetable. Any future failure to design, manufacture and deliver customized products that meet customer requirements could damage our relationship with the customer, harm our reputation and negatively affect our market share, as well as impede the business development of these new products and the expansion of the products' markets. Furthermore, if a customer fails to successfully commercialize or sell products that incorporate in them any customized product in which we invested significant resources to develop, we may be unable to recoup the relevant development costs. As a result, our business and results of operations could be materially and adversely affected.

**If any defect is discovered in our products, or if any of the end-products in which our products are incorporated malfunction, our reputation and results of operations may suffer by lost sales or costs associated with recalls, legal proceedings 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 lawsuits. In the automotive, appliance, commercial and industrial motors 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, equipment or machinery 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 may be subject to adverse regulatory action and significant legal claims or drawn into disputes with our customers, and our results of operations may be adversely affected by lost sales or costs associated with recalls. In addition, significant financial and human resources may be incurred, and management's attention may 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.

**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 raw materials, such as aluminum and rare earth materials, and 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 only in reduced quantities or at increased prices. Financial or operational disruptions or slowdowns suffered by our principal suppliers or shippers may negatively affect the availability of raw materials or components. Governmental actions that add conditions to the use of raw materials or components or impose additional disclosure or other regulatory compliance requirements relating to such materials or components may also affect their availability. For example, regulatory developments imposing due diligence and disclosure requirements regarding the use of "conflict" minerals mined from the

Democratic Republic of Congo and adjoining countries may limit the pool of suppliers that can provide us with materials and components that do not contain any such materials or may result in reputational challenges with our customers and other stakeholders if we are unable to sufficiently verify the origins of the minerals used in our products. In addition, the availability of components may be adversely affected by a supplier's decision to cease to manufacture or allocate adequate resources to develop products that we require.

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

**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 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 to 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 expose us to the following various risks related to foreign business transactions, and these risks may adversely affect our business, results of operations 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 shortages and labor cost increases, especially in China and Thailand;
- political instability;
- changes in trade restrictions and tariffs;
- 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 price competitive, and
- significant time and capital required for expanding overseas businesses before achieving a return on capital.

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

We have experienced, and expect to continue to experience, fluctuations in sales and results of operations from one quarter to the next. As a result, we believe that quarter-to-quarter comparisons of our results of operations are not necessarily meaningful, and that such comparisons cannot be relied upon as indicators of future performance. Our results of operations 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 markets in which our products are sold and used, including the information storage and communication, appliance, commercial and industrial products markets;
- 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 those 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 different from our projections, we may suffer losses or lose market share.**

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. For example, 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 a decline in our profit margins due to our operating expenses being relatively fixed as well as impairment losses or could otherwise have a material adverse impact on our results of operations and financial condition. On the other hand, if we underestimate our customers' needs and fail to make the necessary capital investments, we may lose market share due to our inability to meet customers' demands.

In addition, in anticipation of long lead times to obtain inventory and materials from our suppliers, we may also from time to time order materials in advance of anticipated customer demand. This advance

investment and ordering may result in excess inventory levels, resulting in unanticipated inventory write-downs if expected orders fail to materialize. As of March 31, 2015, our inventory, including both products and materials, was ¥171.0 billion.

In addition, our operating expenses are relatively fixed, and we thus have limited ability to reduce expenses quickly in response to any revenue shortfalls resulting from a decrease in demand. Consequently, our results of operations 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, product lines, marketing and sales networks, and customer base. The continued success of our acquisition and investment activities constitutes a key factor in achieving our current business strategy. 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, marketing or sales networks or customer base, and our growth rates could be adversely affected.

Critical to the success of our acquisitions is the ordered and 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 and to integrate the technologies of the acquired businesses with our own to develop new products;
- continued demand for such products by our customers;
- our ability to integrate the acquired businesses' operations, products and personnel;
- our ability to retain key personnel of the acquired businesses;
- our ability to extend our financial and management controls as well as our reporting and compliance systems and procedures to acquired businesses;
- accuracy of financial and legal due diligence; and
- our ability to identify possible liabilities that could negatively affect our business, operations or reputation during the due diligence process.

Our new and additional investments in other companies are subject to other uncertainties that may have a material adverse impact on our business. For example, the fair value of our investments in other companies may be impaired if their business results deteriorate or as a result of a decline in the fair value of their securities that is other than temporary. Changes in economic policies of local governments, laws and regulations, and accounting rules applicable to companies in which we invest may also have a significant adverse effect on our financial results. In addition, in cases where we have a non-controlling interest in an investee, we typically cannot control the operations and the assets of the investee or make major decisions without the consent of other shareholders or participants, or at all, unless we acquire 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 burdens 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 continue expanding 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 burdens on our management and operational and financial resources. As we pursue our growth strategy, we may face increasing burdens on management and our resources and, as a result, fail to timely and appropriately enhance our group-wide administrative, operational, information technology, and financial and compliance management systems. Any such failure may have a material adverse impact on our business, results of operations and financial condition.

**We rely on our founder, Chairman of the Board, 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 Chairman of the Board, 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 business, financial condition and results of operations.

**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 intense, and we and our affiliates may be unable to attract and retain such additional personnel.

**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 12 operating segments and others that we report in our consolidated financial statements, including Nidec Corporation, Nidec Electronics (Thailand), Nidec (Zhejiang), Nidec Singapore, Nidec (H.K.), Nidec Philippines, Nidec Sankyo, Nidec Copal, Nidec Copal Electronics, Nidec Techno Motor, Nidec Motor, 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 remediate 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 sanctions 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 may be required to complete remedial actions and to continue to comply with applicable environmental laws, regulations and permits could increase and be significant, which would materially and adversely affect our business, financial condition and results of operations.

Our business activities are also subject to various other governmental regulations, both local and international, including antitrust, anti-bribery, anti-terrorism, intellectual property, consumer protection, taxation, export regulations, tariffs, foreign trade and exchange controls. Because a significant portion of our sales are derived from small precision motor sales and because we have a leading market share globally for small precision motors, any regulatory development or measure that affects sales or manufacturing of small precision motors in particular could reduce our sales or otherwise negatively affect our business. In addition, as our common stock is listed on the Tokyo Stock Exchange and American Depositary Shares representing shares of our common stock are listed on the New York Stock Exchange, we must also comply with applicable securities laws and regulations, accounting standards and stock exchange rules. Compliance with these and other applicable laws, regulations, standards and rules could require significant financial, human and other resources. Moreover, as we expand our operations into new products and geographical markets, we may be required to further enhance our compliance policies and procedures. Our failure or inability to comply fully with applicable laws, regulations, standards and rules 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, rules, 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 or a significant adjustment to our business operations.

**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 to remediate 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 Japanese Financial Instruments and Exchange Law or 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 and other applicable laws and regulations. In addition, we could be restricted in our ability to access U.S., Japanese and other markets for capital raising.

#### **We are subject to risks related to intellectual property rights.**

Our business is dependent on our ability to protect the proprietary rights to our technologies and products and other intellectual property, which we seek to protect through patent, trade secret, trademark, copyright and other legal protection afforded to intellectual property rights as well as contractual provisions and our internal information control system. Despite these efforts, 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, orders to pay for the use of previously unrecognized third-party intellectual property or 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

**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, 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.

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

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

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

We have significant goodwill and long-lived assets, including plants, property and equipment. As of March 31, 2015, we had ¥172.4 billion of goodwill and ¥339.0 billion of plants, property and equipment. In connection with any acquisition we make in the future, we may record additional goodwill depending on the terms of the acquisition. In accordance with U.S. GAAP, we review goodwill for impairment annually and goodwill and long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Goodwill is tested by initially estimating fair value and then comparing it against the carrying amount. If the carrying amount of a reporting unit exceeds its estimated fair value, we are required to record an impairment loss. In addition, if long-lived assets do not generate sufficient cash flows, impairment losses will also need 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, the resulting 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 and other foreign currencies, we are exposed to exchange rate risks that could harm our results of operations and**

**shareholders' equity.**

Sales to customers outside Japan accounted for 77.8%, 81.9% and 82.1% of our consolidated net sales during the fiscal years ended March 31, 2013, 2014 and 2015, respectively. A significant portion of our overseas sales is denominated in currencies other than the Japanese yen, primarily the U.S. dollar, Euro, the Chinese yuan and Thai baht. As a result, the appreciation of the Japanese yen against the U.S. dollar, Euro and other currencies will generally have a negative effect on our sales, operating income and net income. 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. We may also 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.

**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 our financial assets and liabilities.

**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, cyber security breaches 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, our suppliers or customers 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. If any such disaster occurs in any region in which any of our major customers or production or development bases are concentrated, such as Thailand or China, or in Japan where our headquarters and key research and development facilities are located, the adverse effect on our results of operations and financial condition could be particularly pronounced. 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. Any such 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 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, 2015, there were 294,098,780 outstanding shares of our common stock (excluding treasury stock), of which 42,066,256 shares, or 14.3%, of the outstanding shares are beneficially owned by our Chairman of the Board, President and CEO, Mr. Shigenobu Nagamori. These shares and, generally, the shares owned by other shareholders can be sold on the Tokyo Stock Exchange and otherwise in Japan at any time. Additional sales of a substantial amount of our common stock in the public market by a large shareholder, or the perception that such sales may occur, could cause the market price of our common stock to decline. This could also impair our ability to raise additional capital through the issuance or sale of our securities. Also, in the future, we may issue or sell securities to raise cash for additional capital expenditures, working capital, research and development or acquisitions. We may also pay for interests in additional subsidiaries or affiliated companies by using common stock. We may also issue securities convertible into our common stock. Any of these events may dilute your ownership interest in us and have an adverse impact on the price of our common stock.

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

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

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

Our Articles of Incorporation, Regulations of the Board of Directors, Share Trading Regulations and the other related regulations, as well as the Company Law govern our corporate affairs. Legal principles relating to such matters as the validity of corporate procedures, directors' and officers' fiduciary duties and shareholders' rights may be different from those that would apply if we were a non-Japanese company. Shareholders' rights under Japanese law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions within the United States. You may have more difficulty in asserting your rights as a

shareholder than you would as a shareholder of a corporation organized in another jurisdiction. In addition, Japanese courts may not be willing to enforce liabilities against us in actions brought in Japan that 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 need to act through the depositary to exercise those rights.**

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

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

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

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

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

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

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

## **Item 4. Information on the Company.**

### **A. History and Development of the Company.**

Nidec Corporation is a joint stock corporation that was incorporated and registered under the Japanese Commercial Code (which was replaced by the Company Law in May 2006) of Japan on July 23, 1973 under the name of Nihon Densan Kabushiki Kaisha. Our corporate headquarters are located at 338 Kuzetonoshiro-cho, Minami-ku, Kyoto 601-8205, Japan. Our main telephone number is +81-75-935-6140. As of March 31, 2015, we had 232 subsidiaries located in 32 countries, and five affiliated companies located in three countries. We had 98,439 employees worldwide, 91.8% of which were employed outside Japan, as of March 31, 2015.

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

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

- In October 2014, to more effectively manage, and more effectively share, resources among our group companies, we made Nidec Copal Electronics Corporation a wholly owned subsidiary through a share exchange transaction between Nidec Corporation and Nidec Copal Electronics. Immediately prior to the share exchange transaction, we held a 65.4% ownership interest in Nidec Copal Electronics.
- In October 2014, to more effectively manage, and more effectively share, resources among our group companies, we made Nidec-Read Corporation a wholly owned subsidiary through a share exchange transaction between Nidec Corporation and Nidec-Read. Immediately prior to the share exchange transaction, we held a 65.5% ownership interest in Nidec-Read.
- In February 2015, we acquired from its founding family all of the voting rights in Geräte- und Pumpenbau GmbH Dr. Eugen Schmidt, a Germany company that engages in the development, manufacturing and sale of automotive oil pumps and modules for passenger cars and commercial vehicles, for ¥30,024 million in cash, in order to further transform our business model from one based solely on motors to one based on modularization / systematization and to accelerate our shift to high value-added businesses. The company was subsequently renamed “Nidec GPM GmbH.”
- In February 2015, we disposed of all of our voting rights in our subsidiary, Nidec Logistics Corporation to Maruzen Showa Unyu Co., Ltd for ¥5,000 million in cash. Gain on sales of the subsidiary’s stocks of ¥1,182 million arising from the disposition was included in selling, general and administrative expenses in our consolidated statement of income for the year ended March 31, 2015.
- In November 2014, we entered into a definitive agreement to acquire certain operating assets of China Tex Mechanical & Electrical Engineering Co., Ltd. (“China Tex MEE”), a Chinese manufacturer of switched reluctance motors and drives, with China Tex MEE to create a foothold for our industrial solutions business in China. The closing of the transaction is expected to occur

in July 2015, subject to necessary regulatory approvals and other conditions.

- In May 2015, we acquired from its founding family all of the voting rights in Motortecnica s.r.l., an Italian company, which engages in design, manufacturing, repair, maintenance and servicing of electrical rotating machinery, with focus areas of remanufacturing and refurbishment, in order to strengthen our service business.

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

<b>During Fiscal Year Ended March 31,</b>	<b>Event</b>
1989	We acquired Shinano Tokki Co., Ltd., a Japanese manufacturer of spindle motors for hard disk drives, from Teac Corporation in March 1989. As a result, we gained the largest market share of spindle motors in the world.
1995	We acquired newly-issued shares of Shimpo Industries Co., Ltd., currently Nidec-Shimpo Corporation, in February 1995 constituting 36.7% of its then outstanding shares.
1998	We acquired 17.7% of the outstanding shares of Copal Co., Ltd., currently Nidec Copal Corporation, from Fujitsu Limited in February 1998.  In connection with our acquisition of Nidec Copal's shares, we acquired 32.3% of the outstanding shares of Copal Electronics Corporation, currently Nidec Copal Electronics Corporation, from Nidec Copal in February 1998.  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 in October 1998. We initially owned 40.0% of the joint venture.
2000	We acquired 67.0% of the outstanding shares of Y-E Drive Corporation, subsequently renamed Nidec Power Motor Corporation, from Yasukawa Electric Corporation in March 2000.
2001	We dissolved the Nidec Shibaura 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.
2002	We increased our ownership of Nidec-Shimpo to 51% in February 2002. As a result, Read Corporation, currently Nidec-Read Corporation, a subsidiary of Nidec-Shimpo, became our majority-owned subsidiary.

During Fiscal Year Ended March 31,	Event
2004	<p>We acquired approximately 40% of the outstanding shares of Sankyo Seiki Mfg. Co., Ltd., currently Nidec Sankyo Corporation, in October 2003. We increased our ownership of Nidec Sankyo to 51.0% in February 2004.</p> <p>We increased our ownership of Nidec Copal Electronics to 51.0% in January 2004.</p> <p>We increased our ownership of Nidec Copal to 51.3% in February 2004.</p>
2007	<p>We acquired 98.9% of the outstanding shares of Fujisoku Corporation, a Japanese manufacturer of industrial switches, memory cards, panel switches and electronic measuring instruments, in November 2006.</p> <p>We acquired all of the voting interests in the motors and actuators business of Valeo S.A., France, currently Nidec Motors &amp; Actuators, in December 2006.</p> <p>We acquired 87.1% of the outstanding shares of Brilliant Manufacturing Limited, currently Nidec Component Technology Co., Ltd., a Singaporean manufacturer of base plate die-casting and top covers used in hard disk drives, in February 2007.</p>
2008	<p>We acquired 51.7% of the common stock of Japan Servo Co., Ltd., currently Nidec Servo Corporation, a Japanese manufacturer of motors and motor-applied products, in April 2007.</p>
2009	<p>We made Copal Yamada Corporation, a Japanese manufacturer of precision molds, a consolidated subsidiary by increasing our ownership interest in Copal Yamada to 68.4% in August 2008.</p>
2010	<p>We acquired all of the voting interests in the household motor business of Appliances Components Companies S.p.A. in Italy, currently Nidec Sole Motor Corporation S.R.L., in January 2010.</p> <p>We acquired 90.0% of the outstanding shares of SC WADO Co., Ltd., a base plate manufacturer in Thailand, in February 2010.</p>
2011	<p>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, a U.S. manufacturer of industrial, air conditioning and home appliance motors, in September 2010.</p> <p>We acquired the remaining shares of Nidec-Servo in October 2010.</p> <p>We acquired the remaining shares of Nidec Power Motor, and Nidec Power Motor was merged by absorption into Nidec Techno Motor Corporation, in March 2011.</p>
2012	<p>Nidec Shibaura was merged by absorption into Nidec Techno Motor Corporation in April 2011.</p>

**During  
Fiscal  
Year  
Ended  
March 31,**

**Event**

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	<p>We acquired all of the outstanding shares in Sanyo Electric Co., Ltd., currently Nidec Seimitsu Corporation, a Japanese manufacturer of small precision DC motors (vibration and general purpose motors), in July 2011.</p> <p>We increased our ownership of Nidec Sankyo Corporation to 77.1% in March 2012.</p>
2013	<p>We acquired The Minster Machine Company, currently Nidec Minster Corporation, a U.S. manufacturer of mid-sized and large-sized high-speed, high rigidity press machines and large-sized press machines for dies for motor parts, in April 2012.</p> <p>We acquired Ansaldo Sistemi Industriali S.p.A., currently Nidec ASI S.p.A., an Italian manufacturer of industrial motors, generators and drives, in May 2012.</p> <p>We acquired Avtron Industrial Automation, Inc., a U.S. provider of control, automation and drive-systems solutions and manufacturer of encoders, in September 2012.</p> <p>We acquired SCD Co., Ltd., a South Korean company which develops, manufactures and sells motor drive units for refrigerators and motors for air conditioners, in October 2012.</p> <p>We acquired the remaining shares of Nidec-Sankyo in October 2012.</p> <p>We acquired Kinetek Group Inc., a U.S. manufacturer of commercial motors, in November 2012.</p> <p>We acquired Jiangsu Kaiyu Auto Appliance Co., Ltd., currently Nidec Kaiyu Auto Electric (Jiangsu) Co., Ltd., a Chinese manufacturer of brush motors for electric power steering systems and automotive fans, in December 2012.</p>
2014	<p>We acquired the remaining shares of Nidec Seimitsu in September 2013.</p> <p>We acquired the remaining shares of Nidec-Tosok in October 2013.</p> <p>We acquired the remaining shares of Nidec-Copal in October 2013.</p> <p>Fujisoku was merged by absorption into Nidec Copal Electronics in October 2013.</p> <p>We acquired Mitsubishi Materials C.M.I. Corporation, currently Nidec Sankyo CMI Corporation, a Japanese manufacturer of small motors, electric contact products and other products, in January 2014.</p> <p>We acquired Honda Elesys Co., Ltd., currently Nidec Elesys Corporation, a Japanese manufacturer of automobile electronic control units for automobiles, in March 2014.</p>
2015	<p>We acquired the remaining shares of Nidec Copal Electronics in October 2014.</p>

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We acquired the remaining shares of Nidec-Read in October 2014.

We acquired Geräte- und Pumpenbau GmbH Dr. Eugen Schmidt, currently Nidec GPM GmbH, a Germany manufacture of oil pumps and modules for passenger cars and commercial vehicles, in February 2015.

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

For the fiscal years ended March 31, 2013, 2014 and 2015, our capital expenditures, as shown in our consolidated statements of cash flows for those fiscal years, were ¥61,368 million, ¥40,297 million and ¥58,042 million, respectively. Major capital expenditures in the last three fiscal years included investments in equipment used to manufacture hard disk drives spindle motors in Thailand and the Philippines. In addition, in the last three years, our major capital expenditures also included investments in equipment used to manufacture automotive, appliance, commercial and industrial products in the United States.

Our capital expenditures for the fiscal year ending March 31, 2016 are planned to include investments of approximately ¥22,102 million in manufacturing plants and facilities, mainly in Asia and the United States, and other investments for the following purposes:

- to renew production-line equipment in our Asian factories that manufacture spindle motors;
- to renew production-line equipment in our Asian and U.S. factories that manufacture motors and modules for automotive, appliances, commercial and industrial products; and
- to construct an additional research facility for automotive, appliance, commercial and industrial products in Obama City, Fukui Prefecture, Japan.

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

In the fiscal year ended March 31, 2013, in order to optimize the utilization of our manufacturing plants and facilities in response to weaker demand for some of our major products, including components for personal computers, digital cameras and LCD panel manufacturing equipment, we disposed of, or otherwise made adjustments to, some of our plants, equipment and other fixed assets in Asia. See “Item 5.A. Operating and Financial Review and Prospects—Operating Results.”

## **Our Basic Strategy**

Our corporate aim is to contribute to the development of society and well-being of people by providing excellent products and services through sincere and enthusiastic dedication to the fusion of science, technology and manufacturing engineering in a manner that best serves the interests of society, our company and all our employees.

In order to achieve our corporate aim, our basic strategy is to be a world-leading electronics manufacturer to keep creating employment and supplying indispensable products and services to the global community, which we believe will keep us growing sustainably for many decades to come. We tirelessly strive to fulfill our basic strategy through the following three elements: business portfolio transformation; M&A; and utilization of our production engineering.

## ***Business Portfolio Transformation***

We have grown to date by providing energy-saving, durable, low-noise, compact, light-weight and environmentally-friendly brushless DC motors primarily for the information technology (IT) industry. We derive a significant portion of our sales and profit streams from the market for hard disk drive (HDD) spindle motors and optical disk drive motors for data storage devices in personal computers, servers and consumer electronics. We have enjoyed the world's largest market share of HDD motors since the 1980s. However in the early 2000s, Solid State Drives (SSD) emerged as an alternative device to HDD. SSD, storage devices using semiconductor memory, started competing with HDD in the market with its lighter, less power-consuming, less heat-generating and quieter features.

Furthermore, since around 2010, the cloud computing environment with faster networking speeds led to the proliferation of multifunctional mobile devices, such as smartphones and tablets, whose data storage spaces are virtually located in remote data centers rather than being built within the devices. The proliferation of these cloud-oriented digital devices placed the personal computer market under constant competitive pressure, consequently resulting in a slowdown in the small-form-factor HDD market. While serving as a strong catalyst for high-capacity HDD for data center servers, the cloud computing environment is generally considered to be a constraint on unit volume growth in the HDD market.

With these changes in the market orientation, we announced a business portfolio transformation, a focus shift from the IT market to the automotive, appliance, commercial and industrial markets in 2010 in our mid-term business plan to achieve two key objectives. First, we seek to reduce our dependence on the IT market and diversify our business risks. Second, we seek opportunities to grow further through providing our high efficiency motor and motor drive systems. We strongly believe the demands for environmentally superior motors and associated equipment will increase in these markets. Over the last five years, the automobile industry has been making a full-scale effort to improve vehicle energy efficiency through electrification, reduce CO2 emissions and enhance vehicle safety. Furthermore, many countries are making it mandatory to use motors with high energy efficiency, particularly where large motors are used in industrial applications.

In fiscal year 2010 when we launched the business portfolio transformation plan, our sales ratio in automotive, appliance, industrial and commercial products was 24.2% of total net sales, which increased to 44.7 % in fiscal year 2014. Going forward, we will continue our efforts to grow in the markets of automotive, appliance, industrial and commercial products by providing high-efficiency motors and related products.

## ***M&A***

Business acquisitions have enabled us to obtain technologies, human resources, customers and production facilities necessary to expand into our target markets in a short period of time. We are convinced that this growth approach is effective especially in automotive, appliance, industrial and commercial product markets, which are vastly diversified and prone to exhibit distinct regional variations in consumer preferences. In other words, business acquisitions help swiftly globalize our production and supply networks in a manner that matches each regional need.

In terms of post-merger integration, we utilize the production bases and facilities acquired across the world to facilitate synergies among our group companies, organize a global supply system, and accommodate the needs that are growing especially in emerging economies. Also, we integrate our motors with related technologies of the companies acquired and offer them as system products. As an example, we have been working on the integration of our automotive motors and automotive electronic control units (ECU) produced by Nidec Elesys with expertise in ECU manufacturing that we acquired in 2014. Developing motors and their controllers together and integrating them as system products enable optimum combination, downsizing, and cost reduction, which allows us to offer compelling value to our customers.

## ***Production Engineering***

The core of our technological strengths primarily derives from our in-depth knowledge and expertise in production engineering, particularly in the fields of precision processing and production line management, that enables a speedy, versatile and cost-competitive volume production environment closely tailored to customer needs. We nurtured our strength by being committed to providing products based on the highest technological level that satisfies individual customers' needs. We continue to utilize these technologies to pursue further growth.

Additionally, we established Nidec Research and Development Centers comprising three institutes in Japan, Taiwan and Singapore with a purpose of improving the quality of fundamental research and create application technologies that generate high value-added products in response to the demands of the times. In order to grow soundly even after many decades, we will thoroughly seek and accumulate fundamental technologies, and build expertise to respond to emerging social needs ahead of others.

## **Our Business Model**

We pursue sustainable enhancement of corporate value by leveraging our core competencies in electric motor drive technology and associated manufacturing and marketing, 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 and 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 which to concentrate our resources. We constantly assess our visions and strategies in light of the evolving business environment and, if necessary, seek to reposition ourselves by proactively taking measures, including investments, mergers and acquisitions, and divestiture or transformation of operations.

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

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

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

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

- strategic foresight to identify future growth opportunities and challenges, and agility in responding to the accompanying changes in technologies, markets and trends;

- rich pool of specialized proprietary technologies and related expertise in customization and processing;
- short time to market enabled by highly specialized, focused operations;
- cost advantages generated by effectively spreading the costs of specialized capabilities over significantly large production volumes 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 1980s, 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 an energy-saving lifestyle, greater comfort and safety. Among the prospective application areas, we place particular emphasis on electric and hybrid automobiles, home electric appliances and industrial equipment, for which we believe highly controllable, energy-saving and environmentally motors are increasingly sought after.

## ***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 significantly large manufacturing capacities in close proximity to major groups of customers so that we can meet quality and quantity demands 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.

## ***Inventory and Delivery***

Our major revenue streams currently come from customers that adopt either a just-in-time system (JIT) or vender-managed inventory (VMI) 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.

Both JIT and VMI are very responsive manufacturing methods 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 demand conditions in downstream markets in order to mitigate the risk of overstocking on our side.

## ***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.

## ***Strategic Investments and Business Acquisitions***

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

- research and development of energy-efficient, environment-conscious electric motors;

- expansion of selling and manufacturing capacities in emerging countries; and
- mergers and acquisitions of electric motor businesses in the household appliance, automotive, commercial and industrial motor industries.

## **B. Business Overview.**

We classify our products into five business groups based primarily on the similarity of products in type and use. The business groups and major categories of products offered in each business group as of March 31, 2015 are as follows:

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

## Sales by Business Group and 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:

	Year ended March 31,					
	2013		2014		2015	
	(in millions, except percentage data)					
Small precision motors:						
Hard disk drives spindle motors	¥165,427	23.3%	¥185,506	21.2%	¥204,141	19.9%
Other small precision motors	154,297	21.8%	177,007	20.2%	193,858	18.9%
Sub-total	319,724	45.1%	362,513	41.4%	397,999	38.8%
Automotive, appliance, commercial and industrial products	248,464	35.0%	345,236	39.5%	460,007	44.7%
Machinery	63,526	9.0%	86,955	9.9%	98,800	9.6%
Electronic and optical components	69,188	9.7%	72,845	8.3%	65,050	6.3%
Others	8,368	1.2%	7,560	0.9%	6,529	0.6%
Consolidated total	¥709,270	100.0%	¥875,109	100.0%	¥1,028,385	100.0%

### *Small Precision Motors*

The small precision motors business mainly covers a broad array of direct-current, or DC, electric motors that operate in the output between 0.2W and 100W. This business group constitutes the core of our consolidated operations and accounted for 38.8% of our consolidated net sales for the fiscal year ended March 31, 2015. 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.

This business group represented 38.8% of our consolidated net sales for the fiscal year ended March 31, 2015.

This business group is divided into two product categories according to application: (1) hard disk drives spindle motors and (2) other small precision motors. The details of each product category are as follows:

#### *(1) Hard Disk Drives Spindle Motors*

The products grouped into this category include brushless DC motors for hard disk drives used in personal computers, computer servers and a range of digital consumer electronics. This product category represented 51.3% of our small precision motors sales for the fiscal year ended March 31, 2015.

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

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

A significant portion of the operations relating to this product category is conducted by Nidec

Corporation.

The hard disk drive market is highly concentrated and characterized by product homogeneity, short innovation cycle and significant entry barriers. We currently supply spindle motors to all three hard disk drive manufacturers: Seagate Technology LLC., Western Digital Corporation, and Toshiba Corporation as their primary motor supplier.

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

Demand for hard disk drives 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.

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

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

- Global demand for electronic data storage is expected to maintain sustainable growth, reflecting continued proliferation of personal and enterprise digital content that is stored, shared, protected and distributed in increasingly high volume.
- The hard disk drive industry's focus is shifting further to cloud storage, a model of networked online storage where data is stored on multiple third-party servers at data centers.
- Handheld devices (e.g., smartphones and tablet PCs) will remain a major competitor to 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 the 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.

## *(2) Other Small Precision Motors*

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

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

This product category represented 48.7% of our small precision motors sales for the fiscal year ended March 31, 2015.

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

### ***Automotive, Appliance, Commercial and Industrial Products***

This business group is mainly composed of mid- to large-sized motors and related control electronics for use in diverse applications, including:

- automobiles;
- home appliances;
- commercial elevators and escalators;
- industrial automation systems; and
- renewable energy management systems.

In general, electric motors for these applications are designed to operate across a wide range of voltages and power ratings to match light- to heavy-load conditions. Demand patterns vary depending on the nature of their end uses but indicate similar sensitivity to corporate capital expenditure and regulatory trends in the context of energy conservation and environmental protection. A rapid emergence of the Chinese and Indian markets and the resulting shift of production and sales to Asian regions are becoming increasingly evident in these industries.

This business group represented 44.7% of our consolidated net sales for the fiscal year ended March 31, 2015.

#### ***(1) Automotive Products***

Our automotive products mainly consist of four product groups: 1) automotive motors for such devices as electric power steering (EPS) and dual clutch transmissions managed by Nidec Corporation, Nidec Motors & Actuators and Nidec Automotive Motors Americas; 2) automotive components such as control valves, oil pumps and water pumps managed by Nidec Tosok Corporation and Nidec GPM GmbH; 3) electronic control unit (ECU) for products such as electric power steering units and electronic stability control units; and 4) sensor products such as millimeter-wave radar devices and sensing cameras. Both 3) and 4) are managed by Nidec Elesys Corporation.

Our largest customers include automobile manufacturers such as Honda Motor Co., Ltd. and Fuji Heavy Industries Ltd., EPS manufacturers such as NSK Ltd, Robert Bosch Automotive Steering GmbH, TRW Automotive Holdings Corporation and Showa Corporation, and automotive component manufacturers such as JATCO Ltd., Nissin Kogyo Co., Ltd., Valeo S.A. and Continental AG. In the automotive motors business, we compete with independent Tier-2 automotive component manufacturers and Tier-1 automotive component

manufacturers' own motor manufacturing units worldwide. In the automotive components business, electronic control unit business and sensor products business, we compete with Tier-1 automotive component manufacturers.

The following are some of the recent general market trends we consider significant to our automotive products businesses. Under these trends, our strength is that we have products and technologies meeting the growing market demands. Our motor products and electrification technologies contribute to automobiles' fuel efficiency improvement. For advanced driver assistance system (ADAS) technology for vehicle safety, Nidec Elesys (formerly Honda Elesys), which joined the Nidec Group in 2014, has long been developing ADAS related products and boasts accumulation of many technologies that are superior to those of our competitors. Also, with our worldwide production bases, we are able to mass-produce automotive products generating scale merit, which allows us to supply locally at lower cost. With these advantages and the major trends, we will aim to further contribute to the industry and expand the automotive product business.

#### *Automobile electrification*

Running automobiles burn fossil fuels such as gasoline and light gas oil, generating greenhouse gases (or GHG, including CO<sub>2</sub>, CFC, methane and carbon monoxide, etc.) that are believed to cause global warming. In order to depart from current overdependence on fossil fuels that have a depletion concern and reduce GHG emissions, governments around the world are enforcing tighter fuel economy regulations.

Supported by such policies of these countries, there are growing needs for automobiles with improved energy-saving performance. One of the notions to improve automobiles' fuel efficiency and reduce GHG emissions is automobile electrification that controls what was previously controlled by an engine with motors. By way of electrification, an engine can be completely replaced or its burden can be reduced. The best examples of this notion are electric vehicles, plug-in hybrid and hybrid vehicles. Another example is motor-assisted electric power steering that replaces the hydraulic assisted steering systems that use engine power. Also, electric oil pumps and electric water pumps replace conventional ones driven by engines. These applications are spreading backed by the enforcement of tighter regulations for environmental protection.

#### *Vehicle safety*

The second trend is the introduction of new active safety features and autonomous driving technology. As social needs for automobile safety increase, vehicle control technology to secure a car's stability in emergency situations and safety technology to protect passengers in a crash are becoming prevalent in the market.

The New Car Assessment Program (NCAP), a program to test automobile safety, performs various assessments to facilitate safety of cars, including collision tests, where a car is intentionally crashed against a wall to assess the damage of a dummy in the car's driver or passenger seat, and the brake performance test to measure how many meters it takes before a vehicle stops after being braked suddenly. These tests are carried out by governmental organizations in many countries, including the US, Europe and Japan. NCAP discloses the test results publicly. Therefore, it acts as an information source when consumers select a car for purchase, while motivating automobile manufacturers to produce safer cars.

NCAP assesses what is called passive safety such as seat belt, air bag and safety body structure absorbing collision impact, etc., which are rather mechanical measures to minimize damage in an event of crash or collision. As passive safety technologies matured, NCAP in recent years started assessing active safety which aims to prevent crashes from occurring. Active safety refers to a sensor and ECU-based, semi-autonomous and autonomous accident mitigation technology and includes advanced driver assistant system (ADAS) such as automatic emergency brake, adaptive cruise control, lane keeping assist and electronic stability control, etc. With such activity at NCAP, the demand for active safety products for ADAS application is anticipated to increase in the coming years.

### *Wider adoption of common platforms by automobile manufactures*

With these trends, automobile manufacturers are facing a technology shift from the conventional, engine-based mechanical technologies to motorized, electronic ones. In order to respond to the emerging demands, automobile manufacturers are facing increasing development costs and shortage of engineers. As one of the measures to reduce costs and streamline new car development, they communalize and consolidate automobile platforms across vehicle models. Further, to facilitate efficient platform communalization/consolidation, they are starting to take a modular approach. This means to design the individual elements independently and combine them in a subsystem to fit into different model vehicles. Automobile manufacturers' strategy is to gather these modularized components in communalized platforms. As it reduces research and development cost and man-hours in the manufacturing process and increases production volume per vehicle, these strategies enable them to lower the cost of vehicles.

For components suppliers on the other hand, these automobile manufacturers strategies mean significantly increased production volume per component. They will procure standardized components in a large volume in various locations worldwide. Therefore, only select component suppliers, in other words, global mega suppliers with high capabilities for product development and production capacity, might be able to continue their businesses. This trend might put regional suppliers with limited capabilities under pressure.

### *(2) Appliance, Commercial and Industrial Products*

The products within the appliance, commercial and industrial product category include mid- to large-size electric motors and control systems for:

- household applications, including washing machines, dryers and dishwashers; and
- commercial and industrial applications, including air-conditioners, commercial refrigeration, elevators, escalators, mining equipment, heat pumps and water heater systems, material handling equipment, compressors, marine propulsion systems, and wind and solar power generation systems.

The operations relating to this product category are mainly conducted by Nidec Motor Corporation, Nidec ASI S.p.A., Nidec Kinetek Corporation, Nidec Sole Motor Corporation S.R.L, Nidec Techno Motor Corporation, Nidec Avtron Automation Corporation and Nidec Corporation. We compete with independent electric motor and system suppliers and our customers' own motor manufacturing units worldwide. Our largest customers include Whirlpool Corporation, AB Electrolux and Haier Group.

### *Air-conditioners business*

Approximately half of appliance, commercial and industrial products revenue derives from air-conditioners, with Nidec Techno Motor Corporation selling room air-conditioner motors mainly for Asia, and Nidec Motor Corporation selling centralized air-conditioner motors for households and commercial facilities in the United States. The primary target of the room air-conditioner motors that Nidec Techno Motor Corporation sells is the Chinese market, which is growing rapidly especially in recent years. With the Chinese government introducing energy-saving measures in full scale and obliging the use of energy-saving air conditioners, an increasing number of inverter air conditioners, the most energy-efficient product of its kind, are increasing in the market.

An inverter air conditioner is able to provide a precise temperature without fluctuations as an inverter controls the speed of compressor motor frequency. The compressor motor slows down when the room temperature reaches the set condition. By contrast, conventional air conditioners without inverters repeat are constantly switched on and off without its compressor motor being controlled. It runs either at maximum speed or stops running completely. For consumers, inverter air conditioners cost more to buy, but are more efficient

on running, which saves them on the total cost.

Demand for inverter-air-conditioners is exhibiting a notable increase particularly in emerging countries in which electricity shortage are of vital concern. Our current strategic emphasis is on capturing new demand opportunities arising from the ongoing technological shift in regional air-conditioning markets by expanding sales of energy-efficient brushless DC motors for inverter air-conditioning system.

#### *Industrial solution business*

In the industrial solution business, we are focusing on the sales of motors and motor drives (low- and medium-voltage) for oil- and gas-related and other types of energy infrastructure. We also offer a comprehensive solution including designing, construction, operation, maintenance and others of wind and photovoltaic power generation systems. A significant portion of this business is related to public investments mainly in the North American, European and Asian countries.

It is estimated that motors and motor systems account for approximately one half of all electricity consumed around the world, of which industrial motors account for about 60%. With such massive amounts of power consumed in the industrial field, a global energy-conservation standard has been established to address environmental issues, and regulations have been made effective in various nations accordingly. The regulations which cover AC electric three phase induction motors make it obligatory in the United States to sell motors with energy efficiency equivalent to IE3 (premium efficiency) or higher levels since 2010. The IE3 efficiency level becomes obligatory in Europe and in Japan from 2015. With the above trends, we started manufacturing and selling IE3 level industrial motors in 2011.

#### *Machinery*

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

This business group generally exhibits a marked sensitivity to capital spending fluctuations, owing to its high exposure to the factory automation systems market. This business group represented 9.6% of our consolidated net sales for the fiscal year ended March 31, 2015.

#### *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 and other industries, and Nidec Copal Electronics Corporation in the switch, trimmer potentiometer, actuator and other industries. Our primary customers are the world's major manufacturers of digital cameras, mobile phones and various control devices. We mainly compete with Japanese and other Asian component manufacturers, which are either independent or our customers' own manufacturing units.

This business group covers a broad spectrum of component markets and is particularly influenced by trends in the digital camera market and private-sector equipment investment. The product range is diverse, and

manufacturing operations are frequently performed in small lots or on order.

In recent years, our digital camera shutter and lens unit business has been shrinking as smartphone popularity grew dramatically replacing digital cameras as the primary photo taking device. Under this trend, we have been strategically shifting the focus from digital camera shutters to mobile phones lens units, including autofocus and optical image stabilizers, automotive cameras and surveillance cameras, utilizing our nurtured fundamental technologies in electronic and optical components. Especially, demand for automotive cameras is growing to meet growing vehicle safety needs.

This business group represented 6.3% of our consolidated net sales for the fiscal year ended March 31, 2015.

### **Others**

The Others business consists of logistics and other services and is primarily conducted by Nidec Corporation. This business group represented 0.6% of our consolidated net sales for the fiscal year ended March 31, 2015.

### **Sales by Geographic Market**

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

*Geographic revenues based on the locations of business entities generating sales*

	<b>Year ended March 31,</b>					
	<b>2013</b>		<b>2014</b>		<b>2015</b>	
	<b>(in millions, except percentage data)</b>					
Japan	¥213,169	30.1%	¥238,278	27.2%	¥268,416	26.1%
United States	99,260	14.0%	132,117	15.1%	174,521	17.0%
Singapore	55,712	7.9%	63,950	7.3%	70,956	6.9%
Thailand	81,678	11.5%	85,435	9.8%	90,813	8.8%
The Philippines	18,543	2.6%	24,506	2.8%	28,699	2.8%
China	150,631	21.2%	197,134	22.5%	235,409	22.9%
Other	90,277	12.7%	133,689	15.3%	159,571	15.5%
Consolidated total	¥709,270	100.0%	¥875,109	100.0%	¥1,028,385	100.0%

*Geographic revenues based on the locations of customers*

	<b>Year ended March 31</b>					
	<b>2013</b>		<b>2014</b>		<b>2015</b>	
	<b>(in millions, except percentage data)</b>					
North America	¥102,587	14.5%	¥155,802	17.8%	¥197,559	19.2%
Asia	364,242	51.3%	447,667	51.2%	528,176	51.4%
Europe	75,704	10.7%	103,940	11.9%	108,186	10.5%
Other	9,130	1.3%	8,904	1.0%	10,775	1.0%
Overseas sales total	551,663	77.8%	716,313	81.9%	844,696	82.1%
Japan	157,607	22.2%	158,796	18.1%	183,689	17.9%
Consolidated total	¥709,270	100.0%	¥875,109	100.0%	¥1,028,385	100.0%

### **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 seek to avoid being significantly dependent on any one or a few suppliers. All of the raw materials and various purchased components required for our products have generally been available in sufficient quantities.

### **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 regulations. 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.

In addition, as part of a concerted effort worldwide to reduce energy consumption, CO<sub>2</sub> emissions and the impact of industrial operations on the environment, various regulatory authorities in many jurisdictions have introduced or are planning legislation to encourage the manufacture and use of higher efficiency motors. The United States and Canada are international leaders in terms of setting electric motor energy efficiency standards, as they introduced regulations for motors in the late 1990s, followed by China in 2002. The European Union passed minimum energy performance standards legislation for electric motors in 2009 as an implementing measure under the Eco-design Directive. Australia, Korea, Brazil, Mexico, Taiwan and several other countries with large electricity consumption from electric motors have already adopted minimum energy

performance standards. At the international level, the International Electrotechnical Commission (IEC), which is responsible for international standardization, defines and harmonizes the worldwide efficiency classes as IE1 (Standard efficiency), IE2 (High efficiency) and IE3 (Premium efficiency) for low-voltage three-phase induction motors mainly used in applications such as compressors, pumps, fans and industrial handling systems. Starting in 2015, mid-size AC induction motors that are rated from 7.5 to 375 kW and sold in the EU will be required to be IE3, or IE2 with a variable-speed drive. In the United States, the standards were introduced in 2010 for larger motors and are expected to become applicable to smaller motors in 2017. In Japan, the IE3-equivalent standards are scheduled to take effect in 2015.

## **Intellectual Property**

In the ordinary course of business, we submit patent applications in Japan, the United States, China and other jurisdictions. We also seek patent protection in various foreign jurisdictions 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 October 31, 2012, Hirata Corporation filed a lawsuit in the Tokyo District Court against Nidec Sankyo Corporation for infringement of Japanese Patent No. 3488393, which is related to LCD panel handling robots. On May 22nd, 2014, the Tokyo District Court ruled in favor of Nidec Sankyo. On June 4th, Hirata Corporation appealed the court ruling in the Intellectual Property High Court. Subsequently, Nidec Sankyo and Hirata entered into a settlement agreement and, Hirata withdrew the appeal.

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

### C. Organizational Structure.

The following table presents summary information on our major consolidated subsidiaries as of March 31, 2015:

Name	Country	Principal business	Percentage owned by us as of March 31, 2015 (%)
<b>Consolidated subsidiaries</b>			
Nidec Electronics (Thailand) Co., Ltd.	Thailand	Manufacture and sales of spindle motors for hard disk drives	99.9%
Nidec (Zhejiang) Corporation	China	Manufacture and sales of spindle motors for hard disk drives	100.0%
Nidec Singapore Pte. Ltd.	Singapore	Sales of spindle motors for hard disk drives, DC motors and fan motors	100.0%
Nidec (H.K.) Co., Ltd.	China	Sales of spindle motors for hard disk drives, DC motors and fan motors	100.0%
Nidec Philippines Corporation	Philippines	Manufacture of spindle motors for hard disk drives	99.9%
Nidec Sankyo Corporation	Japan	Manufacture and sales of DC motors, machinery, automotive products and electronic parts	100.0%
Nidec Copal Corporation	Japan	Manufacture and sales of optical and electronic parts and machinery	100.0%
Nidec Copal Electronics Corporation	Japan	Manufacture and sales of electronic parts	100.0%
Nidec Techno Motor Corporation	Japan	Manufacture and sales of commercial and industrial products	100.0%
Nidec Motor Corporation	United States	Manufacture and sales of home appliance, commercial and industrial products	100.0%
Nidec Motors & Actuators (Germany) GmbH	Germany	Manufacture and sales of automotive products	100.0%

## 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, 2015, we operated manufacturing and sales facilities through 25 Japanese subsidiaries and 207 foreign subsidiaries. These facilities are located in Japan, China, Europe, the United States, Mexico, Thailand, Vietnam, Indonesia, the Philippines, Singapore, South Korea, Taiwan, Malaysia, Canada, India, Brazil, Cambodia, Colombia, Turkey, Federated States of Micronesia, United Arab Emirates and Venezuela.

The following table sets forth information, as of March 31, 2015, with respect to our principal manufacturing facilities and other facilities:

Facility name	Location	Floor space (square meters)	Principal products and function
<b>In Japan:</b>			
Shiga Technical Center <sup>(1)</sup>	Shiga	39,576	Development and manufacture of small high-precision motors and mid-size motors, production engineering, and manufacturing base support
Nidec Copal Corporation Koriyama Technical Center <sup>(1)</sup>	Fukushima	37,188	Manufacture of electric and optical components
Corporate Headquarters and Central Technical Laboratories <sup>(1)</sup>	Kyoto	36,119	Basic research and fluid dynamic bearing technology development
Nidec Servo Corporation <sup>(1)</sup>	Gunma	34,128	Development and manufacture of other small precision motors
Nidec Techno Motor Corporation Fukui Technical Center <sup>(2)</sup>	Fukui	31,156	Manufacture of appliance, commercial and industrial products
Nidec-Shimpo Corporation <sup>(1)</sup>	Kyoto	29,322	Development and manufacture of machinery
Nidec Techno Motor Corporation Kyushu Technical Center <sup>(5)</sup>	Fukuoka	27,459	Development and manufacture of appliance, commercial and industrial products
Nidec Copal Corporation Niigata Factory <sup>(1)</sup>	Niigata	24,189	Manufacture of electronic and optical components
Nidec Tosok Corporation Head Office and Technical Center <sup>(1)</sup>	Kanagawa	23,471	Development and manufacture of automotive products
Nidec Sankyo Corporation Ina Facility <sup>(1)</sup>	Nagano	19,953	Manufacture of machinery
Tammy Corporation <sup>(1)</sup>	Akita	17,524	Manufacture of electronic and optical components
Nidec Research And Development Center <sup>(1)</sup>	Kanagawa	17,346	Enhancement of basic and elemental technologies and establishment of motor-applied technologies, research and development hub for the Nidec group, and education and training of high-level researchers and engineers

<b>Facility name</b>	<b>Location</b>	<b>Floor space (square meters)</b>	<b>Principal products and function</b>
Nagano Technical Center <sup>(1)</sup>	Nagano	16,784	Development and manufacture of spindle motors for hard disk drives, and manufacturing base support, and development of pivot assemblies
Nidec Copal Corporation Shiojiri Factory <sup>(1)</sup>	Nagano	16,452	Manufacture of machinery
Nidec Tosok Corporation Yamanashi Factory <sup>(1)</sup>	Yamanashi	16,320	Manufacture of automotive products
<b>Facility name</b>	<b>Location</b>	<b>Floor space (square meters)</b>	<b>Principal products and function</b>
<b>Outside Japan:</b>			
Nidec Philippines Corporation <sup>(3)</sup>	Philippines	85,302	Manufacture of spindle motors for hard disk drives
Nidec (Dalian) Limited <sup>(5)</sup>	China	67,950	Manufacture of other small precision motors and automotive products
Kinetek De Sheng (Foshan) Motor Co., Ltd. <sup>(1)</sup>	China	59,005	Development and manufacture of appliance, commercial and industrial products
Nidec ASI S.p.A. <sup>(5)</sup>	Italy	58,381	Development and manufacture of appliance, commercial and industrial products
Avtron Industrial Automation Inc. <sup>(1)</sup>	United States	58,000	Development and manufacture of appliance, commercial and industrial products
Nidec Sankyo Vietnam Corporation <sup>(2)</sup>	Vietnam	57,450	Manufacture of other small precision motors
Nidec Tosok (Vietnam) Co., Ltd. <sup>(2)</sup>	Vietnam	55,572	Manufacture of automotive products
Nidec Shibaura (Zhejiang) Co., Ltd. <sup>(5)</sup>	China	52,097	Manufacture of appliance, commercial and industrial products
Nidec Copal Precision (Vietnam) Corporation <sup>(2)</sup>	Vietnam	48,000	Manufacture of electronic and optical components
Nidec (Zhejiang) Corporation <sup>(5)</sup>	China	47,400	Manufacture of spindle motors for hard disk drives
Nidec Motors & Actuators Mexico S. de R.L. de C.V. <sup>(1)</sup>	Mexico	46,769	Manufacture of automotive products
Nidec Electronics (Thailand) Co., Ltd. Rojana Factory <sup>(1)</sup>	Thailand	43,230	Manufacture of spindle motors for hard disk drives
Nidec Sankyo (Zhejiang) Corporation <sup>(5)</sup>	China	43,128	Manufacture of machinery
Nidec Electronics (Thailand) Co., Ltd. Rangsit Factory <sup>(1)</sup>	Thailand	43,110	Manufacture of spindle motors for hard disk drives
Nidec-Shimpo (Zhejiang) Corporation <sup>(5)</sup>	China	41,678	Manufacture of machinery

<b>Facility name</b>	<b>Location</b>	<b>Floor space (square meters)</b>	<b>Principal products and function</b>
Nidec GPM GmbH <sup>(1)</sup>	Germany	40,983	Manufacture of automotive products
Nidec (Dongguan) Limited <sup>(4)</sup>	China	39,880	Manufacture of other small precision motors
Nidec Copal (Thailand) Co., Ltd. <sup>(1)</sup>	Thailand	39,771	Manufacture of electronic and optical components
Nidec Subic Philippines Corporation <sup>(2)</sup>	Philippines	38,750	Manufacture of spindle motors for hard disk drives
Nidec Minster Corporation <sup>(1)</sup>	United States	38,000	Manufacture of machinery
Nidec Sankyo Electronics (Shaoguan) Co., Ltd. <sup>(2)</sup>	China	38,000	Manufacture of other small precision motors
Nidec Precision (Thailand) Co., Ltd. Rojana Factory <sup>(1)</sup>	Thailand	37,630	Manufacture of spindle motors for hard disk drives
Nidec Vietnam Corporation <sup>(2)</sup>	Vietnam	36,314	Manufacture of other small precision motors
Nidec Motor Corporation Mena, AR <sup>(1)</sup>	United States	32,000	Manufacture of appliance, commercial and industrial products
Nidec Motors & Actuators (Germany) GmbH <sup>(1)</sup>	Germany	31,120	Manufacture of automotive products
Nidec Seimitsu Motor Technology (Dongguan) Co., Ltd. <sup>(4)</sup>	China	30,970	Development and manufacture of other small precision motors
Nidec Automobile Motor (Zhejiang) Corporation <sup>(4)</sup>	China	30,438	Manufacture of automotive products
FIR Electromeccanica S.r.l. <sup>(5)</sup>	Italy	30,300	Development and manufacture of appliance, commercial and industrial products
Nidec Shibaura Electronics (Thailand) Co., Ltd. <sup>(1)</sup>	Thailand	28,476	Manufacture and sales of appliance, commercial and industrial products
Nidec Sankyo (Dongguan) Precision Corporation <sup>(4)</sup>	China	28,307	Manufacture of electronic and optical components
Nidec Motor Corporation Paragould, AR <sup>(1)</sup>	United States	28,000	Manufacture of appliance, commercial and industrial products
Nidec Sole Motor Corporation S.R.L. <sup>(1)</sup>	Italy	27,918	Development and manufacture of automotive products
Nidec Component Technology (Suzhou) Co., Ltd. <sup>(1)</sup>	China	27,292	Manufacture of small precision motors
Nidec Copal (Zhejiang) Co., Ltd. <sup>(5)</sup>	China	27,145	Manufacture of machinery and electronic and optical components
Nidec Tosok System Engineering (Zhejiang) Corporation <sup>(4)</sup>	China	26,480	Manufacture of automotive products
Nidec Copal Electronics (Zhejiang) Co., Ltd. <sup>(5)</sup>	China	26,000	Manufacture of electronic and optical components

<b>Facility name</b>	<b>Location</b>	<b>Floor space (square meters)</b>	<b>Principal products and function</b>
Nidec Sankyo Electronics (Dongguan) Corporation <sup>(4)</sup>	China	25,600	Manufacture of electronic and optical components
Motores U.S. de Mexico S.A. de C.V. <sup>(1)</sup>	Mexico	25,000	Manufacture of appliance, commercial and industrial products
SC WADO Co., Ltd. <sup>(1)</sup>	Thailand	24,136	Manufacture of spindle motors for hard disk drives
The Imperial Electric Company <sup>(5)</sup>	United States	23,300	Development and manufacture of appliance, commercial and industrial products
Nidec Precision (Thailand) Co., Ltd. Ayutthaya Factory <sup>(1)</sup>	Thailand	23,300	Manufacture of spindle motors for hard disk drives
Higashifuji Shanghai Co., Ltd. <sup>(4)</sup>	China	22,895	Manufacture of automotive products
Nidec Seimitsu Vietnam Corporation <sup>(1)</sup>	Vietnam	22,291	Manufacture of other small precision motors
Emerson (China) Motor Co., Ltd. <sup>(4)</sup>	China	20,000	Manufacture of appliance, commercial and industrial products
Nidec Sole Motor Hungary K.F.T. <sup>(1)</sup>	Hungary	19,489	Manufacture of automotive products
Nidec (Shaoguan) Limited <sup>(4)</sup>	China	19,307	Manufacture of other small precision motors
Compania de Motores Domesticos, S.A. de C.V. <sup>(1)</sup>	Mexico	19,000	Manufacture of appliance, commercial and industrial products
Nidec Servo Vietnam Corporation <sup>(2)</sup>	Vietnam	18,000	Manufacture of other small precision motors
Nidec Kaiyu Auto Electric (Jiangsu) Co., Ltd. <sup>(4)</sup>	China	17,400	Manufacture of machinery
Nidec Sankyo Singapore Pte. Ltd. PT Tanjung Harapan <sup>(4)</sup>	Indonesia	15,259	Manufacture of electronic and optical components
Nidec Tosok Precision Vietnam Co., Ltd. <sup>(2)</sup>	Vietnam	15,000	Manufacture of automotive products

Notes:

- (1) We own both the property and the facilities.
- (2) We lease the property and own the facilities.
- (3) Nidec Philippines Corporation leases the property from Nidec Development Philippines Corporation, a joint venture company with Prudential BK established for the purpose of purchasing land in the Philippines. We own the facilities.
- (4) We lease both the property and the facilities.
- (5) Facilities are partially owned and partially leased by us.

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

As of March 31, 2015, the aggregate book value of the land and buildings we owned was ¥145 billion, and the aggregate book value of machinery and equipment we owned was ¥160 billion. In addition to the property we own, we lease other equipment used in our operations.

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

and Capital Resources.”

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

#### **Item 4A. Unresolved Staff Comments.**

None.

#### **Item 5. Operating and Financial Review and Prospects.**

##### **A. Operating Results.**

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

##### **Introduction**

We are one of the leading global manufacturers of electric motors and related components and equipment, particularly in the global market for spindle motors for hard disk drives. We manufacture and sell spindle motors for hard disk drives and various other small precision brushless direct current electricity, or DC, motors, as well as electric motors for the automotive, appliance, commercial and industrial products markets through 25 subsidiaries in Japan and 207 subsidiaries in other countries, including China, Thailand, Vietnam, the United States, Singapore, Mexico, Indonesia, the Philippines, Taiwan, Germany, South Korea, Malaysia, the United Kingdom, India, Brazil, the Netherlands, France, Poland, Italy, Spain, Hungary, Canada, Colombia, Venezuela, Cambodia, Luxembourg, Romania, Russia, Turkey, the United Arab Emirates and Federated States of Micronesia, as of March 31, 2015.

##### ***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 October 2014, we made Nidec Copal Electronics Corporation, a majority-owned subsidiary

publicly traded in Japan, a wholly owned subsidiary through a share exchange transaction. Immediately prior to the share exchange transaction, we held a 65.4% ownership interest in Nidec Copal Electronics. We acquired the remaining ownership interest in Nidec Copal Electronics in exchange for 3,160,575 shares of our common stock previously held in treasury.

- In October 2014, we made Nidec-Read Corporation, a majority-owned subsidiary publicly traded in Japan, a wholly owned subsidiary through a share exchange transaction. Immediately prior to the share exchange transaction, we held a 65.5% ownership interest in Nidec-Read. We acquired the remaining ownership interest in Nidec-Read in exchange for 1,421,498 shares of our common stock previously held in treasury.
- In February 2015, we acquired all of the voting rights in Geräte- und Pumpenbau GmbH Dr. Eugen Schmidt (“GPM”), a German manufacturer of water pumps, oil pumps and module pumps, for ¥30,024 million in cash to expand our automotive, appliance, commercial and industrial products business.

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

#### ***Effects of Changes in the Business Environment and Our Business Portfolio Transformation Strategy***

Historically, our business relied heavily on demand for brushless DC motors for the IT industry, primarily hard disk drives spindle motors for which we continue to enjoy the world’s largest market share. However, due to the emergence of SSDs as an alternative device to HDDs in the 2000s and the proliferation beginning around 2010 of multifunctional mobile devices, such as smartphones and tablets, that utilize cloud-based data storage, demand for our products from the hard disk drive market has been stagnant during the past several years, and we do not anticipate significant improvements going forward. Based on the foregoing, in the year ended March 31, 2011 we announced our business portfolio transformation strategy, which is a shift in our business focus from the IT market to the automotive, appliance, commercial and industrial markets. See “Item 4.A. Information on the Company—History and Development of the Company.” Our results of operations in recent years reflect this strategy, and the percentage of net sales that is attributable to hard disk drives spindle motors and other small precision motors has been decreasing while net sales attributable to automotive, appliance, commercial and industrial products has been increasing.

#### ***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, 2013, 2014 and 2015, the exchange rate of the yen against the U.S. dollar was ¥94.05, ¥102.92 and ¥120.17 to the U.S. dollar, respectively. As of June 5, 2015, the yen-U.S. dollar exchange rate was ¥125.58 to the U.S. dollar. We are generally managing our foreign currency exposure consistent with such expectations.

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

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

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

Because of various subsidiary operations outside of Japan, we are also exposed to the risk of fluctuations in the Mexican peso and the Thai baht.

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

### ***Other Recent Developments***

#### ***Two-for-One Stock Split.***

Effective April 1, 2014, we implemented a two-for-one stock split of our common stock. The stock split did not result in any change in the ratio of shares of our common stock per ADS, which has remained unchanged at one-fourth of one share of our common stock per ADS.

#### ***Issuance of Straight Bonds.***

In December 2013, we issued ¥50.0 billion aggregate principal amount of corporate bonds due 2016. The net proceeds from the issuance of the bonds were primarily used to repay short-term borrowings. These bonds were issued pursuant to a shelf registration statement we filed with the Director General of the Kanto Local Finance Bureau of the Ministry of Finance of Japan in March 2012 for the issuance from time to time of up to ¥200 billion aggregate principal amount of bonds in Japan between April 5, 2012 and April 4, 2014.

In March 2014, we filed a shelf registration statement with the Director General of the Kanto Local Finance Bureau of the Ministry of Finance of Japan for the issuance from time to time of up to ¥200 billion aggregate principal amount of bonds in Japan between April 5, 2014 and April 4, 2016. The shelf registration was intended to further enhance our flexibility and agility in obtaining funding from the capital markets 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. We plan to use the net proceeds from any future issuances of such bonds for equipment and machinery, investments, repayment and redemption of short-term borrowings, bonds and other long-term debt, and general corporate purposes,

including working capital and other operating expenses.

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

*Partial Early Redemption of Convertible Bonds.*

On September 20, 2013, the early redemption right attached to the aggregate principal amount of ¥100,000 million of euro yen convertible bonds due 2015, which we issued in September 2010, expired. Prior to the expiration of the early redemption right, holders of approximately ¥4,250 million aggregate principal amount of such convertible bonds exercised their right to redeem the bonds at 100% of their principal amount. As of March 31, 2015, the conversion price per share was ¥5,313, and the aggregate number of shares of our common stock into which the outstanding bonds would be converted, assuming that all of the outstanding stock acquisition rights were exercised, was 4,036,325.

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

***Principal Items in Our Statement of Operations***

*Net Sales*

Net sales are determined by the prices and sales volumes of our products. Our product pricing varies depending on the type of product, the sales contracts we negotiate with our customers, market conditions in the markets for our products, as well as the markets for the end products that use our products. The sales contracts for our core products are highly negotiated and reflect general market supply and demand as well as with our relationships with particular customers and various other factors. The price at which we can sell our goods is also affected by the level of competition we face in each market. Our core products are subject to pricing pressure from our customers, which may affect our ability to maintain and improve our margins.

Our motor products are primarily used in two groups of industries: in the information technology (IT) industry for hard disk drives (HDD) and optical disk drives used in personal computers, servers and consumer electronics, and in the automotive, appliance, industrial, machinery and optical industries for various products used in automobiles, air-conditioning systems, commercial elevators and escalators, and industrial automation systems. We sell our products to higher-tier suppliers and original design manufacturer (ODM) and original equipment manufacturer (OEM) customers in multiple products markets. As such, our sales volume is dependent upon the global demand for the end products that use our products. Worldwide demand for such products is generally sensitive to the state of the global economy, and especially for products used in consumer-facing applications, the level of household incomes.

Maximum sales volume is dependent on our total production capacity, including the number, size and output capability of production facilities available to us. We are planning to renew production-line equipment in our Asian factories for spindle motors and motors for automotive, appliances, commercial and industrial products to streamline production in a manner that meets customer and end market needs.

## *Operating Expenses*

### *Cost of products sold.*

Due to the investments in manufacturing equipment and facilities required for producing our products and the relatively low cost of raw materials and other variable costs, an increase in net sales within existing production capacity limits during a given period will, all else being equal, generally result in a lower percentage increase in cost of sales and an improvement in operating margin. Conversely, a decrease in net sales will, all else being equal, generally result in a lower percentage decrease in cost of sales and a decline in operating margin.

Our cost of sales, including both fixed costs and variable costs, during the fiscal years ended March 31, 2014 and March 31, 2015, consisted principally of:

- costs of materials and parts;
- personnel costs;
- depreciation and amortization;
- electricity and facility maintenance expenses; and
- manufacturing expenses.

### *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 relate to personnel costs and depreciation of equipment relating to our research and development activities. For more information, see “—C. Research and Development, Patents and Licenses, etc.”

## Results of Operations

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

	<b>Yen in millions</b>		
	<b>For the year ended</b>		
	<b>March 31</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Net sales	¥709,270	¥875,109	¥1,028,385
Operating expenses:			
Cost of products sold	572,634	674,903	786,207
Selling, general and administrative expenses	84,760	77,534	85,781
Research and development expenses	34,278	37,808	45,179
	<u>691,672</u>	<u>790,245</u>	<u>917,167</u>
Operating income	<u>17,598</u>	<u>84,864</u>	<u>111,218</u>
Other income (expense):			
Interest and dividend income	1,831	2,376	2,359
Interest expense	(679)	(1,526)	(1,487)
Foreign exchange (loss) gain, net	(2,973)	(56)	804
(Loss) gain on marketable securities, net	(87)	245	70
Other, net	(2,292)	(1,443)	(5,593)
	<u>(4,200)</u>	<u>(404)</u>	<u>(3,847)</u>
Income before income taxes	<u>13,398</u>	<u>84,460</u>	<u>107,371</u>
Income taxes	(6,562)	(25,658)	(29,111)
Equity in net income (loss) of affiliated companies	13	(25)	29
Consolidated net income	<u>6,849</u>	<u>58,777</u>	<u>78,289</u>
Less: Net loss (income) attributable to noncontrolling interests	1,137	(2,505)	(2,073)
Net income attributable to Nidec Corporation	<u>¥7,986</u>	<u>¥56,272</u>	<u>¥76,216</u>
	<b>Yen</b>		
Per share data: <sup>(1)</sup>			
Net income attributable to Nidec Corporation:			
Basic	¥29.64	¥206.82	¥272.32
Diluted	27.49	193.50	256.73
Cash dividends paid	<u>45.00</u>	<u>42.50</u>	<u>57.50</u>

Note:

(1) Effective April 1, 2014, we implemented a two-for-one stock split of our common stock. All prior per share amounts in this table have been retroactively adjusted to reflect the effect of the stock split.

Pursuant to ASC 805 “Business Combinations,” our consolidated financial statements for the year ended March 31, 2014 have been retrospectively adjusted to reflect our valuation of the fair values of the assets acquired and the liabilities assumed upon the acquisition of Nidec Sankyo CMI Corporation and Nidec Elesys Corporation in the year ended March 31, 2014. During the three months ended December 31, 2014, we completed our valuation of such assets and liabilities of Nidec Sankyo CMI Corporation and Nidec Elesys Corporation.

We are currently evaluating the fair values of the assets acquired and liabilities assumed upon our acquisitions of Nidec GPM GmbH. These assets and liabilities have been recorded on our consolidated balance sheet based on preliminary management estimation as of March 31, 2015.

For more information, see Note 3 to our audited consolidated financial statements included elsewhere in this annual report.

### *Year Ended March 31, 2015 Compared to Year Ended March 31, 2014*

#### **Net Sales**

The following table is a summary of our net sales for the years ended March 31, 2014 and 2015 by product category. For a detailed discussion of our product categories, see “Item 4.B. Information on the Company—Business Overview.”

	<b>Yen in millions</b>			
	<b>For the year ended March 31,</b>			
	<b>2014</b>	<b>2015</b>	<b>Inc/Dec</b>	<b>%</b>
Net sales:				
Small precision motors:				
Hard disk drives spindle motors	¥185,506	¥204,141	¥18,635	10.0 %
Other small precision motors	177,007	193,858	16,851	9.5 %
Sub-total	362,513	397,999	35,486	9.8 %
Automotive, appliance, commercial and industrial products	345,236	460,007	114,771	33.2 %
Machinery	86,955	98,800	11,845	13.6 %
Electronic and optical components	72,845	65,050	(7,795)	(10.7)%
Others	7,560	6,529	(1,031)	(13.6)%
Consolidated total	¥875,109	¥1,028,385	¥153,276	17.5 %

Our net sales increased ¥153,276 million, or 17.5%, from ¥875,109 million for the year ended March 31, 2014 to ¥1,028,385 million for the year ended March 31, 2015. This increase was due to the net sales at newly consolidated subsidiaries and the depreciation of the Japanese yen against the U.S. dollar. The newly consolidated subsidiaries consist of:

- Nidec Sankyo CMI Corporation and its subsidiaries (“Nidec Sankyo CMI”), a Japanese manufacturer of small motors, electric contact products and other products, which we acquired in January 2014;
- Nidec Elesys Corporation and its subsidiaries (“Nidec Elesys”), a Japanese manufacturer of electric control units for automobiles, which we acquired in March 2014; and
- Nidec GPM GmbH and its subsidiaries (“Nidec GPM”), a German manufacturer of pumps and modules for passenger cars and commercial vehicles, which we acquired in February 2015.

Excluding the impact of the contributions of the newly consolidated subsidiaries, our net sales increased ¥95,131 million, or 10.9%, from ¥871,997 million for the year ended March 31, 2014 to ¥967,128 million for the year ended March 31, 2015.

The average exchange rate between the Japanese yen and the U.S. dollar for the year ended March 31, 2015 was ¥109.93 to the dollar, which represents a depreciation of the Japanese yen against the U.S. dollar of approximately 10% compared to the year ended March 31, 2014. The average exchange rate between the Japanese yen and the Euro for the year ended March 31, 2015 was ¥138.77 to the Euro, which represents a depreciation of the Japanese yen against the Euro of approximately 3% compared to the year ended March 31, 2014. The fluctuations of the foreign currency exchange rates had a positive effect on our net sales of approximately ¥62,700 million for the year ended March 31, 2015 compared to the year ended March 31, 2014.

#### **(Small precision motors)**

Net sales of small precision motors increased ¥35,486 million, or 9.8%, from ¥362,513 million for the year ended March 31, 2014 to ¥397,999 million for the year ended March 31, 2015. The depreciation of the Japanese yen against the U.S. dollar had a positive effect on our net sales of small precision motors of approximately ¥32,000 million for the year ended March 31, 2015 compared to the year ended March 31, 2014. 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 increased ¥18,635 million, or 10.0%, from ¥185,506 million for the year ended March 31, 2014 to ¥204,141 million for the year ended March 31, 2015. The increase in net sales of hard disk drives spindle motors was attributable to the positive effects of the depreciation of the Japanese yen against the U.S. dollar. The number of units sold of small precision motors for hard disk drives for the year ended March 31, 2015 decreased approximately 1% compared to the year ended March 31, 2014. While the hard disk drive market for the year ending March 31, 2016 is expected to remain stagnant compared to the year ended March 31, 2015, our market share is estimated to increase.

Net sales of hard disk drives spindle motors accounted for 21.2% of total net sales for the year ended March 31, 2014 and 19.8% of total net sales for the year ended March 31, 2015.

##### Other small precision motors

Net sales of other small precision motors increased ¥16,851 million, or 9.5%, from ¥177,007 million for the year ended March 31, 2014 to ¥193,858 million for the year ended March 31, 2015. This increase was mainly due to the depreciation of the Japanese yen against the U.S. dollar.

Net sales of other small precision motors accounted for 20.2% of total net sales for the year ended March 31, 2014 and 18.9% of total net sales for the year ended March 31, 2015.

#### **(Automotive, appliance, commercial and industrial products)**

Net sales of our automotive, appliance, commercial and industrial products increased ¥114,771 million, or 33.2%, from ¥345,236 million for the year ended March 31, 2014 to ¥460,007 million for the year ended March 31, 2015. The depreciation of the Japanese yen against the U.S. dollar and the Euro had a positive effect on net sales of automotive, appliance, commercial and industrial products of approximately ¥23,500 million for the year ended March 31, 2015 compared to the year ended March 31, 2014.

Net sales of appliance, commercial and industrial products increased ¥36,937 million, or 16.3%, from ¥226,068 million for the year ended March 31, 2014 to ¥263,005 million for the year ended March 31, 2015. This increase was primarily due to larger sales of motors for air conditioning equipment, increases in orders for new products and orders from new customers, as well as the positive effect of foreign currency exchange rate fluctuations.

Net sales of automotive products increased ¥77,834 million, or 65.3%, from ¥119,168 million for the year ended March 31, 2014 to ¥197,002 million for the year ended March 31, 2015. This was primarily due to the contribution of Nidec Sankyo CMI Corporation and Nidec Elesys Corporation, both of which became newly consolidated subsidiaries in the second half of the year ended March 31, 2014, and the commencement of mass-production of new product models, as well as the positive effect of foreign currency exchange rate fluctuations.

Net sales of our automotive, appliance, commercial and industrial products accounted for 39.5% of our total net sales for the year ended March 31, 2014 and 44.8% of total net sales for the year ended March 31, 2015.

#### **(Machinery)**

Net sales of our machinery increased ¥11,845 million, or 13.6%, from ¥86,955 million for the year ended March 31, 2014 to ¥98,800 million for the year ended March 31, 2015. The increase was mainly due to increases in sales of mounting machine units at Nidec Copal Corporation and test systems for smart phones and tablet computers at Nidec-Read Corporation.

Net sales of our machinery accounted for 9.9% of our total net sales for the year ended March 31, 2014 and 9.6% of total net sales for the year ended March 31, 2015.

#### **(Electronic and optical components)**

Net sales of our electronic and optical components decreased ¥7,795 million, or 10.7%, from ¥72,845 million for the year ended March 31, 2014 to ¥65,050 million for the year ended March 31, 2015. This decrease was primarily attributable to a decrease in sales of components for compact digital cameras.

Net sales of electronic and optical components accounted for 8.3% of our total net sales for the year ended March 31, 2014 and 6.3% of total net sales for the year ended March 31, 2015.

#### **(Others)**

Net sales of our other products decreased ¥1,031 million, or 13.6%, from ¥7,560 million for the year ended March 31, 2014 to ¥6,529 million for the year ended March 31, 2015.

Net sales of other products accounted for 0.9% of total net sales for the year ended March 31, 2014 and 0.6% of total net sales for the year ended March 31, 2015.

## **Cost of Products Sold**

Our cost of products sold increased ¥111,304 million, or 16.5%, from ¥674,903 million for the year ended March 31, 2014 to ¥786,207 million for the year ended March 31, 2015. Excluding the impact of the Newly Consolidated Subsidiaries, our cost of products sold increased ¥64,986 million, or 9.7%, from ¥672,150 million for the year ended March 31, 2014 to ¥737,136 million for the year ended March 31, 2015. This increase was mainly due to the impact of the depreciation of the Japanese yen against other currencies and the overall increase in sales.

As a percentage of net sales, our cost of products sold decreased from 77.1% for the year ended March 31, 2014 to 76.5% for the year ended March 31, 2015. Excluding the impact of the Newly Consolidated Subsidiaries, as a percentage of net sales, cost of products sold decreased from 77.1% for the year ended March 31, 2014 to 76.2% for the year ended March 31, 2015. This decrease was mainly due to increases in the volume of units sold that had higher margins, improved fixed costs per unit resulting from higher unit sales supported by stronger demand for some of our products and our efforts to improve manufacturing efficiency, reduce cost of products sold and lower fixed costs.

## **Selling, General and Administrative Expenses**

Our selling, general and administrative expenses increased ¥8,247 million, or 10.6%, from ¥77,534 million for the year ended March 31, 2014 to ¥85,781 million for the year ended March 31, 2015. Excluding the impact of the Newly Consolidated Subsidiaries, our selling, general and administrative expenses increased ¥4,994 million, or 6.5%, from ¥77,365 million for the year ended March 31, 2014 to ¥82,359 million for the year ended March 31, 2015. This increase was mainly due to higher personnel expenses.

As a percentage of net sales, selling, general and administrative expenses decreased from 8.9% for the year ended March 31, 2014 to 8.3% for the year ended March 31, 2015. Excluding the impact of the Newly Consolidated Subsidiaries, as a percentage of net sales, our selling, general and administrative expenses decreased from 8.9% for the year ended March 31, 2014 to 8.5% for the year ended March 31, 2015.

## **Research and Development Expenses**

Our research and development expenses increased ¥7,371 million, or 19.5%, from ¥37,808 million for the year ended March 31, 2014 to ¥45,179 million for the year ended March 31, 2015. Excluding the impact of the Newly Consolidated Subsidiaries, our research and development expenses increased ¥3,603 million, or 9.5%, from ¥37,757 million for the year ended March 31, 2014 to ¥41,360 million for the year ended March 31, 2015. This increase was mainly due to our increased spending on research and development activities relating to products in the automotive, appliance, commercial and industrial products category and electronic and optical components category and our increased spending in basic research expenses at Nidec Corporation.

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 4.3% for the year ended March 31, 2014 to 4.4% for the year ended March 31, 2015. Excluding the impact of the Newly Consolidated Subsidiaries, as a percentage of net sales, our research and development expenses for the year ended March 31, 2014 and 2015 were 4.3%.

## Operating Income

As a result of the foregoing, our operating income increased ¥26,354 million from ¥84,864 million for the year ended March 31, 2014 to ¥111,218 million for the year ended March 31, 2015.

As a percentage of net sales, operating income increased from 9.7% for the year ended March 31, 2014 to 10.8% for the year ended March 31, 2015.

## Other Income (Expense)

Our other expenses increased ¥3,443 million from ¥404 million for the year ended March 31, 2014 to ¥3,847 million for the year ended March 31, 2015. Excluding the impact of the Newly Consolidated Subsidiaries, our other expenses increased ¥3,848 million from ¥396 million for the year ended March 31, 2014 to ¥4,244 million for the year ended March 31, 2015.

We recorded foreign exchange gain of ¥804 million for the year ended March 31, 2015, compared to foreign exchange loss of ¥56 million for the year ended March 31, 2014. Excluding the impact of the Newly Consolidated Subsidiaries, we recorded foreign exchange gain of ¥348 million for the year ended March 31, 2015, compared to foreign exchange loss of ¥50 million for the year ended March 31, 2014. This improvement was mainly due to the depreciation in the value of the Japanese yen against the relevant foreign currencies.

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

Currency	March 31, 2013	March 31, 2014	Fluctuation from March 31, 2013 to March 31, 2014	March 31, 2015	Fluctuation from March 31, 2014 to March 31, 2015
U.S. Dollar (\$1.00)	¥94.05	¥102.92	¥8.87	¥120.17	¥17.25
Euro (€1.00)	¥120.73	¥141.65	¥20.92	¥130.32	¥(11.33)

## Income from Continuing Operations before Income Taxes

As a result of the foregoing, our income from continuing operations before income taxes increased ¥22,911 million from ¥84,460 million for the year ended March 31, 2014 to ¥107,371 million for the year ended March 31, 2015.

As a percentage of net sales, our income from continuing operations before income taxes increased from 9.7% for the year ended March 31, 2014 to 10.4% for the year ended March 31, 2015.

## Income Taxes

Our income taxes increased ¥3,453 million from ¥25,658 million for the year ended March 31, 2014 to ¥29,111 million for the year ended March 31, 2015. This increase was primarily due to the increase in income before income taxes.

The effective income tax rate decreased approximately 3.3 percentage points from 30.4% for the year ended March 31, 2014 to 27.1% for the year ended March 31, 2015. This was mainly because a reversal of deferred tax assets related to foreign tax credit that increased tax rate for the year ended March 31, 2014 did

not occur for the year ended March 31, 2015.

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 recorded equity in net income of ¥29 million for the year ended March 31, 2015, compared to equity in net loss of ¥25 million for the year ended March 31, 2014.

### **Consolidated Net Income**

As a result of the foregoing, our consolidated net income increased ¥19,512 million from ¥58,777 million for the year ended March 31, 2014 to ¥78,289 million for the year ended March 31, 2015.

### **Net (Income) Loss Attributable to Noncontrolling Interests**

Our net income attributable to noncontrolling interests decreased ¥432 million, or 17.2%, from ¥2,505 million for the year ended March 31, 2014 to ¥2,073 million for the year ended March 31, 2015. This decrease primarily resulted from the share exchange transactions through which we made certain consolidated subsidiaries our wholly owned subsidiaries. Specifically, in October 2013, we made Nidec Copal Corporation and Nidec Tosok Corporation wholly owned subsidiaries, and in October 2014, we made Nidec Copal Electronics Corporation and Nidec-Read Corporation wholly owned subsidiaries.

### **Net Income Attributable to Nidec Corporation**

As a result of the foregoing, our net income attributable to Nidec Corporation increased ¥19,944 million from ¥56,272 million for the year ended March 31, 2014 to ¥76,216 million for the year ended March 31, 2015.

As a percentage of net sales, our net income attributable to Nidec Corporation increased from 6.4% for the year ended March 31, 2014 to 7.4% for the year ended March 31, 2015.

## Year Ended March 31, 2014 Compared to Year Ended March 31, 2013

### Net Sales

The following table is a summary of our net sales for the years ended March 31, 2013 and 2014 by product category. For a detailed discussion of our product categories, see “Item 4.B. Information on the Company—Business Overview.”

	(Yen in millions)			
	For the year ended March 31,			
	2013	2014	Inc/Dec	%
Net sales:				
Small precision motors:				
Hard disk drives spindle motors	¥165,427	¥185,506	¥20,079	12.1%
Other small precision motors	154,297	177,007	22,710	14.7%
Sub-total	319,724	362,513	42,789	13.4%
Automotive, appliance, commercial and industrial products	248,464	345,236	96,772	38.9%
Machinery	63,526	86,955	23,429	36.9%
Electronic and optical components	69,188	72,845	3,657	5.3%
Others	8,368	7,560	(808)	(9.7)%
Consolidated total	¥709,270	¥875,109	¥165,839	23.4%

Our net sales increased ¥165,839 million, or 23.4%, from ¥709,270 million for the year ended March 31, 2013 to ¥875,109 million for the year ended March 31, 2014. This increase was due in part to the net sales of newly consolidated subsidiaries, including:

- Nidec ASI S.p.A. (renamed from “Ansaldo Sistemi Industriali S.p.A.”) and its subsidiaries (“Nidec ASI”), an Italian manufacturer of industrial motors, generators and drives, which we acquired in May 2012;
- Nidec Avtron Automation Corporation (renamed from “Avtron Industrial Automation, Inc.”) and its subsidiaries (“Nidec Avtron”), a U.S. provider of control, automation and drive-systems solutions and manufacturer of encoders, which we acquired in September 2012;
- SCD Co., Ltd., a South Korean manufacturer of motors and motor drive units, which we acquired in October 2012;
- Nidec Kinetek Corporation (renamed from “Kinetek Group Inc.”) (“Nidec Kinetek”), a U.S. manufacturer of commercial motors, which we acquired in November 2012;
- Nidec Kaiyu Auto Electric (Jiangsu) Co., Ltd. (renamed from “Jiangsu Kaiyu Auto Appliance Co., Ltd.”) (“Nidec Kaiyu”), a Chinese manufacturer of brush motors for electric power steering systems and automotive fans, which we acquired in December 2012; and
- Nidec Sankyo CMI Corporation (renamed from “Mitsubishi Materials C.M.I. Corporations”) and its subsidiaries (“Nidec Sankyo CMI”), a Japanese manufacturer of small motors, electric contact products and other products, which we acquired in January 2014.

Excluding the impact of the contributions of the newly consolidated subsidiaries, our net sales increased ¥118,047 million, or 17.6%, from ¥671,538 million for the year ended March 31, 2013 to ¥789,585 million for the year ended March 31, 2014. This was mainly due to an increase in sales of products in the “automotive, appliance, commercial and industrial products” product category.

The average exchange rate between the Japanese yen and the U.S. dollar for the year ended March 31, 2014 was ¥100.24 to the dollar, which represents a depreciation of the Japanese yen against the U.S. dollar of ¥17.14, or approximately 21%, compared to the year ended March 31, 2013. The average exchange rate between the Japanese yen and the Euro for the year ended March 31, 2014 was ¥134.37 to the Euro, which represents a depreciation of the Japanese yen against the Euro of ¥27.23, or approximately 25%, compared to the year ended March 31, 2013. The fluctuations of the foreign currency exchange rates had a positive effect on our net sales of approximately ¥118,200 million for the year ended March 31, 2014, compared to the year ended March 31, 2013.

#### **(Small precision motors)**

Net sales of small precision motors increased ¥42,789 million, or 13.4%, from ¥319,724 million for the year ended March 31, 2013 to ¥362,513 million for the year ended March 31, 2014. This increase was mainly due to the depreciation of the Japanese yen against the U.S. dollar. 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 increased ¥20,079 million, or 12.1%, from ¥165,427 million for the year ended March 31, 2013 to ¥185,506 million for the year ended March 31, 2014. The positive effect of foreign currency exchange rate fluctuations more than offset the negative impact of an approximately 3% decline in the number of units sold of small precision motors for hard disk drives for the year ended March 31, 2014 compared to the year ended March 31, 2013. We do not expect a recovery in the number of units sold at least during the remainder of the year ending March 31, 2015, as we anticipate demand for personal computers and other devices containing our products will remain stagnant mainly due to weak spending and shifts in device preferences.

Net sales of hard disk drives spindle motors accounted for 23.3% of total net sales for the year ended March 31, 2013 and 21.2% of total net sales for the year ended March 31, 2014.

##### Other small precision motors

Net sales of other small precision motors increased ¥22,710 million, or 14.7%, from ¥154,297 million for the year ended March 31, 2013 to ¥177,007 million for the year ended March 31, 2014. This increase was mainly due to the depreciation of the Japanese yen against the U.S. dollar.

Net sales of other small precision motors accounted for 21.8% of total net sales for the year ended March 31, 2013 and 20.2% of total net sales for the year ended March 31, 2014.

#### **(Automotive, appliance, commercial and industrial products)**

Net sales of our automotive, appliance, commercial and industrial products increased ¥96,772 million, or 38.9%, from ¥248,464 million for the year ended March 31, 2013 to ¥345,236 million for the year ended March 31, 2014.

Net sales of appliance, commercial and industrial products for the year ended March 31, 2014 increased 42.2% compared to the year ended March 31, 2013. This increase was primarily due to larger sales of motors for air conditioning equipment and the contribution of sales of Nidec ASI, Nidec Avtron and Nidec Kinetek, which were not consolidated for the full year ended March 31, 2013, as well as the positive effect of the foreign currency exchange rate fluctuations.

Net sales of automotive products for the year ended March 31, 2014 increased 32.9% compared to the year ended March 31, 2013. This was primarily due to the contribution of Nidec Sankyo CMI, which was newly consolidated in January 2014, and the commencement of mass-production of new product models of motors for electric power steering and other products and the commencement of mass-production of other new automotive product models for new customers, as well as the positive effect of the foreign currency exchange rate fluctuations.

The depreciation of the Japanese yen against the U.S. dollar and the Euro had a positive effect on net sales of automotive, appliance, commercial and industrial products of approximately ¥48,900 million for the year ended March 31, 2014 compared to the year ended March 31, 2013.

Net sales of our automotive, appliance, commercial and industrial products accounted for 35.0% of our total net sales for the year ended March 31, 2013 and 39.5% of total net sales for the year ended March 31, 2014.

#### **(Machinery)**

Net sales of our machinery increased ¥23,429 million, or 36.9%, from ¥63,526 million for the year ended March 31, 2013 to ¥86,955 million for the year ended March 31, 2014. The increase was mainly due to an increase of ¥15,510 million, or 90.9%, in sales of LCD panel handling robots and card readers at the Nidec Sankyo group.

Net sales of our machinery accounted for 9.0% of our total net sales for the year ended March 31, 2013 and 9.9% of total net sales for the year ended March 31, 2014.

#### **(Electronic and optical components)**

Net sales of our electronic and optical components increased ¥3,657 million, or 5.3%, from ¥69,188 million for the year ended March 31, 2013 to ¥72,845 million for the year ended March 31, 2014. This was mainly due to an increase of ¥2,842 million, or 17.7%, in sales of household equipment at the Nidec Copal Electronics group.

Net sales of electronic and optical components accounted for 9.7% of our total net sales for the year ended March 31, 2013 and 8.3% of total net sales for the year ended March 31, 2014.

#### **(Others)**

Net sales of our other products decreased ¥808 million, or 9.7%, from ¥8,368 million for the year ended March 31, 2013 to ¥7,560 million for the year ended March 31, 2014.

Net sales of other products accounted for 1.2% of total net sales for the year ended March 31, 2013 and 0.9% of total net sales for the year ended March 31, 2014.

#### **Cost of Products Sold**

Our cost of products sold increased ¥102,269 million, or 17.9%, from ¥572,634 million for the year ended March 31, 2013 to ¥674,903 million for the year ended March 31, 2014. Excluding the impact of Nidec ASI, Nidec Avtron, SCD, Nidec Kinetek, Nidec Kaiyu and Nidec Sankyo CMI (the "Newly Consolidated Subsidiaries"), our cost of products sold increased ¥66,419 million, or 12.2%, from ¥542,293 million for the

year ended March 31, 2013 to ¥608,712 million for the year ended March 31, 2014. This increase mainly corresponded to the overall increase in sales and reflected the depreciation of the Japanese yen against other currencies.

As a percentage of net sales, our cost of products sold decreased from 80.7% for the year ended March 31, 2013 to 77.1% for the year ended March 31, 2014. Excluding the impact of the Newly Consolidated Subsidiaries, as a percentage of net sales, cost of products sold decreased from 80.8% for the year ended March 31, 2013 to 77.1% for the year ended March 31, 2014. This decrease was mainly due to the impact of increases in the numbers of units sold of products with higher margins, improved fixed costs per unit compared to the year ended March 31, 2013 when we recorded losses on inventory write-offs resulting from rapid and significant declines in sales of some of our major products, and lower raw material costs.

### **Selling, General and Administrative Expenses**

Our selling, general and administrative expenses decreased ¥7,226 million, or 8.5%, from ¥84,760 million for the year ended March 31, 2013 to ¥77,534 million for the year ended March 31, 2014. Excluding the impact of the Newly Consolidated Subsidiaries, our selling, general and administrative expenses decreased ¥12,699 million, or 16.6%, from ¥76,682 million for the year ended March 31, 2013 to ¥63,983 million for the year ended March 31, 2014. This decrease mainly reflected the losses related to fixed assets recorded in the year ended March 31, 2013 in connection with the measures we implemented to streamline our business structure and the losses recognized when we entered into the sale-and-lease back arrangements relating to certain manufacturing equipment and other fixed assets in Asia in the second half of the year ended March 31, 2013, as we experienced rapid and significant declines in demand for some of our major products, including components for personal computers, digital cameras and LCD panel manufacturing equipment.

As a percentage of net sales, selling, general and administrative expenses decreased from 12.0% for the year ended March 31, 2013 to 8.9% for the year ended March 31, 2014. Excluding the impact of the Newly Consolidated Subsidiaries, as a percentage of net sales, our selling, general and administrative expenses decreased from 11.4% for the year ended March 31, 2013 to 8.1% for the year ended March 31, 2014.

### **Research and Development Expenses**

Our research and development expenses increased ¥3,530 million, or 10.3%, from ¥34,278 million for the year ended March 31, 2013 to ¥37,808 million for the year ended March 31, 2014. Excluding the impact of the Newly Consolidated Subsidiaries, our research and development expenses increased ¥2,587 million, or 7.7%, from ¥33,525 million for the year ended March 31, 2013 to ¥36,112 million for the year ended March 31, 2014. This increase was mainly due to our increased spending on research and development activities relating to products in the automotive, appliance, commercial and industrial products category and the small precision motors category.

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

As a percentage of net sales, research and development expenses decreased from 4.8% for the year ended March 31, 2013 to 4.3% for the year ended March 31, 2014. Excluding the impact of the Newly Consolidated Subsidiaries, as a percentage of net sales, our research and development expenses decreased from 5.0% for the year ended March 31, 2013 to 4.6% for the year ended March 31, 2014.

## Operating Income

As a result of the foregoing, our operating income increased ¥67,266 million from ¥17,598 million for the year ended March 31, 2013 to ¥84,864 million for the year ended March 31, 2014.

As a percentage of net sales, operating income increased from 2.5% for the year ended March 31, 2013 to 9.7% for the year ended March 31, 2014.

## Other Income (Expense)

Our other expenses decreased ¥3,796 million, or 90.4%, from ¥4,200 million for the year ended March 31, 2013 to ¥404 million for the year ended March 31, 2014. Excluding the impact of the Newly Consolidated Subsidiaries, our other expenses decreased ¥3,915 million, or 96.9%, from ¥4,042 million for the year ended March 31, 2013 to ¥127 million for the year ended March 31, 2014. This decrease was mainly due to a decrease in foreign exchange loss.

Our foreign exchange loss decreased ¥2,917 million, or 98.1%, from ¥2,973 million for the year ended March 31, 2013 to ¥56 million for the year ended March 31, 2014. Excluding the impact of the Newly Consolidated Subsidiaries, we recorded foreign exchange gain of ¥263 million for the year ended March 31, 2014, compared to foreign exchange loss of ¥2,984 million for the year ended March 31, 2013. This improvement was mainly due to the depreciation in the value of the Japanese yen against the relevant foreign currencies, as well as lower translation losses on foreign currency-denominated liabilities compared to the year ended March 31, 2013.

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

Currency	March 31, 2012	March 31, 2013	Fluctuation from March 31, 2012 to March 31, 2013	March 31, 2014	Fluctuation from March 31, 2013 to March 31, 2014
U.S. Dollar (\$1.00)	¥82.19	¥94.05	¥11.86	¥102.92	¥8.87
Euro (€1.00)	¥109.80	¥120.73	¥10.93	¥141.65	¥20.92

## Income from Continuing Operations before Income Taxes

As a result of the foregoing, our income from continuing operations before income taxes increased ¥71,062 million from ¥13,398 million for the year ended March 31, 2013 to ¥84,460 million for the year ended March 31, 2014.

As a percentage of net sales, our income from continuing operations before income taxes increased from 1.9% for the year ended March 31, 2013 to 9.7% for the year ended March 31, 2014.

## Income Taxes

Our income taxes increased ¥19,096 million from ¥6,562 million for the year ended March 31, 2013 to ¥25,658 million for the year ended March 31, 2014. This increase was primarily due to the increase in income before income taxes.

The effective income tax rate decreased approximately 18.6 percentage points from 49.0% for the year ended March 31, 2013 to 30.4% for the year ended March 31, 2014. This was mainly due to provision for valuation allowance relating to the tax losses at some of our subsidiaries carried forward for the year ended March 31, 2013, which was more than offset by reversal of valuation allowance for the year ended March 31, 2014 at some of our other subsidiaries due to recovery in their business performance.

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 recorded equity in net loss of ¥25 million for the year ended March 31, 2014, compared to equity in net income of ¥13 million for the year ended March 31, 2013.

### **Consolidated Net Income**

As a result of the foregoing, our consolidated net income increased ¥51,928 million from ¥6,849 million for the year ended March 31, 2013 to ¥58,777 million for the year ended March 31, 2014.

### **Net (Income) Loss Attributable to Noncontrolling Interests**

We had net income attributable to noncontrolling interests in the amount of ¥2,505 million for the year ended March 31, 2014, compared to net loss attributable to noncontrolling interests in the amount of ¥1,137 million for the year ended March 31, 2013. This was primarily due to higher profits of group companies in which we own less than 100%, including the Nidec Copal Electronics group.

### **Net Income Attributable to Nidec Corporation**

As a result of the foregoing, our net income attributable to Nidec Corporation increased ¥48,286 million from ¥7,986 million for the year ended March 31, 2013 to ¥56,272 million for the year ended March 31, 2014.

As a percentage of net sales, our net income attributable to Nidec Corporation increased from 1.1% for the year ended March 31, 2013 to 6.4% for the year ended March 31, 2014.

## Segment Information

Based on the applicable criteria set forth in ASC 280 "Segment Reporting," we have 12 reportable operating segments on which we report in our consolidated financial statements. For the information required by ASC280, see Note 23 to our audited consolidated financial statements included elsewhere in this annual report.

We have changed our segment reporting so that it is in line with the changes we recently made in our management decision-making process. Since October 2014, the Nidec Tosok group has been included in the Nidec Motors & Actuators segment. In addition, the Nidec Elesys group which was previously included in the All Others segment has been included in the Nidec Motors & Actuators segment. The Nidec Dalian segment is no longer identified as a reportable segment and included in All Others segment due to its immateriality. Furthermore, Corporate, which is composed of basic research expenses and head office expenses, has been regarded as a component of Adjustments. The Nidec GPM group which was newly consolidated since February 2015 has been included in the Nidec Motors & Actuators segment. 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, 2013, 2014 and 2015.

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

The Nidec Electronics (Thailand) segment comprises Nidec Electronics (Thailand) Co., Ltd., a subsidiary in Thailand, and its consolidated subsidiaries, which primarily produce and sell hard disk drives spindle 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 drives spindle motors.

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

The Nidec (H.K.) segment comprises Nidec (H.K.) Co., Ltd., a subsidiary in Hong Kong, and its consolidated subsidiaries, which primarily sell hard disk drives spindle 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 drives spindle 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, automotive products and electronic parts. This segment also includes Nidec Sankyo CMI, which was newly consolidated for the three months ended March 31, 2014.

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

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

The Nidec Motor segment comprises Nidec Motor Corporation and other subsidiaries in North

America, which are subsidiaries of Nidec Americas Holdings Corporation, an intermediate holding company in the United States, as well as other subsidiaries in Latin America, Asia and Europe, which primarily produce and sell home appliance, commercial and industrial products. One of the subsidiaries previously reported as part of this segment has been transferred to the Nidec Motors & Actuators segment for the year ended March 31, 2015. All prior period segment information has been reclassified in accordance with the current period presentation to enable comparisons between the relevant amounts.

The Nidec Motors & Actuators segment comprises Nidec Motors & Actuators (Germany) GmbH in Germany, other subsidiaries in Europe and North America, and other manufacturing subsidiaries in Japan and Asia, which primarily produce and sell automotive products. One of the subsidiaries previously reported as part of the Nidec Motor segment has been transferred into this segment for the year ended March 31, 2015. In addition, the Nidec Tosok group and the Nidec Elesys group are included in this segment since October 2014. This segment also includes the Nidec GPM group which was newly consolidated since February 2015. All prior period segment information has been reclassified in accordance with the current period presentation to enable comparisons between the relevant amounts.

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

We evaluate performance based on segmental operating income or 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 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, 2013, 2014 and 2015. 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, 2013, 2014 and 2015:

	<b>Year ended March 31,</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<b>(in millions)</b>		
Nidec Corporation			
Net sales to external customers	¥23,748	¥27,599	¥28,954
Net sales to other operating segments	108,282	138,354	152,371
Sub total	<u>132,030</u>	<u>165,953</u>	<u>181,325</u>
Nidec Electronics (Thailand)			
Net sales to external customers	63,349	67,623	74,653
Net sales to other operating segments	35,492	43,982	49,812
Sub total	<u>98,841</u>	<u>111,605</u>	<u>124,465</u>
Nidec (Zhejiang)			
Net sales to external customers	21,109	18,017	13,972
Net sales to other operating segments	2,977	5,011	7,620
Sub total	<u>24,086</u>	<u>23,028</u>	<u>21,592</u>

	Year ended March 31,		
	2013	2014	2015
	(in millions)		
Nidec Singapore			
Net sales to external customers	50,039	57,893	66,556
Net sales to other operating segments	709	749	869
Sub total	<u>50,748</u>	<u>58,642</u>	<u>67,425</u>
Nidec (H.K.)			
Net sales to external customers	52,028	69,890	81,460
Net sales to other operating segments	1,734	1,339	1,300
Sub total	<u>53,762</u>	<u>71,229</u>	<u>82,760</u>
Nidec Philippines			
Net sales to external customers	14,707	19,573	21,178
Net sales to other operating segments	25,682	29,266	32,823
Sub total	<u>40,389</u>	<u>48,839</u>	<u>54,001</u>
Nidec Sankyo			
Net sales to external customers	73,201	98,564	122,711
Net sales to other operating segments	300	312	331
Sub total	<u>73,501</u>	<u>98,876</u>	<u>123,042</u>
Nidec Copal			
Net sales to external customers	49,627	47,023	38,670
Net sales to other operating segments	2,093	2,318	2,411
Sub total	<u>51,720</u>	<u>49,341</u>	<u>41,081</u>
Nidec Copal Electronics			
Net sales to external customers	26,845	31,295	32,943
Net sales to other operating segments	20	11	12
Sub total	<u>26,865</u>	<u>31,306</u>	<u>32,955</u>
Nidec Techno Motor			
Net sales to external customers	39,940	50,691	58,746
Net sales to other operating segments	3,143	4,041	4,474
Sub total	<u>43,083</u>	<u>54,732</u>	<u>63,220</u>
Nidec Motor			
Net sales to external customers	117,236	171,879	200,040
Net sales to other operating segments	154	80	383
Sub total	<u>117,390</u>	<u>171,959</u>	<u>200,423</u>
Nidec Motor & Actuators			
Net sales to external customers	77,654	105,249	172,699
Net sales to other operating segments	15,360	20,384	21,507
Sub total	<u>93,014</u>	<u>125,633</u>	<u>194,206</u>
All Others			
Net sales to external customers	99,884	108,936	115,986
Net sales to other operating segments	66,951	83,588	97,388
Sub total	<u>166,835</u>	<u>192,524</u>	<u>213,374</u>
Total			
Net sales to external customers	709,367	874,232	1,028,568
Net sales to other operating segments	262,897	329,435	371,301
Adjustments <sup>(1)</sup>	(97)	877	(183)
Inter segment elimination	<u>(262,897)</u>	<u>(329,435)</u>	<u>(371,301)</u>

	Year ended March 31,		
	2013	2014	2015
	(in millions)		
Consolidated total (net sales)	¥709,270	¥875,109	¥1,028,385

Note:

(1) See Note 23 to our audited consolidated financial statements included elsewhere in this annual report.

	Year ended March 31,		
	2013	2014	2015
	(in millions)		
Operating income (loss):			
Nidec Corporation	¥2,733	¥13,184	¥14,083
Nidec Electronics (Thailand)	10,525	12,781	14,996
Nidec (Zhejiang)	(2,689)	(243)	488
Nidec Singapore	1,115	709	1,052
Nidec (H.K.)	146	483	613
Nidec Philippines	4,883	6,037	4,605
Nidec Sankyo	4,181	10,392	12,686
Nidec Copal	(3,192)	(1,323)	517
Nidec Copal Electronics	3,277	5,288	5,876
Nidec Techno Motor	4,168	6,671	7,291
Nidec Motor	728	8,880	11,690
Nidec Motors & Actuators	5,157	8,954	18,614
All Others	10,140	19,397	23,159
Total	41,172	91,210	115,670
Adjustments <sup>(1)</sup>	(23,574)	(6,346)	(4,452)
Consolidated total	¥17,598	¥84,864	¥111,218

Note:

(1) See Note 23 to our audited consolidated financial statements included elsewhere in this annual report.

### ***Nidec Corporation Segment***

Net sales of Nidec Corporation increased ¥15,372 million, or 9.3%, from ¥165,953 million for the year ended March 31, 2014 to ¥181,325 million for the year ended March 31, 2015. This increase was primarily due to an increase in sales of hard disk drives spindle motors, DC motors, fans and electric power steering, in addition to the positive effect of the depreciation of the Japanese yen against the U.S. dollar, Thai baht and the Euro. Net sales to external customers of Nidec Corporation increased ¥1,355 million, or 4.9%, from ¥27,599 million for the year ended March 31, 2014 to ¥28,954 million for the year ended March 31, 2015. Net sales to other operating segments of Nidec Corporation increased ¥14,017 million, or 10.1%, from ¥138,354 million for the year ended March 31, 2014 to ¥152,371 million for the year ended March 31, 2015. Operating income of Nidec Corporation increased ¥899 million, or 6.8%, from ¥13,184 million for the year ended March 31, 2014, to ¥14,083 million for the year ended March 31, 2015. This increase was primarily due to the increase in sales.

Net sales of Nidec Corporation increased ¥33,923 million, or 25.7%, from ¥132,030 million for the year ended March 31, 2013 to ¥165,953 million for the year ended March 31, 2014. This increase was primarily due to the positive effect of the depreciation of the Japanese yen against the U.S. dollar and an increase in demand for electric power steering. Net sales to external customers of Nidec Corporation increased ¥3,851 million, or 16.2%, from ¥23,748 million for the year ended March 31, 2013 to ¥27,599 million for the year ended March 31, 2014. Net sales to other operating segments of Nidec Corporation increased ¥30,072 million, or 27.8%, from ¥108,282 million for the year ended March 31, 2013 to ¥138,354 million for the year

ended March 31, 2014. Operating income of Nidec Corporation increased ¥10,451 from ¥2,733 million for the year ended March 31, 2013 to ¥13,184 million for the year ended March 31, 2014. This increase was primarily due to an increase in royalty and commission fees mainly from subsidiaries in other segments that manufacture small precision motors, in addition to the increase in sales.

#### ***Nidec Electronics (Thailand) Segment***

Net sales of Nidec Electronics (Thailand) increased ¥12,860 million, or 11.5%, from ¥111,605 million for the year ended March 31, 2014 to ¥124,465 million for the year ended March 31, 2015. This increase was primarily due to changes in the product mix that increased sales of hard disk drives spindle motors, in addition to the positive effect of the depreciation of the Thai baht against the U.S. dollar and of the depreciation of the Japanese yen against the Thai baht. Operating income of Nidec Electronics (Thailand) increased ¥2,215 million, or 17.3%, from ¥12,781 million for the year ended March 31, 2014 to ¥14,996 million for the year ended March 31, 2015. This increase was primarily due to the increase in sales and a decrease in freight and packing expenses.

Net sales of Nidec Electronics (Thailand) increased ¥12,764 million, or 12.9%, from ¥98,841 million for the year ended March 31, 2013 to ¥111,605 million for the year ended March 31, 2014. This increase was primarily due to the positive effect of the depreciation of the Japanese yen against the Thai baht offset in part by the decrease in demand for hard disk drives spindle motors. Operating income of Nidec Electronics (Thailand) increased ¥2,256 million, or 21.4%, from ¥10,525 million for the year ended March 31, 2013 to ¥12,781 million for the year ended March 31, 2014. This increase was primarily due to a decrease in depreciation and loss on inventory write-offs relating to excess inventories to nil for the year ended March 31, 2014, in addition to the increase in sales.

#### ***Nidec (Zhejiang) Segment***

Net sales of Nidec (Zhejiang) decreased ¥1,436 million, or 6.2%, from ¥23,028 million for the year ended March 31, 2014 to ¥21,592 million for the year ended March 31, 2015. This decrease was primarily due to a decrease in demand for hard disk drives spindle motors from major customers offset in part by the positive effect of the depreciation of the Japanese yen against the U.S. dollar. However, Nidec (Zhejiang) had operating income of ¥488 million for the year ended March 31, 2015, compared to operating loss of ¥243 million for the year ended March 31, 2014. This improvement was primarily due to efforts to improve profitability resulting in decreases in material and labor costs.

Net sales of Nidec (Zhejiang) decreased ¥1,058 million, or 4.4%, from ¥24,086 million for the year ended March 31, 2013 to ¥23,028 million for the year ended March 31, 2014. This decrease was primarily due to a decrease in demand for hard disk drives spindle motors from major customers offset in part by the positive effect of the depreciation of the Japanese yen against the U.S. dollar. Operating loss of Nidec (Zhejiang) decreased ¥2,446 million from ¥2,689 million for the year ended March 31, 2013 to ¥243 million for the year ended March 31, 2014. The smaller loss was primarily due to cost reduction mainly resulting from the business structure streamlining measures that were implemented during the previous fiscal year.

#### ***Nidec Singapore Segment***

Net sales of Nidec Singapore increased ¥8,783 million, or 15.0%, from ¥58,642 million for the year ended March 31, 2014 to ¥67,425 million for the year ended March 31, 2015. This increase was primarily due to higher demand for hard disk drives spindle motors from major customers and the positive effect of the depreciation of the Japanese yen against the U.S. dollar. Operating income of Nidec Singapore increased ¥343 million, or 48.4%, from ¥709 million for the year ended March 31, 2014 to ¥1,052 million for the year ended March 31, 2015. This increase was primarily due to a decrease in depreciation, in addition to the increase in sales.

Net sales of Nidec Singapore increased ¥7,894 million, or 15.6%, from ¥50,748 million for the year ended March 31, 2013 to ¥58,642 million for the year ended March 31, 2014. This increase was primarily due to the positive effect of the depreciation of the Japanese yen against the U.S. dollar offset in part by the decrease in demand for hard disk drives spindle motors. However, operating income of Nidec Singapore decreased ¥406 million, or 36.4%, from ¥1,115 million for the year ended March 31, 2013 to ¥709 million for the year ended March 31, 2014. This decrease was primarily due to an increase in depreciation resulting from increased investments in property, plant and equipment.

#### ***Nidec (H.K.) Segment***

Net sales of Nidec (H.K.) increased ¥11,531 million, or 16.2%, from ¥71,229 million for the year ended March 31, 2014 to ¥82,760 million for the year ended March 31, 2015. This increase was primarily due to higher demand for hard disk drives spindle motors, fans, and DC motors from major customers and the positive effect of the depreciation of the Japanese yen against the Hong Kong dollar. Operating income of Nidec (H.K.) increased ¥130 million, or 26.9%, from ¥483 million for the year ended March 31, 2014 to ¥613 million for the year ended March 31, 2015. This increase was primarily due to the increase in sales.

Net sales of Nidec (H.K.) increased ¥17,467 million, or 32.5%, from ¥53,762 million for the year ended March 31, 2013 to ¥71,229 million for the year ended March 31, 2014. This increase was primarily due to the depreciation of the Japanese yen against the Hong Kong dollar and an increase in demand for DC motors. Operating income of Nidec (H.K.) increased ¥337 million from ¥146 million for the year ended March 31, 2013 to ¥483 million for the year ended March 31, 2014. This increase was primarily due to the increase in sales.

#### ***Nidec Philippines Segment***

Net sales of Nidec Philippines increased ¥5,162 million, or 10.6%, from ¥48,839 million for the year ended March 31, 2014 to ¥54,001 million for the year ended March 31, 2015. This increase was primarily due to an increase in demand for hard disk drives spindle motors and the depreciation of the Japanese yen against the U.S. dollar offset in part by lower unit prices. However, operating income of Nidec Philippines decreased ¥1,432 million, or 23.7%, from ¥6,037 million for the year ended March 31, 2014 to ¥4,605 million for the year ended March 31, 2015. This decrease was primarily due to higher unit costs resulting from changes in the product mix and higher depreciation, material and labor costs, in addition to the decrease in unit prices.

Net sales of Nidec Philippines increased ¥8,450 million, or 20.9%, from ¥40,389 million for the year ended March 31, 2013 to ¥48,839 million for the year ended March 31, 2014. This increase was primarily due to the depreciation of the Japanese yen against the U.S. dollar. Operating income of Nidec Philippines increased ¥1,154 million, or 23.6%, from ¥4,883 million for the year ended March 31, 2013 to ¥6,037 million for the year ended March 31, 2014. This increase was primarily due to a decrease in depreciation of property, plant and equipment, in addition to the increase in sales.

#### ***Nidec Sankyo Segment***

Net sales of Nidec Sankyo increased ¥24,166 million, or 24.4%, from ¥98,876 million for the year ended March 31, 2014 to ¥123,042 million for the year ended March 31, 2015. This increase was primarily due to the contribution of newly consolidated subsidiaries, including Nidec Sankyo CMI, increases in sales of brushless DC motors and card readers and the depreciation of the Japanese yen against the U.S. dollar. Operating income of Nidec Sankyo increased ¥2,294 million, or 22.1% from ¥10,392 million for the year ended March 31, 2014 to ¥12,686 million for the year ended March 31, 2015. This increase was primarily due to the increase in sales.

Net sales of Nidec Sankyo increased ¥25,375 million, or 34.5%, from ¥73,501 million for the year ended March 31, 2013 to ¥98,876 million for the year ended March 31, 2014. This increase was primarily due

to increases in sales of LCD panel handling robots and card readers and the contribution of the newly consolidated subsidiaries, including SCD and Nidec Sankyo CMI, in addition to the depreciation of the Japanese yen against the U.S. dollar. Operating income of Nidec Sankyo increased ¥6,211 million from ¥4,181 million for the year ended March 31, 2013 to ¥10,392 million for the year ended March 31, 2014. This increase was primarily due to the increase in sales.

### ***Nidec Copal Segment***

Net sales of Nidec Copal decreased ¥8,260 million, or 16.7%, from ¥49,341 million for the year ended March 31, 2014 to ¥41,081 million for the year ended March 31, 2015. This decrease was primarily due to a decrease in sales of components for compact digital cameras offset in part by an increase in sales of mounting machine units. Nidec Copal recorded operating income of ¥517 million for the year ended March 31, 2015, compared to operating loss of ¥1,323 million for the year ended March 31, 2014. This improvement was primarily due to our efforts to improve manufacturing efficiency and the positive effect of changes in the product mix.

Net sales of Nidec Copal decreased ¥2,379 million, or 4.6%, from ¥51,720 million for the year ended March 31, 2013 to ¥49,341 million for the year ended March 31, 2014. This decrease was primarily due to the declining digital camera market, adversely affecting the sales of shutters for digital cameras, despite the launch of new product models and the depreciation of the Japanese yen against the U.S. dollar and the Thai baht. Operating loss of Nidec Copal decreased ¥1,869 million, or 58.6%, from ¥3,192 million for the year ended March 31, 2013 to ¥1,323 million for the year ended March 31, 2014. The smaller loss was primarily due to our efforts to lower fixed costs.

### ***Nidec Copal Electronics Segment***

Net sales of Nidec Copal Electronics increased ¥1,649 million, or 5.3%, from ¥31,306 million for the year ended March 31, 2014 to ¥32,955 million for the year ended March 31, 2015. This increase was primarily due to increases in sales of such products as components for household equipment, semiconductor manufacturing equipment and gaming consoles. Operating income increased ¥588 million, or 11.1%, from ¥5,288 million for the year ended March 31, 2014 to ¥5,876 million for the year ended March 31, 2015. This increase was primarily due to our cost reduction measures, in addition to the increase in sales.

Net sales of Nidec Copal Electronics increased ¥4,441 million, or 16.5%, from ¥26,865 million for the year ended March 31, 2013 to ¥31,306 million for the year ended March 31, 2014. This increase was mainly due to increases in sales of such products as motors for gaming consoles and components for household equipment. Operating income increased ¥2,011 million, or 61.4%, from ¥3,277 million for the year ended March 31, 2013 to ¥5,288 million for the year ended March 31, 2014. This increase was primarily due to our cost reduction measures, in addition to the increase in sales.

### ***Nidec Techno Motor Segment***

Net sales of Nidec Techno Motor increased ¥8,488 million, or 15.5%, from ¥54,732 million for the year ended March 31, 2014 to ¥63,220 million for the year ended March 31, 2015. This increase was primarily due to an increase in sales of motors for air conditioning equipment in Asia and the positive effect of the depreciation of the Japanese yen against the Chinese yuan. Operating income increased ¥620 million, or 9.3%, from ¥6,671 million for the year ended March 31, 2014 to ¥7,291 million for the year ended March 31, 2015. This increase was primarily due to the increase in sales.

Net sales of Nidec Techno Motor increased ¥11,649 million, or 27.0%, from ¥43,083 million for the year ended March 31, 2013 to ¥54,732 million for the year ended March 31, 2014. This increase was primarily due to an increase in sales of motors for air conditioning equipment in Asia, in addition to the depreciation of the Japanese yen against the Chinese yuan. Operating income increased ¥2,503 million, or 60.1%, from ¥4,168

million for the year ended March 31, 2013 to ¥6,671 million for the year ended March 31, 2014. This increase was primarily due to the increase in sales.

### ***Nidec Motor Segment***

Net sales of Nidec Motor increased ¥28,464 million, or 16.6%, from ¥171,959 million for the year ended March 31, 2014 to ¥200,423 million for the year ended March 31, 2015. This increase was primarily due to increases in orders for new products and orders from new customers and the depreciation of the Japanese yen against the U.S. dollar. Operating income increased ¥2,810 million, or 31.6%, from ¥8,880 million for the year ended March 31, 2014 to ¥11,690 million for the year ended March 31, 2015. This increase was primarily due to the increase in sales.

Net sales of Nidec Motor increased ¥54,569 million, or 46.5%, from ¥117,390 million for the year ended March 31, 2013 to ¥171,959 million for the year ended March 31, 2014. This increase was primarily due to the contribution of the newly consolidated subsidiaries, including Nidec ASI, Nidec Avtron and Nidec Kinetek, in addition to the depreciation of the Japanese yen against the U.S. dollar. Operating income increased ¥8,152 million from ¥728 million for the year ended March 31, 2013 to ¥8,880 million for the year ended March 31, 2014. This increase was primarily due to the positive impact of the newly consolidated subsidiaries and the increase in sales.

### ***Nidec Motors & Actuators Segment***

Net sales of Nidec Motors & Actuators increased ¥68,573 million, or 54.6%, from ¥125,633 million for the year ended March 31, 2014 to ¥194,206 million for the year ended March 31, 2015. This increase was primarily due to the contribution of newly consolidated subsidiaries, including Nidec Elesys Corporation, and the commencement of mass-production of new product models. Operating income increased ¥9,660 million from ¥8,954 million for the year ended March 31, 2014 to ¥18,614 million for the year ended March 31, 2015. This increase was primarily due to the increase in sales.

Net sales of Nidec Motors & Actuators increased ¥32,619 million, or 35.1%, from ¥93,014 million for the year ended March 31, 2013 to ¥125,633 million for the year ended March 31, 2014. This increase was primarily due to the commencement of mass-production of new product models of motors for electric power steering systems and the depreciation of the Japanese yen against the U.S. dollar and the Euro. Operating income increased ¥3,797 million, or 73.6%, from ¥5,157 million for the year ended March 31, 2013 to ¥8,954 million for the year ended March 31, 2014. This increase was primarily due to the increase in sales.

### ***All Others***

With respect to the All Others segment, net sales increased ¥20,850 million, or 10.8%, from ¥192,524 million for the year ended March 31, 2014 to ¥213,374 million for the year ended March 31, 2015. This increase was primarily due to increases in sales of brushless DC motors, brushless DC fans and test systems for smartphones and tablet computers and the depreciation of the Japanese yen against the U.S. dollar. Operating income increased ¥3,762 million, or 19.4%, from ¥19,397 million for the year ended March 31, 2014 to ¥23,159 million for the year ended March 31, 2015. This increase was primarily due to the increase in sales.

With respect to the All Others segment, net sales increased ¥25,689 million, or 15.4%, from ¥166,835 million for the year ended March 31, 2013 to ¥192,524 million for the year ended March 31, 2014. This increase was primarily due to the transfer of a portion of the DC motor and DC fan manufacturing operations from the Nidec (Dalian) segment, in addition to the depreciation of the Japanese yen against the U.S. dollar. Operating income increased ¥9,257 million, or 91.3%, from ¥10,140 million for the year ended March 31, 2013 to ¥19,397 million for the year ended March 31, 2014. This increase was primarily due to our cost reduction measures, in addition to the increase in sales.

## **Accounting Changes**

As of April 1, 2014, we adopted FASB Accounting Standards Codification™ (ASC) 740 “Income Taxes” updated by Accounting Standards Update (ASU) No. 2013-11 “Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists.” ASU 2013-11 clarifies that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward if such settlement is required or expected in the event the uncertain tax position is disallowed by the taxing authority. In situations where a net operating loss carry forward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction or the tax law of the applicable jurisdiction does not require, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. This standard is a provision for disclosure, and the adoption of this standard did not have any impact on our consolidated financial position, results of operations or liquidity.

## **Recent Accounting Pronouncements to Be Adopted in Future Periods**

In April 2014, the FASB issued ASU No. 2014-08, “Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): “Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity.” Under the new standard, a disposal of a component or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity’s operations and financial results when the component meets the criteria to be classified as held for sale or is disposed. The amendments in this update also require additional disclosures about discontinued operations and disposal of an individually significant component of an entity that does not qualify for discontinued operations. ASU 2014-08 is effective for annual and interim periods beginning after December 15, 2014. Early adoption is permitted. The impact of the adoption of ASU 2014-08 on our consolidated financial position, results of operations and liquidity will depend on, and may be significant depending on, the size and nature of our future disposal.

In May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606).” Under the new standard, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should recognize revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer, and the transaction price should be allocated to the performance obligation in the contract. The new standard also requires an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. ASU 2014-09 is effective for annual and interim periods beginning after December 15, 2016. Early application is not permitted. We are currently evaluating the potential impact from adopting ASU 2014-09 on our consolidated financial position, results of operations and liquidity.

## **Accounting Standards**

We are considering adopting International Financial Reporting Standards (“IFRS”) from the year ending March 31, 2017 to strengthen and improve the efficiency of financial reporting. We are currently evaluating the details of, and timeline for, the transition.

## **Application of Critical Accounting Policies**

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

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

### ***Inventories***

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

### ***Other-than-temporary Losses on Marketable Securities***

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

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

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

As of March 31, 2015, the estimated fair value of our marketable securities was ¥19,785 million. We recorded a net gain from marketable securities in the amount of ¥70 million for the year ended March 31,

2015.

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

	<b>Year ended March 31,</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<b>(in millions)</b>		
Other-than-temporary losses on marketable securities	<u>¥435</u>	<u>¥3</u>	<u>¥-</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.

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 ¥830 million as of March 31, 2015. Our trade notes and accounts receivable balance, net of allowance for doubtful accounts, as of March 31, 2015, was ¥237,617 million.

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

	<b>Year ended March 31,</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<b>(in millions)</b>		
Provision for doubtful accounts, net of reversal	<u>¥166</u>	<u>¥366</u>	<u>¥(388)</u>

#### ***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, 2015, we had deferred tax assets in the amount of ¥28,189 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 ¥9,162 million as of March 31, 2015, 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, constituting approximately 25.0 % of our total assets as of March 31, 2015, and other intangible assets. We carefully monitor the appropriateness of the estimated useful lives of these assets. Since the 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 year ended March 31, 2009. As of April 1, 2009, we adopted ASC 805 “Business Combinations.” ASC 805 requires that business acquisitions be 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 a 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, at the test date, there was sufficient fair value above the carrying amount of each reporting unit so that we would not expect near term changes in the operating results to trigger an impairment.

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 ¥ 172,430 million as of March 31, 2015.

### ***Pension Plans***

We account for our defined benefit pension plans based on actuarial valuations. For periodic pension calculations, 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.

	<b>Yen in millions</b>	
	<b>Effect on pre-tax income for the year ending March 31, 2016</b>	<b>Effect on pension benefit obligation as of March 31, 2015</b>
<b>Discount rates:</b>		
0.5% decrease	¥(3)	¥2,579
0.5% increase	(102)	(2,787)
<b>Expected rate of return on plan assets:</b>		
0.5% decrease	¥(141)	-
0.5% increase	141	-

### ***Income Taxes***

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

### ***Revenue Recognition***

We recognize revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collectibility is reasonably assured. For small precision motors, automotive, appliance, commercial and industrial products, and electronic and optical components, these

criteria are generally met at the time a product is delivered to the customers' site, which is the time the customer has taken title to the product and the risk and rewards of ownership have been substantively transferred. These conditions are met at the time of delivery to customers in domestic sales (FOB destination) and at the time of shipment for export sales (FOB shipping point). Revenue for machinery sales is recognized upon receipt of final customer acceptance. At the time the related revenue is recognized, we make provisions for estimated product returns. Revenue from a part of sales of automotive, appliance, commercial and industrial products under long-term construction type arrangements are recognized under the percentage-of-completion method. Under the percentage-of-completion method, revenue is recognized as a percentage of estimated total revenue that incurred costs to date bear to estimated total costs after giving effect to estimates of costs to complete based upon the most recent information.

## **B. Liquidity and Capital Resources.**

Our primary sources of liquidity include our net cash flows from operating activities and long-term debt. A critical part of our liquidity management to improve our cash flows is our focus on efficient use of working capital, which is defined as current assets less current liabilities. Between March 31, 2014 and March 31, 2015, effected by factors such as sales growth and fluctuations in foreign exchange, our working capital increased from ¥333,858 million to ¥366,365 million, as discussed in more detail below. In an effort to efficiently use our working cash reserves, we continue to make effective use of our cash management systems that we established on a region-by-region basis, where cash is managed and shared among our subsidiaries in each region, including Japan, China and other countries. In addition, in the year ended March 31, 2015, we implemented the cash management systems to share cash among subsidiaries in the United States and accommodate cash needs between our U.S. and Japanese companies.

We had cash and cash equivalents of ¥269,902 million as of March 31, 2015, compared to ¥247,740 million as of March 31, 2014. As of March 31, 2015, approximately 90% of our cash and cash equivalents were held by our consolidated subsidiaries outside of Japan.

Cross-border cash transfers between group companies are subject to restrictions in certain circumstances. Where local restrictions prevent efficient intercompany transfers of funds, particularly to Nidec Corporation from its subsidiaries outside of Japan, Nidec Corporation seeks to meet its liquidity needs through ongoing cash flows from operating activities, external borrowings, or both, as further discussed below. We do not expect such restrictions on transfers of funds held outside of Japan to have a material effect on our overall liquidity, financial condition or results of operations.

Our principal capital needs include (1) purchases of property, plant and equipment and other assets, (2) research and development activities, (3) purchases of raw materials, (4) employees' salaries, wages and other payroll costs, (5) mergers and acquisitions, (6) investments in subsidiaries, (7) repayment of short-term borrowings and long-term debt, and (8) repurchase of shares of our common stock. As of March 31, 2015, we had ¥194,998 million of trade notes and accounts payable, ¥52,401 million of short-term borrowings, and ¥230,097 million of long-term debt, including the current portion of long-term debt. As of the same date, we had unused lines of credit from banks amounting to ¥273,558 million, under which we are authorized to obtain short-term financing at prevailing interest rates.

Investments for the purchase of property, plant, equipment and other assets totaled ¥58,042 million for the year ended March 31, 2015. We plan to invest approximately ¥22,102 million in additions to property, plant and equipment for the year ending March 31, 2016. Outstanding commitments for the purchase of property, plant and equipment and other assets amounted to ¥3,356 million as of March 31, 2015.

Research and development expenses were ¥45,179 million for the year ended March 31, 2015 and are expected to reach approximately ¥52,000 million for the year ending March 31, 2016. For further information on our research and development expenses, see "—C. Research and Development, Patents and Licenses, etc."

In the year ended March 31, 2015, we acquired all of the voting rights of Geräte- und Pumpenbau GmbH Dr. Eugen Schmidt (renamed “Nidec GPM GmbH”) for ¥30,024 million in cash. Since May 2015, we have acquired all of the voting rights in Motortecnica s.r.l., an Italian company, which consists of design, manufacturing, repair, maintenance and servicing of electrical rotating machinery, with focus areas of remanufacturing and refurbishment, with each of its founding family. In addition, in November 2014, we entered into a definitive agreement to acquire certain operating assets of China Tex Mechanical & Electrical Engineering Co., Ltd. (“China Tex MEE”), a Chinese manufacturer of switched reluctance motors and drives, with China Tex MEE. The closing of the transaction is expected to occur in July 2015, subject to necessary regulatory approvals and other conditions. We intend to continue to seek opportunities for acquiring other companies and making additional investments in our subsidiaries.

Our short-term borrowings, consisting of bank loans was ¥52,401 million as of March 31, 2015, an increase of ¥29,801 million from ¥22,600 million as of March 31, 2014. This increase was mainly due to an increase in Japanese yen-denominated borrowings to meet some of our Japanese yen funding needs, new borrowings to repay a portion of U.S. dollar-denominated long-term debt previously obtained under a special government program, and Euro-denominated borrowings to meet Euro funding needs. The short-term borrowings as of March 31, 2015 consisted of borrowings denominated in Japanese yen, U.S. dollar and Euro. We had no commercial paper outstanding as of March 31, 2015 and the date of this report.

Our current portion of long-term debt was ¥45,485 million as of March 31, 2015, an increase of ¥16,240 million from ¥29,245 million as of March 31, 2014. This increase was mainly due to the reclassification of approximately ¥96,000 million aggregate outstanding principal amount of zero coupon euro yen convertible bonds due 2015 from long-term debt to current portion of long-term debt, offset in part by repayment of the current portion of Euro-denominated and U.S. dollar-denominated bank loans, and stock acquisition rights of zero coupon euro yen convertible bonds of approximately ¥74,000 million which were exercised during the year ended March 31, 2015. The current portion of long-term debt as of March 31, 2015 consisted of the approximately ¥21,000 million aggregate outstanding principal amount of convertible bonds and the current portion of the U.S. dollar-denominated bank loans we obtained in December 2012 under a special government program, as further described below.

Our long-term debt was ¥184,612 million as of March 31, 2015, a decrease of ¥114,799 million from ¥299,411 million as of March 31, 2014. This decrease was mainly due to the reclassification of the approximately ¥96,000 million aggregate outstanding principal amount of convertible bonds and portions of U.S. dollar-denominated bank loans, as further described above, from long-term debt to current portion of long-term debt. As a result, our long-term debt as of March 31, 2015 consisted of ¥50,000 million aggregate principal amount of domestic bonds issued in December 2013, as described below, ¥100,000 million aggregate principal amount of domestic bonds issued in November 2012, as described below, and the borrowings from banks based in yen.

In December 2012, in an effort to reduce financing costs and foreign exchange risks, we borrowed \$500 million from major Japanese private commercial banks based on U.S. dollar-denominated credit lines to fund our acquisition transactions under a special program of the Japan Bank for International Cooperation (“JBIC”), which had been implemented previously in response to the appreciation of the Japanese yen against other currencies. In July 2014, we paid off the Euro-denominated bank loan we obtained under this program in July 2012. As of March 31, 2015, we had \$167 million of loans outstanding under the program, which were recorded in current portion of long-term debt on our audited consolidated balance sheet as of the same date.

In November 2012, we issued ¥65,000 million aggregate principal amount of domestic corporate bonds due 2017, ¥15,000 million aggregate principal amount of domestic corporate bonds due 2019, and ¥20,000 million aggregate principal amount of domestic corporate bonds due 2022. The net proceeds from the issuance of the bonds were primarily used to repay commercial paper and other short-term borrowings. In addition, in December 2013, we issued ¥50,000 million aggregate principal amount of domestic corporate

bonds due 2016. The net proceeds from the issuance of the bonds were primarily used to repay short-term borrowings. These bonds were issued pursuant to a shelf registration statement we previously filed with the Director General of the Kanto Local Finance Bureau of the Ministry of Finance of Japan in March 2012.

In March 2014, we filed a new shelf registration statement with the Director General of the Kanto Local Finance Bureau of the Ministry of Finance of Japan to facilitate the issuance from time to time of up to ¥200,000 million aggregate principal amount of bonds in Japan between April 5, 2014 and April 4, 2016. The shelf registration is intended to continue to enhance our flexibility and agility in obtaining funding from the capital markets as an alternative source of funding in addition to financing through financial institutions and other sources and to further diversify our funding sources and improve our financial stability. To date, we have not issued any bonds under this shelf registration statement. We plan to use the net proceeds from any future issuances of such bonds for equipment and machinery, investments, repayment and redemption of short-term borrowings, bonds and other long-term debt, and general corporate purposes, including working capital and other operating expenses.

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. Through this funding approach, we seek to lower our financing costs, maintain sufficient lines of credit and ensure agile funding for our group companies.

We expect to seek additional financing in connection with, among other things, our future mergers and acquisitions, research and development activities and facility investments. We may also consider and obtain additional financing in order to enhance our financial agility in mergers and acquisitions, research and development activities, and facility investments in the future.

We currently have a share repurchase plan pursuant to which we are authorized to repurchase the lesser amount of an aggregate of 4,000,000 shares of our common stock and an aggregate of ¥24,000 million of our common stock between January 27, 2015 and January 26, 2016. We repurchased an aggregate of 250,200 shares for approximately ¥2,100 million between January 27, 2015 and March 31, 2015.

On January 26, 2015, our previous share repurchase plan expired. We did not repurchase any shares under the plan between April 1, 2014 and January 26, 2015.

For more information on our stock repurchase plan, see “Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.” For information on our recent share exchange transactions and other mergers and acquisitions, see “—A. Operating Results—Introduction—Our Recent Acquisition Activities.”

In October, 2014, we entered into a share exchange transaction with each of Nidec Copal Electronics Corporation and Nidec-Read Corporation to make each a wholly owned subsidiary. Prior to the transactions, we had a 65.4% ownership interest in Nidec Copal Electronics and a 65.5% ownership interest in Nidec-Read. In connection with the transactions, we allocated 3,160,575 shares of our common stock previously held in treasury to Nidec Copal Electronics shareholders and 1,421,498 shares of our common stock previously held in treasury to Nidec-Read shareholders.

We believe that these funding sources, together with our cash flows from operations and undrawn credit lines will sufficiently meet our capital requirements for the year ending March 31, 2016.

### **Assets, liabilities and shareholders' equity**

Our total assets increased ¥188,201 million, or 16.1%, from ¥1,166,938 million as of March 31, 2014 to ¥1,355,139 million as of March 31, 2015. Excluding the impact of Nidec GPM GmbH and other subsidiaries newly consolidated during the year ended March 31, 2015, total assets increased ¥145,093 million from ¥1,166,938 million as of March 31, 2014 to ¥1,312,031 million as of March 31, 2015. The increase in

total assets of ¥188,201 million was also attributable to an increase in inventories of ¥46,686 million and an increase in trade accounts receivable of ¥38,300 million, reflecting stronger customer demand for our products and the depreciation of the Japanese yen against other currencies. The increase in total assets of ¥188,201 million was also attributable to an increase in property, plant and equipment of ¥40,305 million reflecting the depreciation of the Japanese yen against other currencies, an increase in cash and cash equivalents of ¥22,162 million as described below under “Cash Flows,” and an increase of goodwill of ¥20,062 million as a result of our acquisition of Nidec GPM GmbH.

Our total liabilities decreased ¥24,304 million, or 3.9%, from ¥626,145 million as of March 31, 2014 to ¥601,841 million as of March 31, 2015. Excluding the impact of Nidec GPM GmbH and other subsidiaries newly consolidated during the year ended March 31, 2015, total liabilities decreased ¥66,865 million from ¥626,145 million as of March 31, 2014 to ¥559,280 million as of March 31, 2015. The decrease in total liabilities of ¥24,304 million was mainly due to a decrease in long-term debt, including current portion of long-term debt, of ¥98,559 million as a result of the partial repayments on the Euro-denominated and U.S. dollar-denominated bank loans under the JBIC program and stock acquisition rights of zero coupon euro yen convertible bonds which were partially exercised during the year ended March 31, 2015. This decrease in liabilities was partially offset by an increase in short-term borrowings of ¥29,801 million primarily because we obtained Japanese yen, U.S. dollar and Euro funds in the year ended March 31, 2015, and an increase in trade notes and accounts payable of ¥28,615 million, reflecting stronger customer demand for our products and the depreciation of the Japanese yen against other currencies.

Our working capital, defined as current assets less current liabilities, increased ¥32,507 million from ¥333,858 million as of March 31, 2014 to ¥366,365 million as of March 31, 2015.

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 0.2 points from 4.5 points for the year ended March 31, 2014 to 4.3 points for the year ended March 31, 2015. This was mainly due to an increase in trade accounts receivable as a result of our acquisitions. 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 decreased 0.8 points from 5.4 points for the year ended March 31, 2014 to 4.6 points for the year ended March 31, 2015. This was mainly due to an increase in inventories as a result of our acquisitions and the depreciation of the Japanese yen against other currencies.

Our total Nidec Corporation shareholders' equity increased ¥227,200 million, or 43.9%, from ¥517,971 million as of March 31, 2014 to ¥745,171 million as of March 31, 2015. This increase was primarily due to an increase in positive foreign currency translation adjustments of ¥76,790 million, which reflected the depreciation of the Japanese yen against other currencies, an increase in retained earnings of ¥60,357 million, an increase in additional paid-in capital of ¥40,262 million, and a decrease in treasury stock at cost of ¥39,613 million. As a result of the foregoing, the ratio of Nidec Corporation shareholders' equity to total assets increased 10.6 percentage points from 44.4% as of March 31, 2014 to 55.0% as of March 31, 2015.

## **Cash Flows**

### ***Cash Flows from Operating Activities***

Net cash provided by operating activities increased ¥4,656 million from ¥87,219 million for the year ended March 31, 2014 to ¥91,875 million for the year ended March 31, 2015. The increase in net cash provided by operating activities was primarily due to the increase in consolidated net income of ¥19,512 million.

For the year ended March 31, 2015, we had ¥91,875 million of net cash inflows provided by operating activities primarily due to consolidated net income of ¥78,289 million. However, net cash provided by

operating activities was impacted by net negative adjustments of ¥39,400 million for changes in operating assets and liabilities, which consisted of an increase in operating assets of ¥49,674 million and an increase in operating liabilities of ¥10,274 million. Operating assets and operating liabilities increased primarily due to stronger customer demand for our products as of March 31, 2015 compared to March 31, 2014.

For the year ended March 31, 2014, we had ¥87,219 million of net cash inflows provided by operating activities primarily due to consolidated net income of ¥58,777 million. However, net cash provided by operating activities were negatively impacted by changes in operating assets and liabilities of ¥11,829 million, which consisted of an increase in operating assets of ¥30,027 million and an increase in operating liabilities of ¥18,198 million. Operating assets and operating liabilities increased primarily due to the increase in sales, reflecting stronger customer demand towards the end of March 31, 2014 compared to the same period of the previous year.

Net cash provided by operating activities decreased ¥23,067 million from ¥110,286 million for the year ended March 31, 2013 to ¥87,219 million for the year ended March 31, 2014. The decrease in net cash provided by operating activities was primarily due to the negative impact of changes in operating assets and liabilities of ¥70,620 million, which consisted of an increase in operating assets of ¥97,338 million and an increase in operating liabilities of ¥26,718 million, partially offset by the increase in consolidated net income of ¥51,928 million.

For the year ended March 31, 2014, we had ¥87,219 million of net cash inflows provided by operating activities primarily due to consolidated net income of ¥58,777 million. However, net cash provided by operating activities were negatively impacted by changes in operating assets and liabilities of ¥11,829 million, which consisted of an increase in operating assets of ¥30,027 million and an increase in operating liabilities of ¥18,198 million. Operating assets and operating liabilities increased primarily due to the increase in sales, reflecting stronger customer demand towards the end of March 31, 2014 compared to the same period of the previous year.

For the year ended March 31, 2013, we had ¥110,286 million of net cash inflows provided by operating activities primarily due to the positive impact of changes in operating assets and liabilities of ¥58,791 million, which consisted of a decrease in operating assets of ¥67,311 million and a decrease in operating liabilities of ¥8,520 million. The decrease in operating assets was primarily due to efforts to shorten our account receivable collection periods and to reduce inventories through improved management of, and coordination between, our manufacturing and sales operations. In addition, consolidated net income was ¥6,849 million.

### ***Cash Flows from Investing Activities***

Net cash used in investing activities increased ¥18,052 million from ¥63,178 million for the year ended March 31, 2014 to ¥81,230 million for the year ended March 31, 2015. The increase in net cash used in investing activities was primarily due to an increase in additions to property, plant and equipment of ¥17,745 million and an increase in acquisitions of business, net of cash acquired of ¥3,993 million.

For the year ended March 31, 2015, we had ¥81,230 million of net cash outflows in investing activities mainly due to additions to property, plant and equipment of ¥58,042 million and acquisitions of business, net of cash acquired, of ¥27,343 million.

For the year ended March 31, 2014, we had ¥63,178 million of net cash outflows in investing activities mainly due to additions to property, plant and equipment of ¥40,297 million and acquisitions of business, net of cash acquired, of ¥23,350 million.

Net cash used in investing activities decreased ¥70,676 million from ¥133,854 million for the year ended March 31, 2013 to ¥63,178 million for the year ended March 31, 2014. The decrease in net cash used in

investing activities was primarily due to a decrease in acquisitions of business, net of cash acquired, of ¥56,534 million and a decrease in additions to property, plant and equipment of ¥21,071 million.

For the year ended March 31, 2014, we had ¥63,178 million of net cash outflows in investing activities mainly due to additions to property, plant and equipment of ¥40,297 million and acquisitions of business, net of cash acquired, of ¥23,350 million.

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

### ***Cash Flows from Financing Activities***

Net cash used in financing activities was ¥19,508 million for the year ended March 31, 2015, while net cash provided by financing activities was ¥13,471 million for the year ended March 31, 2014.

For the year ended March 31, 2015, we had ¥19,508 million of net cash outflows from financing activities due to repayments of long-term debt of ¥30,104 million and dividends paid to shareholders of Nidec Corporation of ¥15,859 million, partially offset by an increase in short-term borrowings of ¥29,592 million.

For the year ended March 31, 2014, we had ¥13,471 million of net cash inflows from financing activities due to proceeds from issuance of corporate bonds of ¥50,000 million and proceeds from issuance of long-term debt of ¥30,000 million, partially offset by repayments of long-term debt of ¥34,323 million, a decrease in short-term borrowings of ¥11,821 million, and dividends paid to shareholders of Nidec Corporation of ¥11,425 million.

Net cash provided by financing activities decreased ¥47,646 million from ¥61,117 million for the year ended March 31, 2013 to ¥13,471 million for the year ended March 31, 2014. The decrease in net cash provided by financing activities was primarily due to decreases in proceeds from issuance of corporate bonds of ¥50,000 million and proceeds from issuance of long-term debt of ¥41,307 million, and an increase in repayments of long-term debt of ¥21,931 million, partially offset by the decreases in short-term borrowings of ¥40,378 million and purchases of treasury stock of ¥28,439 million.

For the year ended March 31, 2014, we had ¥13,471 million of net cash inflows from financing activities due to proceeds from issuance of corporate bonds of ¥50,000 million and proceeds from issuance of long-term debt of ¥30,000 million, partially offset by repayments of long-term debt of ¥34,323 million, a decrease in short-term borrowings of ¥11,821 million, and dividends paid to shareholders of Nidec Corporation of ¥11,425 million.

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

### ***Cash and Cash Equivalents***

As a result of the foregoing factors and the effect of exchange rate changes, our total outstanding balance of cash and cash equivalents increased ¥22,162 million from ¥247,740 million as of March 31, 2014 to ¥269,902 million as of March 31, 2015. We hold our cash and cash equivalents primarily in U.S. dollars, Thai baht, Chinese yuan, Japanese yen, and Euros.

### 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 focus our research and development activities on designing ecology-conscious and cost-effective products that require less raw materials and energy to manufacture and operate in order to reduce our and our customers' environmental burden and manufacturing costs.

We allocate our research and development resources primarily towards the development of motors in the “automotive, appliance, commercial and industrial products” and “small precision motors” categories with key priorities placed on the following areas:

- Prototype development targeted at new markets and applications;
- Design improvements intended to reduce raw materials used in our products and thereby achieve superior suitability for miniaturization and low-cost automation;
- Internal development of electronic control units and integrated modular motor drives for automotive systems; and
- Network-based, convergence research and development projects at Nidec Research Center, aimed at identifying, combining and evolving future mainstream technologies and products.

As of March 31, 2015, we employed 3,985 people engaged in research and development activities mainly in Japan as well as in China, the United States, Germany, Vietnam, Italy, Taiwan, Mexico, Singapore, South Korea, Thailand, Spain, Hungary, Canada, Poland, Indonesia, France, India and Russia.

We incurred research and development expenses of ¥34,278 million, ¥37,808 million and ¥45,179 million for the years ended March 31, 2013, 2014 and 2015, respectively.

The following table sets forth our research and development expenses by operating segment for the year ended March 31, 2015:

	<b>Year ended March 31, 2015 (in millions)</b>
Nidec Corporation	¥17,982
Nidec Electronics (Thailand)	-
Nidec (Zhejiang)	-
Nidec Singapore	-
Nidec (H.K.)	-
Nidec Philippines	-
Nidec Sankyo	5,384
Nidec Copal	2,724
Nidec Copal Electronics	1,493
Nidec Techno Motor	1,626
Nidec Motor	5,411
Nidec Motors & Actuators	5,201
All Others	2,188
Corporate	3,170
Total	<u>¥45,179</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 ¥52,000 million on research and development in the year ending March 31, 2016. We believe that our research and development expenses are sufficient for sustaining

our competitiveness in the motor industry and other industries.

### **Product Development and Engineering**

We, which have established ourselves as the world's leading company in the area of small precision motors, have been actively expanding its production lineup to include small to large motors of various kinds, as well as their application products such as machinery and electronic and optical components. Today, our products are used not only in information-communication and office automation equipment, but also in diverse fields including home appliance, automobile, industrial machinery, and environmental energy. In the area of R&D, our group companies' development departments individually engage in new product development and element technology research, while working speedily to develop new business fields through mutual technological integration and create high-growth businesses. Our research and development expenses for the fiscal year ended March 31, 2015 was ¥45,179 million.

In the "Corporate" segment, which does not belong to any other business segments, we conduct element technology research at Nidec Research and Development Center in Japan, Singapore, and Taiwan on motors in general that are needed for our future business, in the effort to further advance our element technology research capabilities, which will become the core of Nidec's global technology development strategy. The research and development expenses for the fiscal year ended March 31, 2015, which is categorized as "Corporate," is ¥3,170 million.

In the year ended March 31, 2015, each of our business segments focused on the following research and development activities:

#### ***Nidec Corporation***

In the Nidec Corporation segment, Nidec Central Technical Laboratory conducts basic and applied research generally covering small precision motors, research and development for new products, and research to provide technical support to other research bases. This laboratory also engages in research and development activities aimed at mass production of new models of HDD motors and product quality improvement. Shiga Technical Center engages in research and development activities aimed at new product development, mass production of new models, and improvement of product quality related to small precision DC motors and fan motors, excluding those used for HDDs, and other products, including various automotive motors such as those for automotive power steering systems. Moreover, Nagano Technical Center conducts research and development aimed at mass production of new models of motors for HDDs and product quality improvement.

Our research and development activities during the fiscal year ended March 31, 2015 are as follows:

In the area of automotive motors, Nidec Corporation is strengthening its development of new products targeting emerging markets such as China, India and Brazil as well as developed markets. Nidec Corporation is developing next-generation of small and high-performance power steering motors, motors for applications other than power steering such as seats, brakes and sunroofs, and ancillary electronic control units (ECUs), as well as other motor products such as brushless motors used for hydraulic and electric power systems. Nidec Corporation is also developing package products that combine motors with sensors and control units. With respect to HDD motors, Nidec Corporation is developing 5mm-thick and 7mm-thick HDD motors used for ultra-slim mobile PCs, and Fluid Dynamic Bearing (FDB) motors for air drives and helium-enclosed HDD motors for servers (cloud and near-line).

With respect to fan motors, Nidec Corporation is developing new models where FDB technology, which has been traditionally used in HDD motors, and haptics technology have been applied to fan motors.

The Nidec Corporation segment's research and development expenses for the fiscal year ended March 31, 2015 was ¥17,892 million.

### ***Nidec Sankyo***

The Nidec Sankyo segment develops stepping motors, motor drive unit products and system device-related products as part of its line-up of “*karakuri-tronics*” products integrating its “*karakuri*,” or internal device mechanism technologies, with the motor technologies and servo technologies developed through its business diversification. With respect to stepping motors, in an effort to expand the range of their applications to automobiles, Nidec Sankyo has been downsizing products, enhancing product performance and improving cost-performance. With respect to the motor drive product group, Nidec Sankyo is expanding its operations into a range of products integrating small and high-power motors, sensors, servo controls and control software into mechanical units, aiming to enter the medical and industrial motor markets. In the area of system equipment-related business, Nidec Sankyo is actively enhancing the security of card media’s peripheral equipment, introducing in such areas as organic EL displays for mobile devices, semiconductor robots, transports inside vacuum devices, and solar batteries, while developing a servo system to reduce costs for servo motor technology.

The Nidec Sankyo segment’s research and development expenses for the fiscal year ended March 31, 2015 was ¥5,384 million.

### ***Nidec Copal***

In the Nidec Copal segment, Nidec Copal is developing element technologies and products for optical electronic devices for shutters, diaphragm function, automotive lenses, mobile products and cameras, etc., and system equipment for vibration motors, automotive motors, laser and other products, at the company’s Tokyo Technical Center. In the area of optical product development, Nidec Copal, in its transformation from digital camera shutter- and diaphragm-dependent product portfolio, is focused on developing automotive lenses and mobile products. In the area of motors, the company is shifting its product portfolio from digital camera-related products to mobile, automotive and two-wheeled vehicles. In the area of system products, Nidec Copal is developing laser markers and other industrial products, mechanical units for amusement, and medical and cosmetic products.

The Nidec Copal segment’s research and development expenses for the fiscal year ended March 31, 2015 was ¥2,724 million.

### ***Nidec Copal Electronics***

In the Nidec Copal Electronics segment, with respect to electronic and mechanical components (electronic circuit components), sensors and actuators, Nidec Copal Electronics Corporation’s Development Center is responsible for the creation of new businesses based on basic technology and future technology. Each business department of Nidec Copal Electronics Corporation is in charge of developing new models in, and improving, the existing series of products as well as planning and developing new products in each business area. With respect to electronic and mechanical components (electronic circuit components), Nidec Copal Electronics strives to develop products that utilize the company’s characteristic junction, calcination, and thick film technologies, while creating a product series of high-frequency components utilizing LTCC (Low Temperature Co-fired Ceramics) and other technologies. The company’s Actuator Business Department is developing products based on air-bearing, coreless and brushless technologies, as well as unit products using these technologies. The company’s Sensor Business Department, aiming to expand the company’s sensor business, is developing temperature- and corrosion-proof sensors, while engaging in joint development with major manufacturers.

The Nidec Copal Electronics segment’s research and development expenses for the fiscal year ended March 31, 2015 was ¥1,493 million.

### ***Nidec Techno Motor***

The Nidec Techno Motor segment develops air conditioner motors and industrial motors in Fukui and Fukuoka Prefectures in Japan. In the area of air conditioner motors, the company, in addition to developed countries' markets, is engaging in new product development and modularization of products for emerging economies such as China, South Korea, Thailand, India and the Middle East.

The Nidec Techno Motor segment's research and development expenses for the fiscal year ended March 31, 2015 was ¥1,626 million.

### ***Nidec Motor***

The Nidec Motor segment mainly conducts research and development of motors, gears and control units for residential, commercial, home appliance and industrial uses, drive systems, encoders and elevator components. With respect to motors for commercial and residential uses, Nidec Motor develops motors, gears and control units for air conditioning equipment, commercial refrigeration equipment, golf carts, floor care equipment and commercial cooking equipment. With respect to motors for home appliances, Nidec Motor mainly engages in the development of motors for washing machines and dryer machines. With respect to industrial motors, Nidec Motor develops various pump motors, including those for water supply and sewerage systems, irrigation, and oil and gas extraction, as well as motor systems for large-scale power plants. With respect to vehicle driving motors, Nidec Motor engages in modularization of motors with encoders based upon its rare earth-free SR motor technology and in development activities aimed at hybridization and electrification of large-sized vehicles such as construction and agricultural machinery. In addition, Nidec Motor engages in development activities aimed at providing comprehensive product packages, including motors for elevators and other components.

The Nidec Motor segment's research and development expenses for the fiscal year ended March 31, 2015 was ¥5,411 million.

### ***Nidec Motors & Actuators***

The Nidec Motors & Actuators segment conducts research and development of durable, compact, and light automotive motors mainly in Germany, Spain and Japan. In the area of seat and sunroof motors, Nidec Motors & Actuators commercializes rare earth-free small brushed motors and develops compact and light brushed engine-cooling fan motors, while conducting research and development for the chassis-controlled domain (brake and steering) and the advanced safety domain (camera and millimeter-wave radar). In the area of brakes, Nidec Motors & Actuators commercializes (mass-produces) and develops ECUs for regenerative cooperative brake systems and for anti-skid brake systems. In the area of electronic power steering, Nidec Motors & Actuators has completed the development of ECUs for brushed motors and now engages in the advanced development of ECUs for brushless motors with functional safety measures. As for cameras, Nidec Motors & Actuators has developed ECUs for monocular cameras and now engages in research and development for the further function and performance improvement of control valves for automatic transmission (A/T) and continuously variable transmission (CVT), while developing electric oil pumps, electric hydraulic actuators for transmission, and automatic assembly lines.

The Nidec Motors & Actuators segment's research and development expenses for the fiscal year ended March 31, 2015 was ¥5,201 million.

### ***Others***

In the Others segment, research and development activities are currently conducted on machinery-related products, small precision motors and other products.

The Others segment's research and development expenses for the fiscal year ended March 31, 2015 was ¥2,188 million.

None of the Nidec Electronics (Thailand), Nidec (Zhejiang), Nidec Singapore, Nidec (H.K.) and Nidec Philippines segments engages in research and development activities.

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

#### 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.

None

#### F. Tabular Disclosure of Contractual Obligations.

The following tables represent our contractual obligations and other commercial commitments as of March 31, 2015:

	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
	(in millions)				
<b>Contractual Obligations:</b>					
Long-term Debt	¥226,616	¥43,561	¥147,066	¥15,557	¥20,432
Capital Lease Obligations	3,481	1,924	1,376	181	-
Interest on debt <sup>(1)</sup>	442	245	177	14	6
Operating Lease Obligations	11,710	3,016	4,222	2,388	2,084
Purchase Commitments for Fixed Assets	3,356	3,356	-	-	-
Contribution under Pension Plans <sup>(2)</sup>	4,733	4,733	-	-	-
<b>Total Contractual Obligations</b>	<b>¥250,338</b>	<b>¥56,835</b>	<b>¥152,841</b>	<b>¥18,140</b>	<b>¥22,522</b>

#### Notes:

- (1) Interest at variable interest rates is assumed based on the applicable rates as of March 31, 2015 ranging from 0.41% to 0.61%.
- (2) Amounts are only available for payments due in less than one year.
- (3) We are contingently liable under bid bonds, advance payment bonds, performance bonds, warranty bonds and payment bonds, totaling ¥7,697 million as of March 31, 2015, primarily for guarantees of our performance on projects currently in execution or under warranty. Those consist mainly of Nidec ASI S.p.A.'s contingent liabilities we assumed through the acquisition of Nidec ASI. No material claims have been made against guarantees and, based on our current experience and expectations, we do not anticipate any material claims. We also guarantee the performance of products delivered and services rendered for a certain period or term. Estimates for such warranty cost are made based on historical warranty claim experience. As of March 31, 2015, we had ¥3,982 million of product warranty liability.

We excluded unrecognized tax benefits from the above contractual obligation table as we are unable to make reasonable estimates of the period of settlements. As of March 31, 2015, we had unrecognized tax

benefits of ¥2,482 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.

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

Our capital commitments as of March 31, 2014 and 2015 principally consisted of commitments to purchase property, plant and equipment. Our commitments outstanding for the purchase of property, plant and equipment and other assets increased to approximately ¥3,356 million as of March 31, 2015 from approximately ¥2,425 million as of March 31, 2014. Our commitments outstanding for the purchase of property, plant and equipment and other assets decreased to approximately ¥2,425 million as of March 31, 2014 from approximately ¥9,000 million as of March 31, 2013.

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

#### **G. Safe Harbor.**

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

## Item 6. Directors, Senior Management and Employees.

### A. Directors and Senior Management.

The following table provides information about the Members of the Board of Directors and the Members of the Audit & Supervisory Board of Nidec Corporation 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, 2015 (in thousands)	Percentage of common stock outstanding as of March 31, 2015
Shigenobu Nagamori	Representative Director, Member of the Board of Directors, Chairman of the Board, President and Chief Executive Officer	August 28, 1944	June 2016	42,066	14.20%
Hiroshi Kobe	Representative Director, Member of the Board of Directors, Vice Chairman and Chief Sales Officer	March 28, 1949	June 2016	475	*
Mikio Katayama	Representative Director, Member of the Board of Directors, Vice Chairman and Chief Technology Officer	December 12, 1957	June 2016	-	*
Bunsei Kure	Representative Director, Member of the Board of Directors, Executive Vice President	May 20, 1956	June 2016	1	*
Akira Sato	Member of the Board of Directors and Executive Vice President	November 2, 1954	June 2016	2	*
Toshihiko Miyabe	Member of the Board of Directors and Executive Vice President	June 16, 1958	June 2016	9	*
Tadaaki Hamada	Member of the Board of Directors and First Senior Vice President	August 14, 1948	June 2016	9	*
Masuo Yoshimatsu	Member of the Board of Directors, First Senior Vice President and Chief Financial Officer	April 28, 1958	June 2016	7	*
Kazuya Hayafune	Member of the Board of Directors and First Senior Vice President	October 17, 1959	June 2016	1	*

<b>Name</b>	<b>Position</b>	<b>Date of birth</b>	<b>Month in which current term expires</b>	<b>Number of Nidec shares owned as of March 31, 2015</b>	<b>Percentage of common stock outstanding as of March 31, 2015</b>
Toshiaki Otani	Member of the Board of Directors and First Senior Vice President	August 14, 1956	June 2016	0	-
Mutsuo Tahara	Member of the Board of Directors	April 23, 1943	June 2016	-	-
Kiyoto Ido	Member of the Board of Directors	October 30, 1950	June 2016	-	-
Noriko Ishida	Member of the Board of Directors	August 30, 1948	June 2016	-	-
Ryuichi Tanabe	Member of the Audit & Supervisory Board	March 9, 1948	June 2019	0	*
Osamu Narumiya	Member of the Audit & Supervisory Board	August 6, 1951	June 2019	3	*
Tetsuo Inoue	Member of the Audit & Supervisory Board	June 22, 1948	June 2017	12	*
Ikuo Nishikawa	Member of the Audit & Supervisory Board	July 1, 1951	June 2018	-	-

Notes:

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

<b>Directorship/ auditorship</b>	<b>Title</b>	<b>Name</b>	<b>Career Summary</b>
Representative Director, Member of the Board of Directors	Chairman of the Board, President and Chief Executive Officer (CEO)	Shigenobu Nagamori	<p>Jul. 1973: Founded Nidec Corporation (Chairman of the Board, President &amp; Chief Executive Officer (CEO))</p> <p>Mar. 1997: Member of the Board of Directors and Chairman, Read Electronics Corporation (currently, Nidec-Read Corporation) (current position)</p> <p>Sep. 2004: Member of the Board of Directors and Chairman, Nidec Copal Electronics Corporation (current position)</p> <p>Jun. 2009: Member of the Board of Directors and Chairman, Nidec Sankyo Corporation (current position)</p> <p>Jun. 2013: Member of the Board of Directors and Chairman, Nidec-Shimpo Corporation (current position)</p> <p>Jun. 2014: Outside Member of the Board of Directors, SoftBank Corporation (current position)</p> <p>Oct. 2014: Representative Director, Member of the Board of Directors, Chairman of the Board, President &amp; Chief Executive Officer (CEO) (current position)</p>

<p>Representative Director, Member of the Board of Directors</p>	<p>Vice Chairman and Chief Sales Officer (CSO) and Adviser to President (Global Business Promotion Division, Secretarial Office, Corporate Administration &amp; Internal Audit Dept., Compliance Office, Risk Management Office, Corporate Planning Dept., Intellectual Property Dept., Legal Dept., General Affairs Dept., Human Resources Management Dept., Human Resources Development Dept., IS Dept., International Business Administration Dept., Sales Administration &amp; Service Dept., and 3Q6S)</p>	<p>Hiroshi Kobe</p>	<p>Jul. 1973: Participated in the foundation of Nidec Corporation  Mar. 1982: GM, Sales Dept.  Nov. 1984: Member of the Board of Directors  Nov. 1991: Member of the Board of Directors and Senior Vice President  Apr. 1996: Member of the Board of Directors and First Senior Vice President  Apr. 2000: Member of the Board of Directors and Executive Vice President  Apr. 2005: Chief Operating Officer (COO)  Jun. 2006: Representative Director, Member of the Board of Directors and Executive Vice President  Representative Director, Member of the Board of Directors and Chairman, Nidec Total Service Corporation (currently, Nidec Global Service Corporation) (current position)  Jun. 2008: Representative Director, Member of the Board of Directors and Executive Vice President  Apr. 2014: Representative Director, Member of the Board of Directors and Chairman, Nidec Servo Corporation (current position)  Jun. 2015: Representative Director, Member of the Board of Directors, Vice Chairman and Chief Sales Officer (CSO) (current position)</p>
<p>Representative Director, Member of the Board of Directors</p>	<p>Vice Chairman and Chief Technology Officer (CTO) in charge of supervising Nidec Research and Development Center, Japan, Strategic Technology and Business Planning Dept., and New Business</p>	<p>Mikio Katayama</p>	<p>Apr. 1981: Sharp Corporation  Apr. 2006: Representative Director, Member of the Board of Directors and First Senior Vice President  Apr. 2007: Representative Director, Member of the Board of Directors and President  Apr. 2012: Member of the Board of Directors and Chairman  Sep. 2014: Executive Consultant, Nidec Corporation  Oct. 2014: Vice Chairman  Chief Technology Officer (CTO) (current position)  Jun. 2015: Representative Director, Member of the Board of Directors and Vice Chairman (current position)</p>

	Development Dept.		
Representative Director, Member of the Board of Directors	Executive Vice President in charge of supervising Global Purchasing Management Division, Automotive Motor & Electronic Control Business Unit, Appliance, Commercial & Industrial Motor Business Unit, Corporate Strategy Office, and Production Engineering Center, Executive GM, Appliance, Commercial & Industrial Motor Business Unit	Bunsei Kure	<p>Apr. 1979: The Industrial Bank of Japan (currently, Mizuho Bank, Ltd.)</p> <p>May 2003: President and Chief Executive Officer (CEO), GE Capital Fleet Services</p> <p>Jun. 2008: Representative Director, Member of the Board of Directors, President &amp; Chief Executive Officer (CEO), Calsonic Kansei Corporation</p> <p>Apr. 2013: Executive Consultant, Nidec Corporation</p> <p>Jun. 2013: Member of the Board of Directors and Executive Vice President Representative Director, Member of the Board of Directors and Chairman, Nidec Techno Motor Corporation (current position) Representative Director, Member of the Board of Directors and Chairman, Nidec Motor Holdings Corporation (current position) Member of the Board of Directors and Chairman, Nidec Motor Corporation (current position)</p> <p>Oct. 2013: Representative Director, Member of the Board of Directors and Chairman, Nidec Tosok Corporation (current position) Member of the Board of Directors and Chairman, Nidec ASI S.p.A. (current position)</p> <p>Mar.2014: Representative Director, Member of the Board of Directors and Chairman, Nidec Elesys Corporation (current position)</p> <p>Jun. 2014: Representative Director, Member of the Board of Directors and Executive Vice President (current position) Chief Operating Officer (COO)</p> <p>Oct. 2014: Member of the Board of Directors and Chairman, Nidec India Private Limited (current position)</p>
Member of the Board of Directors	Executive Vice President Adviser to President (Accounting Dept., Finance Dept.) in charge of supervising CFO Strategy Office, Public Relations, Advertising & IR Dept., Affiliates Administration Dept., Global Tax	Akira Sato	<p>Apr. 1977: Nissan Motor Co., Ltd.</p> <p>Apr. 2002: Vice President</p> <p>Jan. 2012: First Senior Vice President, Nidec Corporation</p> <p>Jun. 2012: Member of the Board of Directors and First Senior Vice President</p> <p>Apr. 2013: Member of the Board of Directors and Executive Vice President(current position)</p> <p>Apr. 2014: Representative Director, Member of the Board of Directors and Chairman, Nidec Copal Corporation (current position)</p> <p>Oct. 2014: Member of the Board of Directors and Chairman, Nidec US Holdings Corporation(currently, Nidec Americas Holdings Corporation) (current position)</p> <p>Apr. 2015: Member of the Board of Directors and President, Green Sun Insurance, Inc. (current position)</p> <p>Jun. 2015: Representative Director, Member of the Board of</p>

	Planning Dept., and CSR Promotion Office		Directors and Chairman, Nidec Seimitsu Corporation (current position)
Member of the Board of Directors	Executive Vice President in charge of supervising Fluid Dynamic Bearing Motor Business Unit, General Application Motor & Solutions Business Unit	Toshihiko Miyabe	Apr. 1983: Nidec Corporation Apr. 2006: Representative Director, Member of the Board of Directors and President, Nidec Philippines Corporation Jun. 2008: Vice President Apr. 2011: Senior Vice President Member of the Board of Directors and Chairman, Nidec Philippines Corporation (current position) Member of the Board of Directors and Chairman, Nidec Subic Philippines Corporation (current position) Apr. 2012: Member of the Board of Directors and Chairman, Nidec (Zhejiang) Corporation (current position) Jun. 2012: Member of the Board of Directors and Senior Vice President Jun. 2013: Senior Vice President Jun. 2014: Member of the Board of Directors and First Senior Vice President Jun. 2015: Member of the Board of Directors and Executive Vice President (current position)
Member of the Board of Directors	First Senior Vice President in charge of supervising Compliance Office, Legal Dept., Human Resources Management Dept., and Human Resources Development Dept., and in charge of managing Corporate Administration & Internal Audit Dept, Corporate Planning Dept., Intellectual Property Dept., and International Business Administration Dept. Chairman, Trade Control Committee for Security	Tadaaki Hamada	Apr. 1971: The Mitsubishi Bank, Ltd.(currently, the Bank of Tokyo-Mitsubishi UFJ, Ltd.) Feb. 2000: Nidec Corporation. Apr. 2003: GM, International Business Administration Dept. Jun. 2004: Member of the Board of Directors Apr. 2005: Member of the Board of Directors and Senior Vice President Jun. 2009: Member of the Board of Directors and First Senior Vice President (current position)

Member of the Board of Directors	First Senior Vice President and Chief Financial Officer (CFO) in charge of supervising Accounting Dept., Finance Dept., and in charge of managing CFO Strategy Office, Public Relations, Advertising & IR Dept., Global Tax Planning Dept., and CSR Promotion Office	Masuo Yoshimatsu	Apr. 1982: Mitsubishi Electric Corporation Dec. 2000: Member of the Board of Directors and Senior GM, Accounting & Finance Div., Sun Microsystems, Inc. Jul. 2003: Vice President and Senior GM, Finance Div., Nippon Boehringer Ingelheim Co., Ltd. Oct. 2004: Member of the Board of Directors and Senior GM, Accounting & Finance Div., SSP Co., Ltd. Jan. 2008: Executive Consultant, Nidec Corporation Jun. 2008: Member of the Board of Directors and Vice President Jun. 2009: Member of the Board of Directors and Senior Vice President Chief Financial Officer (CFO) (current position) Nov. 2011: Member of the Board of Directors and Chairman, Nidec Management Shanghai Corporation (current position) Apr. 2013: Member of the Board of Directors and First Senior Vice President (current position) Oct. 2014: Member of the Board of Directors and President, Nidec US Holdings Corporation (currently, Nidec Americas Holdings Corporation)(current position) Apr. 2015: Member of the Board of Directors and Chairman, Nidec Europe B.V. (current position)
Member of the Board of Directors	First Senior Vice President Executive GM, Automotive Motor & Electronic Control Business Unit In charge of managing Shiga Technical Center Engineering & Business Service Unit	Kazuya Hayafune	Apr. 1988: Mitsubishi Motors Corporation Aug. 2010: Executive Consultant, Nidec Corporation Oct. 2010: Vice President Apr. 2012: Senior Vice President Representative Director, Member of the Board of Directors and Chairman (Chief Executive Officer (CEO)), Nidec Electronics GmbH (current position) Member of the Board of Directors and Chairman, Nidec Automobile Motor (Zhejiang) Corporation (current position) Jan. 2013: First Senior Vice President Apr. 2013: Member of the Board of Directors and Chairman, Nidec Automotive Motor Americas (current position) Jun. 2013: Member of the Board of Directors and First Senior Vice President (current position) Jun. 2015: Member of the Board of Directors and Chairman, Nidec (Dalian) Limited (current position)
Member of the Board of Directors	First Senior Vice President Executive GM, Global Purchasing Management Division	Toshiaki Otani	Apr. 1980: Nissan Motor Co., Ltd. Apr. 2010: Vice President Apr. 2012: Senior Vice President Apr. 2014: First Senior Vice President, Nidec Corporation Jun. 2014: Member of the Board of Directors and First Senior Vice President (current position)
Member of the Board of Directors		Mutsuo Tahara	Apr. 1969: Attorney-at-law, Ryuzo Doku Law Firm Apr. 1975: Attorney-at-law, Showa Law Office May 1998: Attorney-at-law, Habataki Law Office Mar. 2006: Outside Member of the Board of Directors, SG Holdings Co., Ltd. Nov. 2006: Judge, the Supreme Court of Japan Jun. 2013: Special Advisor, Habataki Law Office (current position)

			<p>Jun. 2014: Member of the Board of Directors, Nidec Corporation (current position)</p> <p>Jun. 2015: Member of the Audit &amp; Supervisory Board, Kansai Medical University (current position)</p> <p>Outside Member of the Board of Directors, KYOEI STEEL LTD. (current position)</p>
Member of the Board of Directors		Kiyoto Ido	<p>Apr. 1973: The Ministry of Finance of Japan</p> <p>Mar. 1980: Consul of the Japanese Consulate General in Frankfurt, West Germany</p> <p>Jul. 1989: Deputy General Manager, Finance Bureau, Inter-American Development Bank</p> <p>Jun. 1993: Director, International Finance Bureau, the Ministry of Finance of Japan</p> <p>Jul. 1998: Counselor, Minister's Secretariat (Deputy Vice Minister) and Deputy Director General, Minister's Secretariat (in charge of International Bureau)</p> <p>Jun. 1999: Minister, the Embassy of Japan in the USA</p> <p>Jul. 2002: Deputy Director General of Minister's Secretariat for the Ministry of Finance of Japan (in charge of International Bureau)</p> <p>Jan. 2003: Deputy Director General, the International Bureau of the Ministry</p> <p>Jul. 2004: Director General, the International Bureau of the Ministry</p> <p>Aug. 2006: Executive Director, the Bank of Japan</p> <p>Apr. 2011: Deputy Chairman, the Institute for International Economic Studies (IIES) (current position)</p> <p>Jun. 2014: Member of the Board of Directors, Nidec Corporation (current position)</p>
Member of the Board of Directors		Noriko Ishida	<p>Apr. 1976: Registered as attorney-at-law, the Osaka Bar Association</p> <p>Apr. 1981: Chairperson, Ishida Law Firm (currently, Lion Bashi Law Firm) (current position)</p> <p>Apr. 2001: Deputy Chairperson, the Osaka Bar Association</p> <p>Oct. 2008: Chairperson, the Osaka City Council for the Promotion of Human Rights Policies</p> <p>Apr. 2010: Executive Board Member, the Japan Federation of Bar Associations</p> <p>May 2010: Refugee Examination Counselor</p> <p>Jun. 2012: Member of the Board of Directors, Nidec Corporation (current position)</p> <p>Apr. 2014: Chairperson, the Osaka Bar Association Deputy Chairperson, the Japan Federation of Bar Associations</p>
Full-time member of the Audit & Supervisory Board		Ryuichi Tanabe	<p>Apr. 1970: The Ministry of Foreign Affairs of Japan</p> <p>May 1986: Director, the Overseas Public Relations, the Information Bureau</p> <p>Jul. 1988: Counselor, the Japanese Embassy in Germany</p> <p>Oct. 1990: Minister, the Japanese Embassy in Saudi Arabia</p> <p>Aug. 1992: Minister, the Japanese Embassy in Austria</p> <p>Aug. 1994: Consul-General in Munich, Germany</p> <p>Jul. 1997: Minister, the Japanese Embassy in India</p> <p>Jul. 1999: Director-General for International Affairs of the Tokyo</p>

			<p>Metropolitan Government</p> <p>Apr. 2003: Ambassador Extraordinary and Plenipotentiary of Japan to Serbia and Montenegro</p> <p>Sep. 2005: Ambassador Extraordinary and Plenipotentiary of Japan in charge of Afghanistan Assistance Coordination</p> <p>Sep. 2006: Ambassador Extraordinary and Plenipotentiary of Japan to Poland</p> <p>Sep. 2009: Ambassador Extraordinary and Plenipotentiary for Kansai Region</p> <p>Jun. 2010: Representative of the Government of Japan</p> <p>Jun. 2011: Full-time Member of the Audit &amp; Supervisory Board, Nidec Corporation (current position)</p>
Full-time member of the Audit & Supervisory Board		Osamu Narumiya	<p>Apr. 1976: The Ministry of International Trade and Industry (currently, the Ministry of Economy, Trade and Industry) of Japan</p> <p>Apr. 1987: First Secretary, the Embassy of Japan in Singapore</p> <p>May 1995: Director, the Information Management Division, Minister's Secretariat</p> <p>Jul. 2002: Deputy Director-General (responsible for bilateral cooperation) at the Minister's Secretariat</p> <p>Sep. 2003: Director, the Japan Bicycle Racing Association</p> <p>Jun. 2004: Senior Managing Director, the National Federation of Small Business Associations</p> <p>Jun. 2007: Executive Consultant, Nidec Corporation</p> <p>Jun. 2007: Member of the Board of Directors</p> <p>Jun. 2008: Vice President</p> <p>Jun. 2011: Full-time Member of the Audit &amp; Supervisory Board, Nidec Corporation (current position)</p>
Full-time Member of the Audit & Supervisory Board		Tetsuo Inoue	<p>Apr. 1972: The Sumitomo Bank (currently, Sumitomo Mitsui Banking Corporation)</p> <p>Dec. 1999: Executive Director, Nidec Corporation</p> <p>Jun. 2002: Member of the Board of Directors</p> <p>Jun. 2008: Member of the Board of Directors and Vice President</p> <p>Jun. 2010: Member of the Board of Directors and Senior Vice President</p> <p>Jun. 2012: Senior Vice President</p> <p>Jun. 2013: Full-time Member of the Audit &amp; Supervisory Board, Nidec Corporation (current position)</p>
Member of the Audit & Supervisory Board		Ikuo Nishikawa	<p>Oct. 1974: Eikoh Company, Certified Public Accountants (currently, Ernst &amp; Young ShinNihon LLC)</p> <p>Sep. 1990: Representative Partner, Century Audit Corporation (currently, Ernst &amp; Young ShinNihon LLC)</p> <p>Jul. 1995: Executive Director, the Japanese Institute of Certified Public Accountants</p> <p>Aug. 2001: Vice Chairman, the Accounting Standards Board of Japan, the Financial Accounting Standards Foundation</p> <p>Apr. 2007: Chairman, the Accounting Standards Board of Japan, the Financial Accounting Standards Foundation</p> <p>Apr. 2012: Professor, the Faculty of Business &amp; Commerce of Keio University (current position)</p> <p>Jun. 2014: Member of the Audit &amp; Supervisory Board, Nidec</p>

			Corporation (current position) Jun. 2014: Outside Member of the Board of Directors, Eisai Co., Ltd. (current position) Outside Member of the Audit & Supervisory Board, Megmilk Snow Brand Co., Ltd. (current position)
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The following two individuals were elected Substitute Members of the Audit & Supervisory Board at the ordinary general shareholders meeting in June 2015. Pursuant to the Company Law of Japan, in the event of termination of the office of a Member of the Audit & Supervisory Board prior to the expiration of the current term of his or her office, a Substitute Member succeeds to the office. In such event, the term of the office of the succeeding Member expires on the same date as the expiration of the term of the office of the predecessor Member. The current Substitute Members of the Audit & Supervisory Board are listed below in the order of succession in such event. If no succession occurs, the term of the office of the current Substitute Members expires in June 2016. Our Substitution Members of the Audit & Supervisory provide no services to us and are compensated a nominal amount in cash in their capacity as such.

Name	Date of birth	Business experience
Susumu Ono	November 12, 1948	Apr. 1974: Prosecutor, Osaka District Public Prosecutor's Office Apr. 1983: Seconded to the Ministry of Foreign Affairs of Japan to serve as First Secretary at the Japanese Embassy in the People's Republic of China Apr. 1988: Prosecutor, Osaka District Public Prosecutor's Office Apr. 1995: Deputy General Manager, Criminal Investigations Department, Osaka District Public Prosecutor's Office Jul. 1996: General Manager, Criminal Investigations Department, Kyoto District Public Prosecutor's Office Apr. 1998: General Manager, General Affairs Department, Osaka District Public Prosecutor's Office May 1999: Registered attorney, founds Susumu Ono Law Office (currently, Ono Kobayashi Law Office) . Executor, Ono Kobayashi Law Office (current position) Jun. 2004: Outside Member of Audit & Supervisory Board, GemCEREY CORPORATION (current position) Jun. 2007: Outside Member of the Audit & Supervisory Board, Nidec Corporation Sep. 2008: Outside Member of the Audit & Supervisory Board, WORLD • LOGI Co., Ltd.
Chihiro Suematsu	January 29, 1956	Nov. 1985: McKinsey & Company Dec. 1988: Representative Director, Member of the Board of Directors & President, Advanced Consulting Network, Inc. Apr. 2001: Assistant Professor, Kyoto University Graduate School of Economics May 2005: Professor, economics, Kyoto University Graduate School of Economics (current position) Apr. 2006: Professor, economics, at Kyoto University Graduate School of Management (current position) Aug. 2006: Outside Member of the Board of Directors, Zero-Sum, Ltd. (current position) Jun. 2010: Outside Member of the Audit & Supervisory Board, Nidec Corporation

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 Members of the Board of Directors, who have the authority individually to represent us. The Board of Directors may also elect one Chairman of the Board of Directors, one or more Vice Chairmen of the Board of Directors, one President, and one or more Executive Vice Presidents, First Senior Vice Presidents, Senior Vice Presidents. Shigenobu Nagamori is Representative Director, Member of the Board of Directors, Chairman of the Board, President and Chief Executive Officer. Hiroshi Kobe is Representative Director, Member of the Board of Directors, Vice Chairman and Chief Sales Officer, Mikio Katayama is Representative Director, Member of the Board of Directors, Vice Chairman and Chief Technology Officer, Bunsei Kure is Representative Director, Member of the Board of Directors, Executive Vice President, and Masuo Yoshimatsu is Member of the Board of Directors, First Senior Vice President and Chief Financial Officer. Our Executive Officers serve at the discretion of the Board of Directors.

Our Articles of Incorporation provide for not more than five Members of the Audit & Supervisory Board. Currently, we have four Members of the Audit & Supervisory Board: Ryuichi Tanabe, Osamu Narumiya, Tetsuo Inoue, and Ikuo Nishikawa. The Members of the Audit & Supervisory Board 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 not been a director, officer or employee of us or any of our subsidiaries for 10 years prior to their election as a Member of the Audit & Supervisory Board. Members of the Audit & Supervisory Board are elected at a general meeting of shareholders, and the normal term of office of a Member of the Audit & Supervisory Board is four years, although they may serve any number of consecutive terms.

Three of the Members of the Audit & Supervisory Board, Ryuichi Tanabe, Osamu Narumiya, and Tetsuo Inoue are full-time Members of the Audit & Supervisory Board. Two of the Members of the Audit & Supervisory Board, Ryuichi Tanabe and Ikuo Nishikawa are from outside the Nidec Group. Four Members of the Audit & Supervisory Board form the Audit & Supervisory Board. Members of the Audit & Supervisory Board 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. Members of the Audit & Supervisory Board also have a statutory duty to provide their report to the Audit & Supervisory Board, which must submit its audit report to the Representative Director, Member of the Board of Directors. The Audit & Supervisory Board also determines matters relating to the duties of the Members of the Audit & Supervisory Board, such as auditors' policy and methods of investigation of our affairs.

In addition to Members of the Audit & Supervisory Board, 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 meeting of shareholders, report on the financial statements to the Audit & Supervisory Board and the Representative Director, Member of the Board of 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 Members of the Audit & Supervisory Board. None of the members of our Board of Directors or Audit & Supervisory Board is party to a service contract with us that provides for benefits upon termination of their respective services as such.

## **B. Compensation.**

The aggregate compensation paid, including bonuses and benefits in kind granted, but excluding retirement allowances paid, to the Member of the Board of Directors and the Members of the Audit & Supervisory Board by Nidec Corporation during the fiscal year ended March 31, 2015 was ¥472 million. Of this amount, an aggregate of ¥398 million was paid to our Directors (excluding our outside Directors), an

aggregate of ¥33 million to the Members of the Audit & Supervisory Board (excluding our Outside Members of the Audit & Supervisory Board), and an aggregate of ¥41 million to our outside Directors and Outside Members of the Audit & Supervisory Board. None of the Member of the Board of Directors and the Members of the Audit & Supervisory Board was 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 Member of the Board of Directors or a Member of the Audit & Supervisory Board on an individual basis if the amount is ¥100 million or more during a fiscal year. For the fiscal year ended March 31, 2015, none of the Member of the Board of Directors and the Members of the Audit & Supervisory Board 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 the Member of the Board of Directors and the Members of the Audit & Supervisory Board by Nidec Corporation and to the Members of the Board of Directors and the Members of the Audit & Supervisory Board of our subsidiaries by such subsidiaries during the fiscal year ended March 31, 2015 was ¥2,675 million.

In accordance with customary Japanese business practices, a retiring Member of the Board of Directors or a Member of the Audit & Supervisory Board 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, 2015, no such retirement allowance was paid to Members of the Board of Directors and the Members of the Audit & Supervisory Board. Separately, an aggregate ¥11,789 million in retirement allowances was paid by our subsidiaries to their respective retiring Members of the Board of Directors and Members of the Audit & Supervisory Board, none of whom are the Members of the Board of Directors and the Members of the Audit & Supervisory Board 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:

	<b>As of March 31,</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Japan	8,116	8,462	8,097
North and South America	8,146	8,160	8,966
Asia and Oceania	85,062	80,791	77,382
Europe	3,173	2,981	3,994
Total	104,497	100,394	98,439

#### ***Japan***

In Japan, as of March 31, 2015, we had 8,097 employees. Of these employees, 3,210 employees were engaged in manufacturing operations, 2,124 in research and development and 848 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, 2015, we had 90,342 employees overseas. Of these employees, 75,847 employees were engaged in manufacturing operations, 1,861 in research and development and 1,558 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, 2015, there were 294,098,780 shares of our common stock outstanding held by 55,208 shareholders of record, excluding 9,636 shares held in treasury. According to our shareholders of record, as of March 31, 2015, the list below sets forth our largest shareholders.

	<b>Number of shares of common stock owned (thousands)</b>	<b>Percentage of common stock outstanding (excluding treasury stock)</b>
Shigenobu Nagamori (1)	42,066	14.2%
Japan Trustee Services Bank, Ltd. (trust account)	15,872	5.3%
The Master Trust Bank of Japan, Ltd. (trust account)	14,285	4.8%
The Bank of Kyoto, Ltd.	12,399	4.2%
State Street Bank and Trust Company	10,167	3.4%
The Bank of Tokyo-Mitsubishi UFJ, Ltd. (2)	7,425	2.5%
Nippon Life Insurance Company	6,579	2.2%
Meiji Yasuda Life Insurance Company	6,402	2.1%
The Dai-Ichi Mutual Life Insurance Company	6,199	2.1%

#### Notes:

- (1) As of March 31, 2015, Mr. Shigenobu Nagamori, our CEO, directly held of record 8.7%, and, indirectly through SN Kosan Limited Company, an entity indirectly wholly owned by Mr. Nagamori, held of record 3.7%, of our outstanding shares. Mr. Nagamori's immediate family member held an additional 1.8% 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 12, 2015, MUFG and its consolidated subsidiaries, including BTMU, beneficially owned an aggregate of 5.7% of the outstanding shares of our common stock, including 2.6% beneficially owned by BTMU, as of December 31, 2014. 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 Dodge & Cox, on October 22, 2014, the filer beneficially owned 3.6% of the outstanding shares of our common stock as of October 15, 2014. 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, 2015, there were 163 shareholders of record with addresses in the United States who held 48,771,339 shares, representing approximately 16.5%, 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 October 2014, Mr. Shigenobu Nagomori, our CEO, received 282,624 shares of our common stock previously held in treasury in exchange for the 3.0% ownership interest he had in Nidec Copal Electronics Corporation in connection with a share exchange transaction between us and Nidec Copal Electronics to make Nidec Copal Electronics a wholly owned subsidiary. Nidec Copal Electronics was a consolidated subsidiary in which we had a 65.3% ownership interest immediately prior to the share exchange transaction. For a detailed discussion of the share exchange transaction, see Note 20 to our audited consolidated financial statements included elsewhere in this annual report.

In October 2014, Mr. Shigenobu Nagamori, our CEO, and SN Kosan Limited Company, an entity indirectly wholly owned by Mr. Nagamori, received 182,250 and 51,030 shares, respectively, of our common stock previously held in treasury in exchange for the 5.3% and 1.5% ownership interest they respectively had in Nidec-Read Corporation in connection with a share exchange transaction between us and Nidec-Read to make Nidec-Read a wholly owned subsidiary. Nidec-Read was a consolidated subsidiary in which we had a 65.5% ownership interest immediately prior to the share exchange transaction. For a detailed discussion of the share exchange transaction, see Note 20 to our audited consolidated financial statements included elsewhere in this annual report.

In 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. In September 2013, an aggregate principal amount of ¥4,250 million of the bonds were redeemed upon the exercise by the holders of the bonds of the early redemption right. For the fiscal year ended March 31, 2015, an aggregate principal amount of ¥74,305 million of the bonds were redeemed upon the exercise by the holders of the bonds. As of March 31, 2015, assuming all of the outstanding stock acquisition rights were exercised, the convertible bonds would be convertible into 4,036,325 shares of our common stock, representing 1.3% of the total outstanding shares. For more information on the convertible bonds, see Note 11 to our audited consolidated financial statements included elsewhere in this annual report.

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

## B. Related Party Transactions.

We and certain entities over which some members of management exercise significant influence entered, and expect to enter in the future, into transactions in the ordinary course of business. As summarized in the table below, for the fiscal years ended March 31, 2013, 2014 and 2015, our transactions with such entities were conducted on an arms-length basis which is described below and had no material impact on our consolidated financial position, results of operations or liquidity.

	<b>Year ended March 31</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<b>(in millions)</b>		
SN Kosan Limited Company (1)(2)	¥(16)	¥(15)	¥(15)
Minster Capital LLC (1)	(10)	(10)	(11)
Clear Air LLC (1)	-	(4)	(5)
Plus Minus Zero Co., Ltd. (1)	(0)	-	-
Plus Minus Zero Co., Ltd. (3)	-	4	-
SoftBank Corp.(1)	-	-	(379)

Notes:

(1) Total amount paid by us.

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

(3) Total amount paid to us.

For the fiscal years ended March 31, 2013, 2014 and 2015, we entered into service transactions with SN Kosan Limited Company, an entity indirectly wholly owned by Mr. Nagamori, our CEO, where SN Kosan Limited Company provided restaurant services at the time to entertain our customers. We paid a total of approximately ¥6 million, ¥3 million and ¥4 million for the services for the fiscal years ended March 31, 2013,

2014 and 2015, respectively.

For each of the three fiscal years ended March 31, 2015, Nidec-Shimpo Corporation, our wholly owned subsidiary, paid a total of approximately ¥11 million to SN Kosan under their lease agreement for office equipment.

For the fiscal years ended March 31, 2013, 2014 and 2015, Nidec Minster Corporation, our consolidated subsidiary, paid a total of approximately ¥10 million, ¥10 million and ¥11 million, respectively, in lease payments under a customer education and service facility lease agreement with Minster Capital LLC, in which two local directors of Nidec Minster directly hold ownership interests.

For the fiscal years ended March 31, 2014 and 2015, Nidec Minster paid a total of approximately ¥4 million and ¥5 million, respectively, in lease payments under an airplane lease agreement with Clear Air LLC, in which one of the local directors of Nidec Minster directly holds an ownership interest.

For the fiscal year ended March 31, 2013, Nidec Global Service Corporation, our consolidated subsidiary, purchased home appliance products from Plus Minus Zero Co., Ltd., an entity of which one of our CEO's sons is a director, for a total of approximately ¥110,000. We sold motors to Plus Minus Zero for a total of approximately ¥4 million for the fiscal year ended March 31, 2014. As of March 31, 2013 and 2014, the son of our CEO and SN Kosan held an aggregate 5.2% and 5.2% ownership interest in LEC Inc., the parent company of Plus Minus Zero, respectively.

For the fiscal year ended March 31, 2015, we paid a total of approximately ¥379 million in service payments under mobile service transactions, data communication transactions and connection transactions agreements with SoftBank Corp., of which Mr. Nagamori, our CEO, is an external director.

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 to set the year-end dividend at ¥40.0 per share for the fiscal year ended March 31, 2015. As a result, together with the interim dividend of ¥30.0 per share, the full-year dividend will be ¥70.0 per share. The dividend payout ratio, which is obtained by dividing the full-year dividend declared for a fiscal year by net income attributable to Nidec Corporation for the fiscal year, for the fiscal year ended March 31, 2015 was 25.7%.

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

<b>Record date:</b>	<b><u>Dividends per share</u></b>
September 30, 2010	¥20.0
March 31, 2011	22.5
September 30, 2011	22.5
March 31, 2012	22.5
September 30, 2012	22.5
March 31, 2013	20.0
September 30, 2013	22.5
March 31, 2014	27.5
September 30, 2014	30.0
March 31, 2015	40.0

Effective April 1, 2014, we implemented a two-for-one stock split of our common stock. The ratio of shares of our common stock per ADS remains unchanged at one-fourth of one share of our common stock per ADS. The per share dividend amounts in the table above have been retroactively adjusted to reflect the effect of the stock split.

Dividends paid to shareholders outside Japan on shares of common stock or ADSs are generally subject to a Japanese withholding tax at the standard rate of 15.315%. 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 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, 2015, the date of our last audited consolidated financial statements.

## Item 9. The Offer and Listing.

### A. Offer and Listing Details.

In Japan, our common stock is listed on the First Section of the Tokyo Stock Exchange. 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 Tokyo Stock Exchange and the closing high and low sale prices per ADS of our ADSs on the New York Stock Exchange:

	Tokyo Stock Exchange Price Per Share of Common Stock <sup>(1)(2)</sup>		New York Stock Exchange Price Per ADS <sup>(1)</sup>	
	High	Low	High	Low
<b><u>Year ended March 31,</u></b>				
2011	¥5,025	¥3,175	\$13.53	\$10.08
2012	3,930	2,910	12.60	9.40
2013	3,795	2,340	11.54	6.82
2014	6,370	2,660	15.49	6.78
First Quarter	3,650	2,660	9.02	6.78
Second Quarter	4,265	3,435	10.63	8.70
Third Quarter	5,150	4,010	12.35	10.29
Fourth Quarter	6,370	5,075	15.49	12.12
2015	8,360	5,462	17.48	13.40
First Quarter	6,441	5,462	15.65	13.40
Second Quarter	7,455	6,293	17.13	15.63

	Tokyo Stock Exchange Price Per Share of Common Stock <sup>(1)(2)</sup>		New York Stock Exchange Price Per ADS <sup>(1)</sup>	
	High	Low	High	Low
Third Quarter	8,360	6,449	17.15	15.31
Fourth Quarter	8,268	7,687	17.48	15.94
December 2014	8,360	7,777	17.15	16.21
January 2015	8,142	7,687	17.25	16.07
February 2015	8,268	7,856	17.48	16.86
March 2015	8,140	7,695	17.09	15.94
April 2015	9,127	7,900	19.09	16.68
May 2015	9,288	8,840	19.17	18.18

Notes:

- (1) The amounts in this table prior to April 1, 2014 have been adjusted to reflect the two-for-one stock split of our common stock, effective April 1, 2014. The ratio of shares of our common stock per ADS remains unchanged at one-fourth of one share of our common stock per ADS.
- (2) The prices per share of our common stock in this table represent the closing high and low sale prices per share on the Osaka Securities Exchange up to July 12, 2013, and those on the Tokyo Stock Exchange since July 16, 2013, as adjusted per Note (1) above.

**B. Plan of Distribution.**

Not applicable.

**C. Markets.**

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

**D. Selling Shareholders.**

Not applicable.

**E. Dilution.**

Not applicable.

**F. Expenses of the Issue.**

Not applicable.

## **Item 10. Additional Information.**

### **A. Share Capital.**

Not applicable.

### **B. Memorandum and Articles of Association.**

#### **Objects and Purposes in Our Articles of Incorporation**

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

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

#### **Provisions Regarding Our Directors**

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

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

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

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

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

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

#### **Holding of Our Shares by Foreign Investors**

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

constituent documents.

## **Rights of Our Shareholders**

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

### ***General***

Our authorized share capital is 960,000,000 shares, of which 294,108,416 shares were issued and outstanding as of March 31, 2015. For information as to stock splits, see “—Stock Splits” below.

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

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

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

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

### ***Shareholders’ Rights to Bring Actions Against Directors***

The Company Law provides for the Japanese shareholder derivative action mechanism, which allows

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

## ***Distribution of Surplus***

### *General*

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

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

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

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

### *Restriction on Distributions of Surplus*

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

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

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

In the above formula:

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

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

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

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

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

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

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

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

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

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

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

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

### ***Capital and Reserves***

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

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

### ***Stock Splits***

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

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

Pursuant to the procedures, we implemented a two-for-one stock split effective on April 1, 2014. The stock split of our common stock did not affect the ratio of shares of our common stock per ADS, which remains unchanged at one-fourth of one share of our common stock per ADS.

### *Japanese Unit Share System*

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

### *Transferability of Shares Representing Less Than One Unit*

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

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

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

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

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

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

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

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

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

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

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

### *Ordinary General Meeting of Shareholders*

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

### *Voting Rights*

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

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

- (a) reduction of the stated capital;
- (b) amendment to the Articles of Incorporation;
- (c) establishment of a 100% parent-subsidiary relationship by way of share exchange or share transfer;
- (d) dissolution, merger or consolidation;

- (e) company split;
- (f) transfer of the whole or an important part of our business;
- (g) taking over of the whole of the business of any other corporation;
- (h) removal of an Audit and Supervisory Board Member;
- (i) any issuance of shares or transfer of existing shares as treasury stock to persons other than the shareholders at a “specially favorable” price;
- (j) any issuance of stock acquisition rights (including those incorporated in bonds with stock acquisition rights) to persons other than the shareholders under “specially favorable” conditions;
- (k) purchase of shares by us from a specific shareholder other than our subsidiary;
- (l) consolidation of shares;
- (m) distribution of Surplus in kind with respect to which shareholders are not granted the right to require us to make such distribution in cash instead of in kind; and
- (n) exemption from a portion of liability of the Directors, Audit and Supervisory Board Members or independent auditors.

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

The voting rights of holders of ADSs are exercised by the depositary subject to the Deposit Agreement based on instructions from those holders, which instructions are subject to procedures of brokers or financial institution nominees. See “—American Depositary Receipts.”

### ***Subscription Rights***

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

### ***Stock Acquisition Rights***

We may issue stock acquisition rights (*shinkabu yoyakuken*) or bonds with stock acquisition rights (*shinkabu yoyakuken-tsuki shasai*). Except where the issue would be on “specially favorable” conditions, the issue of stock acquisition rights or bonds with stock acquisition rights may be authorized by a resolution of the Board of Directors. Subject to the terms and conditions thereof, holders of stock acquisition rights may acquire

a prescribed number of shares by exercising their stock acquisition rights and paying the exercise price at any time during the exercise period thereof. Upon exercise of stock acquisition rights, we will be obliged to either issue the relevant number of new shares or transfer the necessary number of existing shares held by us as treasury stock to the holder.

### ***Liquidation Rights***

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

### ***Liability to Further Calls or Assessments***

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

### ***Share Registrar***

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

### ***Record Date***

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

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

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

### ***Repurchase by Nidec of Shares***

Under the Company Law and our Articles of Incorporation, we may acquire our shares (i) by soliciting all our shareholders to offer to sell our shares held by them (in this case, the certain terms of such acquisition, such as the total number of the shares to be purchased and the total amount of consideration, shall be set by an ordinary resolution of a general meeting of shareholders in advance, and acquisition shall be effected pursuant to a resolution of the Board of Directors), (ii) from a specific shareholders other than any of our subsidiaries (pursuant to a special resolution of a general meeting of shareholders), (iii) from any of our subsidiaries (pursuant to a resolution of the Board of Directors), or (iv) by way of purchase on any Japanese stock

exchange on which our shares are listed or by way of tender offer (in either case pursuant to a resolution of the Board of Directors). In the case of (ii) above, any other shareholder may make a request to the Board of Directors that such other shareholder be included as a seller in the proposed purchase, provided that no such right will be available if the purchase price or any other consideration to be received by the relevant specific shareholder will not exceed the last trading price of the shares calculated in a manner set forth in the ordinances of the Ministry of Justice.

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

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

### **American Depositary Receipts**

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

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

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

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

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

### **Reporting of Substantial Shareholdings**

The Financial Instruments and Exchange Law of Japan and its related regulations require any person who has become, solely or jointly, a holder of more than 5% of the total issued shares with voting rights of a company that is listed on any Japanese stock exchange to file a report with the Director of the competent Local Finance Bureau of the Ministry of Finance within five business days. With certain exceptions, a similar report must also be filed in respect of any subsequent change of 1% or more in the holding of shares with voting

rights or of any specified changes set out in any previously-filed reports. For this purpose, shares issuable to such person upon exercise of stock acquisition rights are taken into account in determining both the number of shares with voting rights held by the holder and the issuer's total issued shares with voting rights.

### **Daily Price Fluctuation Limits under Japanese Stock Exchange Rules**

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

On June 5, 2014, the closing price of our shares on the Tokyo Stock Exchange was ¥9,097 per share. The following table shows the daily price limit for a stock on the Tokyo Stock Exchange with a closing price of between ¥5,000 and ¥7,000 per share, as well as the daily price limit if our per share price were to rise to between ¥7,000 and ¥10,000, or ¥10,000 and ¥15,000, or fall to between ¥3,000 and ¥5,000. Other daily price limits would apply if our per share price moved to other ranges.

#### *Selected Daily Price Limits*

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

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

### **C. Material Contracts.**

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

### **D. Exchange Controls.**

#### **Acquisition or Disposition of Shares or ADSs**

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

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

requirement, but subject to a post reporting requirement by the resident.

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

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

### **Dividends and Proceeds of Sale**

Under the Foreign Exchange and Foreign Trade Law, dividends paid on, and the proceeds of sales in Japan of, shares held by non-residents of Japan may in general be converted into any foreign currency and repatriated abroad. Under the terms of the deposit agreement pursuant to which our ADSs are issued, the depositary is required, to the extent that in its judgment it can convert yen on a reasonable basis into U.S. dollars and transfer the resulting U.S. dollars to the United States, to convert all cash dividends that it receives in respect of deposited shares into U.S. 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” and “Item 12.D. Description of Securities Other Than Equity Securities—American Depositary Shares.”

## **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 our voting stock;
- 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 2003 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 that is:

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

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

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

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

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

### ***Taxation of Dividends***

Under the United States federal income tax laws, and subject to the passive foreign investment company (“PFIC”) rules as discussed below, if you are a U.S. holder, the gross amount of any distribution paid by us out of our current or accumulated earnings and profits (as determined for United States federal income tax purposes) will be subject to U.S. federal income taxation as foreign source dividend income. The dividend will be taxable to you as ordinary income 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. For a discussion of applicable Japanese withholding tax, see “—Japanese Taxation” below. 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. If the yen received as a dividend are converted into U.S. dollars on the date they are received, you generally will not be required to recognize foreign currency gain or loss in respect of the dividend income. If the yen received as a dividend are not converted into U.S. dollars on the date of receipt, you will have a basis in the yen equal to their U.S. dollar value on the date of receipt. Generally, any gain or loss resulting from currency exchange fluctuations on a subsequent conversion or other disposition of the yen 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).

Dividends we pay with respect to the shares or ADSs generally will be qualified dividend income. If you are a non-corporate U.S. holder, dividends paid to you that constitute qualified dividend income will be taxable to you at the favorable rates applicable to long-term capital gains provided that you hold the shares or ADSs for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meet other holding period requirements and do not elect to treat the dividend income as “investment income” pursuant to Section 163(d)(4) of the Code. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met. 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 generally will not be allowed a foreign tax credit for withholding tax for any portion of the tax that could have been avoided by claiming benefits under the Treaty. Dividends paid with respect to our shares or ADSs will, depending on your circumstances, be “passive” or “general” income which, in either case, is treated separately from other types of income for purposes of computing the foreign tax credit allowable to you. The rules governing the foreign tax credit are complex and involve the application of rules that depend upon your particular circumstances. Accordingly, you are urged to consult your tax advisor regarding the availability of the foreign tax credit under your particular circumstances.

### ***Taxation of Capital Gains***

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

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

### ***PFIC Rules***

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

We believe that we currently are not a PFIC for United States federal income tax purposes. However, the determination of PFIC status is a factual determination that is made annually and thus it is possible that we may become a PFIC in the current taxable year or in future years. If we were treated as a PFIC for any taxable year during which a U.S. holder held our shares or ADSs, gain recognized by a U.S. holder on the sale or other disposition of our shares or ADSs would be allocated ratably over its holding period for such shares or ADSs. The amounts allocated to the taxable year of the sale or other disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect in such taxable year for individuals or corporations, as appropriate, and an

interest charge would be imposed on the tax liability attributable to such allocated amounts. Further, any distribution in respect of our shares or ADSs in excess of 125% of the average of the annual distributions on such shares or ADSs received by a U.S. holder during the preceding three years or its holding period, whichever is shorter, would be subject to taxation as described immediately above. Certain elections (including a mark-to-market election) may be available to a U.S. holder that may mitigate the adverse tax consequences resulting from PFIC status. However, we do not intend to provide information necessary for U.S. holders to make a “qualified electing fund” election, which is sometimes available to shareholders of a PFIC. Notwithstanding any elections, dividends received from us by a U.S. holder would not be eligible for the special tax rates applicable to qualified dividend income if we were treated as a PFIC with respect to the U.S. holder either in the taxable year of the distribution or the preceding taxable year.

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

### ***Medicare Tax on Net Investment Income***

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

### ***Information Reporting and Backup Withholding***

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

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

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

### **Japanese Taxation**

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

- the overall tax consequences of the acquisition, ownership and disposition of shares or ADSs, including specifically the tax consequences under Japanese law;
- the laws of the jurisdiction of which they are resident; and

- any tax treaty between Japan and their country of residence,

by consulting their own tax advisers.

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

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

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

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

While the treaty rate normally overrides the tax rate under the domestic law, if the Japanese statutory rate of withholding tax on dividends is lower than the rate applicable under the applicable income tax treaty, then the Japanese statutory tax rate applies due to the so-called “preservation doctrine.” If the Japanese statutory tax rate still applies, no treaty application is required to be filed. However, as mentioned above, since the current Japanese statutory rate of withholding tax on dividends is 15.315% which applies for the period between January 1, 2014 and December 31, 2037, and since the rate is higher than the treaty rate of 15% or 10% mentioned above, the preservation doctrine does not operate and in order to enjoy the lower treaty rate,

the filing of the treaty application is needed.

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

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

#### **F. Dividends and Paying Agents.**

Not applicable.

#### **G. Statement by Experts.**

Not applicable.

#### **H. Documents on Display.**

We file periodic reports and other information with the U.S. Securities and Exchange Commission. You may read and copy any document that we file with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of its public reference room. The SEC also maintains a web site at [www.sec.gov](http://www.sec.gov) that contains reports, proxy statements and other information regarding registrants that file electronically with the SEC. Some of this information may also be found on our website at [www.nidec.com/en-Global/](http://www.nidec.com/en-Global/). 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 U.S. Securities Exchange Act of 1934 prescribing the furnishing and content of proxy statements to shareholders.

#### **I. Subsidiary Information.**

Not applicable.

### **Item 11. Quantitative and Qualitative Disclosures About Market Risk.**

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

We make an effort to manage the exposures to fluctuations in foreign exchange rates, interest rates and commodity prices through the use of derivative financial instruments, including foreign exchange forward contracts, interest rate swap agreements 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. Interest rate swap agreements are designed to reduce our exposure to losses resulting from adverse fluctuations in interest rates on our

financial instruments. Commodity futures are designed to reduce our exposure to losses resulting from adverse fluctuations in commodity prices, mainly prices of metals used to manufacture our products.

### ***Foreign Currency Exchange Rate Risk***

#### **Transaction Risk**

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

#### **Translation Risk**

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

#### **Foreign Currency Risk Management**

From time to time we utilize derivative instruments consisting of foreign currency forward contracts 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 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 fair value of each item.

Foreign Currency Derivatives at March 31, 2015

	Maturity date					There- after	Total	Fair Value
	Year ending March 31,							
	2016	2017	2018	2019	2020			
<i>Foreign Exchange Forward Contracts:</i>								
<b>Sell U.S. dollars (Buy Mexican Peso)</b>	(Yen in millions, except rates)							
Contract amounts (Yen in millions)	¥9,752	¥5,473	-	-	-	-	¥15,225	¥(1,531)
Weighted-average contracted forward Rate (MXN per U.S.\$1)	13.80	14.44	-	-	-	-	14.03	
<b>Sell U.S. dollars (Buy Chinese Hongkong)</b>								
Contract amounts (Yen in millions)	¥4,744	¥1,680	-	-	-	-	¥6,424	¥(53)
Weighted-average contracted forward Rate (CNH per U.S.\$1)	6.28	6.41	-	-	-	-	6.31	
<b>Sell U.S. dollars (Buy Euro)</b>								
Contract amounts (Yen in millions)	¥880	¥198	-	¥12	-	-	¥1,090	¥(130)
Weighted-average contracted forward Rate (EUR per U.S.\$1)	1.10	1.41	-	1.45	-	-	1.16	
<b>Sell Euro (Buy Hungarian Forint)</b>								
Contract amounts (Yen in millions)	¥97	-	-	-	-	-	¥97	¥8
Weighted-average contracted forward Rate (HUF per €1)	323.86	-	-	-	-	-	323.86	
<b>Sell Yen (Buy Euro)</b>								
Contract amounts (Yen in millions)	¥55	-	-	-	-	-	¥55	¥(5)
Weighted-average contracted forward Rate (EUR per ¥1)	140.94	-	-	-	-	-	140.94	
<b>Sell Chinese Yuan (Buy Euro)</b>								
Contract amounts (Yen in millions)	¥176	-	-	-	-	-	¥176	¥(7)
Weighted-average contracted forward Rate (EUR per CNY1)	7.06	-	-	-	-	-	7.06	

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

**Interest Rate Risk**

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

The table below sets forth information about our financial instruments that are sensitive to changes in interest rates. For our loan receivables and debt, 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 fair value. For our interest rate swap agreements, the table presents payment type, notional principal amounts and weighted-average interest rates by expected (contracted) maturity dates and the fair value. Notional amounts are used to calculate the contractual payments to be exchanged under the contracts.

Interest Rate Risk at March 31, 2015

	Maturity date						Total	Fair Value	
	Year ending March 31,								
	2016	2017	2018	2019	2020	There-af ter			
<b>Long-term Loan Receivable:</b>	(Yen in millions, except percentages)								
<b>Fixed Rate</b>									
Principal cash flows	4	9	5	4	4	16	42	41	
Weighted-average interest rate	4.13%	3.09%	4.04%	4.22%	4.21%	4.09%	3.89%		
<b>Long-term Debt:</b>									
<b>Fixed Rate (long-term loans)</b>									
Principal cash flows	250	30,881	952	306	251	432	33,072	33,010	
Weighted-average interest rate	1.60%	0.21%	1.60%	2.17%	2.07%	1.47%	0.31%		
<b>Fixed Rate (straight bonds)</b>									
Principal cash flows	-	50,000	65,000	-	15,000	20,000	150,000	151,387	
Weighted-average interest rate	-	0.21%	0.39%	-	0.60%	0.96%	0.42%		
<b>Fixed Rate (convertible bonds)</b>									
Principal cash flows	21,445	-	-	-	-	-	21,445	32,300	
Weighted-average interest rate	0.00%	-	-	-	-	-	0.00%		
<b>Floating Rate (long-term loans)</b>									
Principal cash flows	22,089	-	-	-	-	-	22,089	22,089	
Weighted-average interest rate	0.31%	-	-	-	-	-	0.31%		
<b>Interest Rate Swaps:</b>									
<b>Fixed rate payments</b>									
Notional amounts	10,014	-	-	-	-	-	10,014	(12)	
Weighted-average interest rate	0.55%	-	-	-	-	-	0.55%		
<b>Floating rate receivables</b>									
Notional amounts	10,014	-	-	-	-	-	10,014		
Weighted-average interest rate	0.30%	-	-	-	-	-	0.30%		

The fixed rate straight bonds in the above table include ¥65.0 billion aggregate principal amount of domestic corporate bonds due 2017, ¥15.0 billion aggregate principal amount of domestic corporate bonds due 2019, and ¥20.0 billion aggregate principal amount of domestic corporate bonds due 2022, all of which we issued in November 2012. In addition, the fixed rate straight bonds in the table also include ¥50.0 billion aggregate principal amount of domestic corporate bonds due 2016, which we issued in December 2013.

The fixed rate convertible bonds in the table represent the outstanding portion of the ¥100.0 billion aggregate principal amount of euro yen convertible bonds with stock acquisition rights due September 2015, which we issued in September 2010.

The floating rate long-term loans in the table include the outstanding portion of the U.S.\$500.0 million of loans we obtained in December 2012, from Japanese private commercial banks under a special program of the Japan Bank for International Cooperation.

For further information on our long-term receivables and debt, see “Item 5.B. Operating and Financial

Review and Prospects—Liquidity and Capital Resources.”

### **Equity Price Risk**

We hold available-for-sale securities and held-to-maturity securities that are included in our marketable securities. As of March 31, 2014, the fair value of available-for-sale securities and held-to-maturity securities were ¥14,383 million and ¥402 million, respectively. As of March 31, 2015, the fair value of available-for-sale securities and held-to-maturity securities were ¥19,383 million and ¥402 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, 2015 would be ¥1,938 million.

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

### **Commodity Price Risk**

We are exposed to market risk arising from changes in prices of commodities, mainly including metals used to manufacture our products. We enter into commodity future contracts to reduce such exposure. The following table provides the contract amount and fair value of our commodity futures at March 31, 2014 and 2015.

#### *Commodity Price Risk at March 31, 2015*

	Year ended March 31,			
	2014	Fair value	2015	Fair value
	Contract amount		Contract amount	
<b>Commodity futures</b>		(Yen in millions)		
To buy commodity	¥4,610	¥ (239)	¥4,929	¥ (277)

## **Item 12. Description of Securities Other Than Equity Securities.**

### **A. Debt Securities.**

Not applicable.

### **B. Warrants and Rights.**

Not applicable.

### **C. Other Securities.**

Not applicable.

### **D. American Depositary Shares.**

According to the Deposit Agreement among us, holders of our ADSs and the ADS depository, J.P. Morgan Chase Bank, N.A., or the Depository, 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:

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

***Fees and Payments made by the Depositary to the Issuer***

The Depositary has agreed to reimburse certain reasonable company expenses related to our ADR program and incurred by us in connection with the ADR program, including investor relations expenses, stock exchange application and listing fees. There are limits on the amount of expenses for which the Depositary will reimburse us, but the amount of reimbursement available to us is not related to the amounts of fees the Depositary collects from investors. Under certain circumstances, including where the ADR program is terminated prior to the expiration of the current term of J.P. Morgan Chase Bank’s appointment as the ADS depositary on February 21, 2022, we are required to repay to the Depositary the amounts reimbursed in prior periods. For the calendar year 2014, the Depositary reimbursed us an aggregate of U.S.\$100,000, consisting of U.S.\$32,673 for our investor relations activities in the United States, U.S.\$45,000 for continued ADS listing, and U.S.\$22,327 for additional ADSs distributed as a result of a two-for-one stock split on the New York Stock Exchange.

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

## PART II

### **Item 13. Defaults, Dividend Arrearages and Delinquencies.**

None.

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

None.

### **Item 15. Controls and Procedures.**

#### ***Disclosure Controls and Procedures***

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, management conducted an evaluation of the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act), as of March 31, 2015. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2015, 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 (2013)" 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, 2015.

Our independent registered public accounting firm, PricewaterhouseCoopers Kyoto, has audited the effectiveness of our internal control over financial reporting as of March 31, 2015, as stated in their report

which appears on page F-2 of this annual report.

***Attestation Report of the Registered Public Accounting Firm***

See the attestation report of our independent registered public accounting firm, PricewaterhouseCoopers Kyoto, 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, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**Item 16A. Audit Committee Financial Expert.**

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

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

**Item 16B. Code of Ethics.**

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

Our code of ethics is available at [www.nidec.com/en-Global/corporate/about/cg/governance/](http://www.nidec.com/en-Global/corporate/about/cg/governance/) 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 billed by PricewaterhouseCoopers Kyoto, a member firm of PricewaterhouseCoopers, and by other member firms of the PricewaterhouseCoopers network to us in the fiscal years ended March 31, 2014 and 2015:

Type of Fees:	Yen in millions	
	For the year ended March 31,	
	2014	2015
Audit Fees <sup>(1)</sup>	¥980	¥1,091
Audit-Related Fees <sup>(2)</sup>	4	2
Tax Fees <sup>(3)</sup>	31	25
All Other Fees <sup>(4)</sup>	-	1
Total	¥1,015	¥1,119

#### Notes:

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

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

### Pre-Approval Policies and Procedures for Services by Principal Independent Registered Public Accounting Firm

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

In each of the fiscal years ended March 31, 2014 and 2015, none of the services described above under this Item 16C were waived from the pre-approval requirement pursuant to the exemption provided under Rule

2-01(c)(7)(i)(C) of Regulation S-X.

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

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

- (a) The audit and supervisory board is established, and its members are selected, pursuant to Japanese law expressly requiring such a board for Japanese companies that elect to have a corporate governance system with audit and supervisory board members.
- (b) Japanese law requires the audit and supervisory board to be separate from the board of directors.
- (c) None of the members of the audit and supervisory board is elected by management, and none of the listed company's executive officers is a member of the audit and supervisory board.
- (d) Japanese law sets forth standards for the independence of the members of the audit and supervisory board from the listed company or its management.
- (e) The audit and supervisory board, in accordance with Japanese law or the listed company's governing documents, is responsible, to the extent permitted by Japanese law, for the appointment, retention and oversight of the work of any registered public accounting firm engaged (including, to the extent permitted by Japanese law, the resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the listed company, including its principal accountant which audits its consolidated financial statements included in its annual reports on Form 20-F.
- (f) To the extent permitted by Japanese law:
  - the audit and supervisory board establishes procedures for (i) the receipt, retention and treatment of complaints received by the listed company regarding accounting, internal accounting controls, or auditing matters, and (ii) the confidential, anonymous submission by the listed company's employees of concerns regarding questionable accounting or auditing matters;
  - the audit and supervisory board has the authority to engage independent counsel and other advisers, as it determines necessary to carry out its duties; and
  - the listed company provides for appropriate funding, as determined by its audit and supervisory board, for payment of (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the listed company, (ii) compensation to any advisers employed by the audit and supervisory board, and (iii) ordinary administrative expenses of the audit and supervisory board that are necessary or appropriate in carrying out its duties.

In our assessment, our Audit and Supervisory Board meets the requirements for reliance on the

exemption in paragraph (c)(3) of Rule 10A-3 described above and is not materially less effective than an audit committee meeting all the requirements of paragraph (b) of Rule 10A-3 (without relying on any exemption provided by that Rule) in acting independently and satisfy the other requirements of the Rule.

**Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.**

The following table sets forth information concerning the purchases of shares of our common stock made by us during the fiscal year ended March 31, 2015.

	<b>Total number of shares purchased (shares)<sup>(1)</sup></b>	<b>Average price paid per share (yen)</b>	<b>Total number of shares purchased as part of publicly announced plans or programs (shares)</b>	<b>Maximum number of shares that may yet be purchased under the plans or programs (shares)</b>
<b>Year 2014</b>				
April 1 – 30	3,172	¥6,217	-	4,000,000
May 1 – 31	304	5,671	-	4,000,000
June 1 – 30	340	6,004	-	4,000,000
July 1 – 31	294	6,393	-	4,000,000
August 1 – 31	220	6,636	-	4,000,000
September 1 – 30	482	6,824	-	4,000,000
October 1 – 31	5,670	6,984	-	4,000,000
November 1 – 30	2,323	7,381	-	4,000,000
December 1 – 31	811	7,883	-	4,000,000
<b>Year 2015</b>				
January 1 – 31 <sup>(2)</sup>	359	7,951	-	4,000,000
February 1 – 28	250,611	8,207	250,200	3,749,800
March 1 – 31	782	7,948	-	3,749,800
<b>Total</b>	<b>265,368</b>	<b>¥8,136</b>	<b>250,200</b>	<b>3,749,800</b>

Notes:

- (1) During the fiscal year ended March 31, 2015, in addition to the shares repurchased through our publicly announced plans or programs described in Notes (2) below, a total of 15,168 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) On January 22, 2015, we announced a share repurchase plan where we are authorized by the Board of Directors to repurchase up to the smaller of 4,000,000 shares or ¥24.0 billion between January 27, 2015 and January 26, 2016.

Between April 1, 2015 and May 31, 2015, we did not repurchase any shares of our common stock under the current share repurchase plan described above.

**Item 16F. Change in Registrant’s Certifying Accountant.**

None.

**Item 16G. Corporate Governance.**

Companies listed on the New York Stock Exchange, or NYSE must comply with certain listing standards regarding corporate governance under the NYSE’s Listed Company Manual, or NYSE Corporate Governance Standards. Listed companies that are foreign private issuers, such as us, however, are permitted, with certain exceptions, to follow home country practices in lieu of the NYSE Corporate Governance Standards. Our corporate governance practices, which comply with Japanese laws, regulations and stock exchange rules, and the NYSE Corporate Governance Standards followed by U.S. listed companies have the following significant differences:

**Director Independence**

A company listed on the NYSE must have a majority of directors that meet the independent requirements under Section 303A of the NYSE’s Listed Company Manual. The Company Law (Law No.86, 2005) of Japan, or the Company Law, does not require Japanese companies with audit and supervisory boards, such as us, to have a director who is independent as defined in the NYSE Corporate Governance Standards, on their boards of directors.

**Audit Committee**

A company listed on the NYSE must have an audit committee composed entirely of independent directors. We are generally exempted, with some exceptions, from this requirement by virtue of paragraph (c)(3) of Rule 10A-3 of the U.S. Securities Exchange Act of 1934, or the Exchange Act.

Consistent with the requirements of the Company Law, the members of our Audit and Supervisory Board are elected by a resolution at a general meeting of shareholders. We currently have five members on our Audit and Supervisory Board, which exceeds the minimum of three audit and supervisory board members required by the Company Law. Our Audit and Supervisory Board has a statutory duty to monitor, review and report on the administration of our affairs and accounts for the benefit of our shareholders.

The Company Law requires that at least half of a company’s audit and supervisory board members be “outside audit and supervisory board members,” which is defined as an audit and supervisory board member who has not been a director, executive officer, manager or employee of the company or any of its subsidiaries at any time prior to his or her election. Two of the four current members of our Audit and Supervisory Board are outside audit and supervisory board members as of the date of this annual report.

**Compensation Committee**

A company listed on the NYSE must have a compensation committee comprised entirely of independent directors. A compensation committee must also have authority to retain or obtain the advice of compensation advisers, subject to prescribed independence criteria that the committee must consider prior to engaging any compensation adviser. We are generally exempted from these requirements by virtue of paragraph (b)(5)(i) of Rule 10C-1 of the Exchange Act.

Under the Company Law, we and other Japanese companies with audit and supervisory boards are not required to establish a compensation committee. The Company Law requires that the total amount of remuneration to be paid to all directors and the total amount of remuneration to be paid to all audit and

supervisory board members 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 the distribution of remuneration among audit and supervisory board members is determined by consultation among the audit and supervisory board members.

### **Nominating/Corporate Governance Committee**

A company listed on the NYSE must also have a nominating or corporate governance committee comprised entirely of independent directors. Under the Company Law, we and other Japanese companies with audit and supervisory boards are not required to establish a nominating or corporate governance committee. Pursuant to the Company Law, our Board of Directors nominates and submits a proposal for election of directors for shareholder approval. Our shareholders elect or dismiss directors by a simple majority of votes at a general meeting of shareholders. The members of our Audit and Supervisory Board are also elected or dismissed at a general meeting of shareholders. A proposal by our Board of Directors to elect a member of the Audit and Supervisory Board needs the consent of our Audit and Supervisory Board.

### **Corporate Governance Guidelines**

A company listed on the NYSE must adopt and disclose corporate governance guidelines. Under the Financial Instruments and Exchange Law of Japan and applicable stock exchange rules, we are not required to adopt or disclose corporate governance guidelines. However, we are required to disclose policies and the present status of our corporate governance under the Financial Instruments and Exchange Law of Japan in respect of timely disclosure.

### **Code of Business Conduct and Ethics**

A company listed on the NYSE must adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors and executive officers. Under the Company Law, the Financial Instruments and Exchange Law of Japan and applicable stock exchange rules, we are not required to adopt or disclose such code of business conduct and ethics. However, we maintain and disclose as an exhibit to this annual report our Compliance Code of Conduct, which we believe is consistent with the code of ethics described under Section 406 of the U.S. Sarbanes-Oxley Act of 2002.

### **Shareholder Approval of Equity-Compensation Plans**

A company listed on the NYSE must obtain shareholder approval for an equity compensation plan. Under the Company Law, a public company seeking to issue rights to acquire from the company shares of its stock at a prescribed price, or “stock acquisition rights,” must obtain the approval of its board of directors.

Under the Company Law, if a company desires to adopt an equity-compensation plan in which stock acquisition rights are granted on specially favorable terms to the plan's recipients, then the company must obtain shareholder approval by a “special resolution” of a general meeting of shareholders, where the quorum is one-third of the total number of voting rights and the approval of at least two-thirds of the voting rights represented at the meeting is required.

### **Executive Sessions**

A company listed on the NYSE must hold regularly scheduled executive sessions where participants are limited to non-management directors. Under the Company Law, Japanese corporations are not required to hold such executive sessions.

**Item 16H. Mine Safety Disclosure.**

Not applicable.

**PART III**

**Item 17. Financial Statements.**

In lieu of responding to this item, we have responded to Item 18 of this annual report.

**Item 18. Financial Statements.**

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

**Item 19. Exhibits.**

<b>Exhibit Number</b>	<b>Description</b>
1.1	Articles of Incorporation of Nidec Corporation (English translation) (last updated June 18, 2014) (Incorporated by reference to Nidec's annual report on Form 20-F for the year ended March 31, 2013 filed on June 26, 2014)
1.2	Share Handling Regulations of Nidec Corporation (English translation) (last updated on July 16, 2013) (Incorporated by reference to Nidec's annual report on Form 20-F for the year ended March 31, 2013 filed on July 19, 2013)
1.3	Regulations of the Board of Directors of Nidec Corporation (English translation) (last updated on June 24, 2008) (Incorporated by reference to Nidec's annual report on Form 20-F for the year ended March 31, 2013 filed on June 26, 2014)
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2.1	Form of Deposit Agreement, amended and restated as of February 21, 2012, among Nidec Corporation, JPMorgan Chase Bank, N.A. as Depository, and holders of American Depository Receipts (Incorporated by reference to the Registration Statement on Form F-6 (file no. 333-179604) filed on February 21, 2012)
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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
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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 U.S. Securities and Exchange Commission upon request.



## INDEX OF EXHIBITS

Exhibit Number	Description
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**NIDEC CORPORATION**  
**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

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Consolidated balance sheets at March 31, 2014 and 2015	F-4
Consolidated statements of income for the years ended March 31, 2013, 2014 and 2015	F-6
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## **Report of Independent Registered Public Accounting Firm**

To the Shareholders and Board of Directors of  
Nihon Densan Kabushiki Kaisha  
("NIDEC Corporation")

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows present fairly, in all material respects, the financial position of NIDEC Corporation and its subsidiaries at March 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2015 in conformity with accounting principles generally accepted in 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, 2015 based on criteria established in *Internal Control - Integrated Framework* (2013) 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/ PricewaterhouseCoopers Kyoto  
Kyoto, Japan  
June 24, 2015

**NIDEC CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
**ASSETS**

	<b>Yen in millions</b>	
	<b>March 31</b>	
	<b>2014</b>	<b>2015</b>
Current assets:		
Cash and cash equivalents	¥247,740	¥269,902
Trade notes and accounts receivable, net of allowance for doubtful accounts of ¥1,126 million on March 31, 2014 and ¥830 million on March 31, 2015:		
Notes	12,188	15,221
Accounts	184,096	222,396
Inventories	124,325	171,011
Other current assets	48,067	51,984
Total current assets	616,416	730,514
Marketable securities and other securities investments	16,437	21,516
Investments in and advances to affiliated companies	2,018	2,167
	18,455	23,683
Property, plant and equipment:		
Land	46,328	47,377
Buildings	177,583	190,330
Machinery and equipment	364,453	426,352
Construction in progress	18,372	33,830
	606,736	697,889
Less - Accumulated depreciation	(308,063)	(358,911)
	298,673	338,978
Goodwill	152,368	172,430
Other non-current assets, net of allowance for doubtful accounts of ¥467 million on March 31, 2014 and ¥465 million on March 31, 2015	81,026	89,534
Total assets	¥1,166,938	¥1,355,139

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

**NIDEC CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
**LIABILITIES AND SHAREHOLDERS' EQUITY**

	<b>Yen in millions</b>	
	<b>March 31</b>	
	<b>2014</b>	<b>2015</b>
Current liabilities:		
Short-term borrowings	¥22,600	¥52,401
Current portion of long-term debt	29,245	45,485
Trade notes and accounts payable	166,383	194,998
Accrued expenses	31,045	33,375
Other current liabilities	33,285	37,890
Total current liabilities	282,558	364,149
Long-term liabilities:		
Long-term debt	299,411	184,612
Accrued pension and severance costs	17,912	19,576
Other long-term liabilities	26,264	33,504
Total long-term liabilities	343,587	237,692
Commitments and contingencies (Notes 21 and 22)		
Equity:		
Common stock authorized 2014 and 2015: 960,000,000 shares; issued:		
2014- 290,150,160 shares /		
2015- 294,108,416 shares	66,551	77,071
Additional paid-in capital	65,197	105,459
Retained earnings	367,485	427,842
Accumulated other comprehensive income (loss):		
Foreign currency translation adjustments	54,540	131,330
Net unrealized gains and losses on securities	4,185	7,412
Net gains and losses on derivative instruments	(24)	(1,072)
Pension liability adjustments	(323)	(2,844)
Treasury stock, at cost:		
2014- 14,343,952 shares /		
2015- 9,636 shares	(39,640)	(27)
Total Nidec Corporation shareholders' equity	517,971	745,171
Noncontrolling interests	22,822	8,127
Total equity	540,793	753,298
Total liabilities and equity	¥1,166,938	¥1,355,139

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

**NIDEC CORPORATION**  
**CONSOLIDATED STATEMENTS OF INCOME**

	<b>Yen in millions</b>		
	<b>For the year ended</b>		
	<b>March 31</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Net sales	¥709,270	¥875,109	¥1,028,385
Operating expenses:			
Cost of products sold	572,634	674,903	786,207
Selling, general and administrative expenses	84,760	77,534	85,781
Research and development expenses	34,278	37,808	45,179
	<u>691,672</u>	<u>790,245</u>	<u>917,167</u>
Operating income	<u>17,598</u>	<u>84,864</u>	<u>111,218</u>
Other income (expense):			
Interest and dividend income	1,831	2,376	2,359
Interest expense	(679)	(1,526)	(1,487)
Foreign exchange (loss) gain, net	(2,973)	(56)	804
(Loss) gain on marketable securities, net	(87)	245	70
Other, net	(2,292)	(1,443)	(5,593)
	<u>(4,200)</u>	<u>(404)</u>	<u>(3,847)</u>
Income before income taxes	<u>13,398</u>	<u>84,460</u>	<u>107,371</u>
Income taxes	(6,562)	(25,658)	(29,111)
Equity in net income (loss) of affiliated companies	13	(25)	29
Consolidated net income	<u>6,849</u>	<u>58,777</u>	<u>78,289</u>
Less: Net loss (income) attributable to noncontrolling interests	1,137	(2,505)	(2,073)
Net income attributable to Nidec Corporation	<u>¥7,986</u>	<u>¥56,272</u>	<u>¥76,216</u>
		<b>Yen</b>	
Per share data:			
Net income attributable to Nidec Corporation			
Basic	29.64	206.82	272.32
Diluted	27.49	193.50	256.73
Cash dividends paid	¥45.00	¥42.50	¥57.50

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

**NIDEC CORPORATION**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

	<b>Yen in millions</b>		
	<b>For the year ended</b>		
	<b>March 31</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Consolidated net income</b>	¥6,849	¥58,777	¥78,289
<b>Other comprehensive income (loss), net of tax</b>			
Foreign currency translation adjustments	62,158	43,429	77,751
Net unrealized gains and losses on securities	151	2,980	3,243
Net gains and losses on derivative instruments	169	(266)	(1,048)
Pension liability adjustments	(433)	738	(2,534)
Total	62,045	46,881	77,412
<b>Total comprehensive income (loss)</b>	68,894	105,658	155,701
<b>Less: Comprehensive (income) loss attributable to noncontrolling interests</b>	(487)	(3,961)	(3,037)
<b>Comprehensive income (loss) attributable to Nidec Corporation</b>	¥68,407	¥101,697	¥152,664

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

**NIDEC CORPORATION**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

Yen in millions (except for number of shares of common stock)									
	Common stock		Additional Paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total Nidec Corporation shareholders' equity	Non- controlling interests	Total
	Shares	Amount							
Balance at March 31, 2012	290,150,160	¥66,551	¥66,762	¥326,777	¥(47,468)	¥(42,440)	¥370,182	¥55,429	¥425,611
Comprehensive income (loss):									
Net income				7,986			7,986	(1,137)	6,849
Other comprehensive income (loss)									
Foreign currency translation adjustments					60,547		60,547	1,611	62,158
Net unrealized gains and losses on securities					174		174	(23)	151
Net gains and losses on derivative instruments					169		169	-	169
Pension liability adjustments					(469)		(469)	36	(433)
Total other comprehensive income (loss)							60,421	1,624	62,045
Total comprehensive income (loss)							68,407	487	68,894
Purchase of treasury stock						(31,277)	(31,277)	-	(31,277)
Change in ownership of subsidiaries in connection with share exchange transaction			3,270			16,710	19,980	(19,980)	-
Dividends paid to shareholders of Nidec Corporation				(12,125)			(12,125)	-	(12,125)
Dividends paid to noncontrolling interests							-	(1,421)	(1,421)
Acquisitions of new subsidiaries							-	3,570	3,570
Capital transaction with consolidated subsidiaries and other			486				486	79	565
Balance at March 31, 2013	290,150,160	¥66,551	¥70,518	¥322,638	¥12,953	¥(57,007)	¥415,653	¥38,164	¥453,817
Comprehensive income (loss):									
Net income				56,272			56,272	2,505	58,777
Other comprehensive income (loss)									
Foreign currency translation adjustments					41,904		41,904	1,525	43,429
Net unrealized gains and losses on securities					2,998		2,998	(18)	2,980
Net gains and losses on derivative instruments					(266)		(266)	-	(266)
Pension liability adjustments					789		789	(51)	738
Total other comprehensive income (loss)							45,425	1,456	46,881
Total comprehensive income (loss)							101,697	3,961	105,658
Purchase of treasury stock						(2,838)	(2,838)	-	(2,838)
Change in ownership of subsidiaries in connection with share exchange transaction			(4,279)			20,655	16,376	(16,376)	-
Dividends paid to shareholders of Nidec Corporation				(11,425)			(11,425)	-	(11,425)
Dividends paid to noncontrolling interests							-	(894)	(894)
Capital transaction with consolidated subsidiaries and other			(1,042)			(450)	(1,492)	(2,033)	(3,525)
Balance at March 31, 2014	290,150,160	¥66,551	¥65,197	¥367,485	¥58,378	¥(39,640)	¥517,971	¥22,822	¥540,793

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

**NIDEC CORPORATION**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**(continued)**

	Yen in millions (except for number of shares of common stock)								
	Common stock		Additional Paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total Nidec Corporation shareholders' equity	Non- controlling interests	Total
	Shares	Amount							
Balance at March 31, 2014	290,150,160	¥66,551	¥65,197	¥367,485	¥58,378	¥(39,640)	¥517,971	¥22,822	¥540,793
Comprehensive income (loss):									
Net income				76,216			76,216	2,073	78,289
Other comprehensive income (loss)									
Foreign currency translation adjustments					76,790		76,790	961	77,751
Net unrealized gains and losses on securities					3,227		3,227	16	3,243
Net gains and losses on derivative instruments					(1,048)		(1,048)	-	(1,048)
Pension liability adjustments					(2,521)		(2,521)	(13)	(2,534)
Total other comprehensive income (loss)							76,448	964	77,412
Total comprehensive income (loss)							152,664	3,037	155,701
Conversion of convertible bond	3,958,256	10,520	34,582			29,130	74,232	-	74,232
Purchase of treasury stock						(2,159)	(2,159)	-	(2,159)
Change in ownership of subsidiaries in connection with share exchange transaction			5,175			11,960	17,135	(17,135)	-
Dividends paid to shareholders of Nidec Corporation				(15,859)			(15,859)	-	(15,859)
Dividends paid to noncontrolling interests							-	(611)	(611)
Capital transaction with consolidated subsidiaries and other			505			682	1,187	14	1,201
Balance at March 31, 2015	294,108,416	¥77,071	¥105,459	¥427,842	¥134,826	¥(27)	¥745,171	¥8,127	¥753,298

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

**NIDEC CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASHFLOWS**

	<b>Yen in millions</b>		
	<b>For the year ended</b>		
	<b>March 31</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Cash flows from operating activities:			
Consolidated net income	¥6,849	¥58,777	¥78,289
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	34,935	39,497	45,102
Amortization	4,785	6,814	8,284
Loss (gain) on marketable securities, net	87	(245)	(70)
Loss (gain) on sales, disposal or impairment of property, plant and equipment	10,300	534	(275)
Loss recovery and gain on property, plant and equipment damaged in flood	(4,027)	(62)	-
Deferred income taxes	(12,055)	9,146	6,602
Equity in net (income) loss of affiliated companies	(13)	25	(29)
Foreign currency adjustments	1,744	(3,498)	1,634
Accrual for pension and severance costs, net payments	(396)	(4,240)	1,583
Changes in operating assets and liabilities:			
Decrease (increase) in notes and accounts receivable	53,221	(19,957)	(20,109)
Decrease (increase) in inventories	14,090	(10,070)	(29,565)
(Decrease) increase in notes and accounts payable	(1,257)	14,299	10,054
(Decrease) increase in accrued income taxes	(7,263)	3,899	220
Other	9,286	(7,700)	(9,845)
Net cash provided by operating activities	<u>¥110,286</u>	<u>¥87,219</u>	<u>¥91,875</u>

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

**NIDEC CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASHFLOWS**  
**(continued)**

	<b>Yen in millions</b>		
	<b>For the year ended</b>		
	<b>March 31</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Cash flows from investing activities:			
Additions to property, plant and equipment	¥(61,368)	¥(40,297)	¥(58,042)
Proceeds from sales of property, plant and equipment	1,036	2,601	3,110
Insurance proceeds related to property, plant and equipment damaged in flood	880	2,772	-
Purchases of marketable securities	(147)	(309)	(6)
Proceeds from sales or redemption of marketable securities	692	1,059	68
Acquisitions of business, net of cash acquired	(79,884)	(23,350)	(27,343)
Proceeds from sales of business, net of cash divested	332	210	3,381
Other	4,605	(5,864)	(2,398)
Net cash used in investing activities	<u>(133,854)</u>	<u>(63,178)</u>	<u>(81,230)</u>
Cash flows from financing activities:			
(Decrease) increase in short-term borrowings	(52,199)	(11,821)	29,592
Proceeds from issuance of long-term debt	71,307	30,000	78
Repayments of long-term debt	(12,392)	(34,323)	(30,104)
Proceeds from issuance of corporate bonds	100,000	50,000	-
Redemption of corporate bonds	-	(4,250)	-
Purchases of treasury stock	(31,277)	(2,838)	(2,159)
Payments for additional investments in subsidiaries	(92)	(217)	(292)
Dividends paid to shareholders of Nidec Corporation	(12,125)	(11,425)	(15,859)
Dividends paid to noncontrolling interests	(1,421)	(894)	(611)
Other	(684)	(761)	(153)
Net cash provided by (used in) financing activities	<u>61,117</u>	<u>13,471</u>	<u>(19,508)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>25,581</u>	<u>16,808</u>	<u>31,025</u>
Net increase in cash and cash equivalents	63,130	54,320	22,162
Cash and cash equivalents at beginning of year	<u>130,290</u>	<u>193,420</u>	<u>247,740</u>
Cash and cash equivalents at end of year	<u>¥193,420</u>	<u>¥247,740</u>	<u>¥269,902</u>

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

**NIDEC CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Nature of operations:**

NIDEC Corporation (the “Company”) and its subsidiaries (collectively “NIDEC”) are primarily engaged in the design, development, manufacture and marketing of i) small precision motors, which include spindle motors for hard disk drives, motors for optical disk drives, small precision fans, motor appliances and other small motors; ii) automotive, appliance, commercial and industrial products, which are used in various electric household appliances, commercial and industrial equipment and automobiles; iii) machinery, which includes, test systems, measuring equipment, power transmission equipment, factory automation systems, press machines, card readers and industrial robots; iv) electronic and optical components, which include camera shutters, camera lens units, switches, trimmer potentiometers, processing and precision plastic mold products; and v) other products, which include other services. Manufacturing operations are located primarily in Asia (China, Thailand, Vietnam and the Philippines), North America and Japan, and sales subsidiaries are primarily located in Asia, Japan, North America and Europe.

NIDEC sells its products to the manufacturers of hard disk drives, 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 valuation of inventories, allowance for doubtful accounts, depreciation and amortization of long-lived assets, valuation allowance for deferred tax assets, valuation of investment securities, fair value of financial instruments, uncertain tax positions, pension liabilities, the recoverability of long-lived assets and goodwill, and fair value of assets acquired and liabilities assumed. Actual results could differ from those estimates.

**NIDEC CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(continued)**

***Basis of consolidation and accounting for investments in affiliated companies -***

The consolidated financial statements include the accounts of the Company and those of its majority-owned subsidiary companies. All significant intercompany transactions and accounts have been eliminated. Companies over which NIDEC exercises significant influence, but which it does not control, are classified as affiliated companies and accounted for using the equity method. Consolidated net income includes NIDEC's equity in current earnings (losses) of such companies, after elimination of unrealized intercompany profits.

On occasion, NIDEC may acquire additional shares of the voting rights of a consolidated subsidiary or dispose of a part of those shares or a Nidec consolidated subsidiary may issue its shares to third parties. With respect to such transactions, all transactions for changes in a parent's ownership interest in a subsidiary that do not result in the subsidiary ceasing to be a subsidiary are recognized as equity transactions.

***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 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

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discounts.

***Derivative financial instruments -***

NIDEC manages the exposures of fluctuations in foreign exchange rate, interest rate and commodity prices through the use of derivative financial instruments which include foreign exchange forward contracts, interest rate swap agreements and commodity future contracts. NIDEC does not hold derivative financial instruments for trading purposes.

Derivatives are accounted for under ASC 815, "Derivatives and Hedging." All derivatives are recorded as either assets or liabilities on the balance sheet and measured at fair value. Changes in the fair value of derivatives are charged in current earnings. However certain derivatives may qualify for hedge accounting as a cash flow hedge, if the hedging relationship is expected to be highly effective in achieving offsetting of cash flows of the hedging instruments and hedged items. Under hedge accounting, changes in the fair value of the effective portion of these derivatives designated as cash flow hedge derivatives are deferred in accumulated other comprehensive income and charged to earnings when the underlying transaction being hedged occurs.

NIDEC designates certain foreign exchange forward contracts, interest rate swap agreements and commodity future contracts 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 -***

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.

Depreciation of property, plant and equipment is computed on the straight-line method at rates based on the estimated useful lives of the assets. Estimated useful lives range from 7 to 47 years for factories to produce NIDEC's 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 ¥34,935 million, ¥39,497 million, and ¥45,102 million for the years ended March 31, 2013, 2014 and 2015, respectively.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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***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 proprietary technology and customer relationships, as well as software and other intangible assets acquired in business combinations. Intangible assets with an indefinite life are not subject to amortization and are tested for impairment once on January 1st of each year or more frequently if an event occurs or circumstances change. Intangible assets with a definite life are amortized on a straight-line basis over their estimated useful lives. The weighted average amortization period for proprietary technology, customer relationships and software are 11 years, 18 years and 6 years, respectively.

***Long-lived assets -***

NIDEC reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. An impairment loss would be recognized when the carrying amount of an asset group exceeds the estimated undiscounted future cash flows expected to result from the use of the asset group and its eventual disposition. The amount of the impairment loss to be recorded is calculated as the excess of the assets group's carrying value over its fair value. Long-lived assets that are to be disposed of other than by sale are considered to be held and used until the disposal. Long-lived assets that are to be disposed of by sale are reported at the lower of their carrying value or fair value less costs to sell. Reductions in carrying value are recognized in the period in which long-lived assets are classified as held for sale.

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***Revenue recognition -***

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

***Research and development expenses-***

Research and development expenses, mainly consisting of personnel and depreciation expenses at research and development branches, are charged to operations as incurred.

***Advertising costs -***

Advertising and sales promotion costs are expensed as incurred. Advertising costs were ¥296 million, ¥477 million, and ¥525 million for the years ended March 31, 2013, 2014 and 2015, 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.

***Reclassification***

Certain reclassifications of previously reported amounts have been made to the consolidated financial statements and footnotes for the years ended March 31, 2013 and 2014 to conform to the current year presentation.

***Accounting Changes***

As of April 1, 2014, NIDEC adopted FASB Accounting Standards Codification™ (ASC) 740 "Income Taxes" updated by Accounting Standards Update (ASU) No. 2013-11 "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists." ASU 2013-11 clarifies that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward if such settlement is required or expected in the event the uncertain tax position is disallowed by the taxing authority. In situations where a net operating loss carry forward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction or the tax law of the applicable jurisdiction does not require, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. This standard is a provision for disclosure, and the adoption of this standard did not have any impact on NIDEC's consolidated financial position, results of operations or liquidity.

***Recent Accounting Pronouncements to be adopted in future periods***

In April 2014, the FASB issued ASU No. 2014-08, "Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity." Under the new standard, a disposal of a component or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results when the component meets the criteria to be classified as held for sale or is disposed. The amendments in this update also require additional disclosures about discontinued operations and disposal of an individually significant component of an entity that does not qualify for discontinued operations. ASU 2014-08 is effective for annual and interim periods beginning after December 15, 2014. Early adoption is permitted. The impact of the adoption of ASU 2014-08 on NIDEC's consolidated financial position, results of operations and liquidity will depend on, and may be significant depending on, the size and nature of any future disposal.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" Under the new standard, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to

**NIDEC CORPORATION**  
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which the entity expects to be entitled in exchange for those goods or services. An entity should recognize revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer, and the transaction price should be allocated to performance obligation in the contract. The new standard also requires an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. ASU 2014-09 is effective for annual and interim periods beginning after December 15, 2016. Early application is not permitted. NIDEC is currently evaluating the potential impact from adopting ASU 2014-09 on its consolidated financial position, results of operations and liquidity.

### **3. Acquisitions and dispositions**

On April 2, 2012, NIDEC acquired all of the voting rights in The Minster Machine Company (“Minster”), which consists of machinery product category, particularly medium-sized and large-sized high-speed, high-rigidity press machines and large-sized press machines for dies for motor parts for cash of ¥9,202 million, in order to continue to pursue NIDEC’s group-wide growth strategy by seeking to increase sales by expanding our business not only in NIDEC’s existing electronic parts market but also in wider markets, including the beverage can and automobile parts markets. The Minster Machine Company was subsequently renamed Nidec Minster Corporation.

On May 31, 2012, NIDEC acquired all of the voting rights in Ansaldo Sistemi Industriali S.p.A. (“Nidec ASI”), an Italian company, which consists of automotive, appliance, commercial and industrial products business for cash of ¥36,564 million, where NIDEC has increasingly focused our efforts as one of the principal growth area, in order to accelerate the global expansion of NIDEC’s industrial motor business by gaining sales platforms in markets where NIDEC currently does not have significant sales and by expanding NIDEC’s product offering to include a wide range of products that are currently not in our product portfolio. Ansaldo Sistemi Industriali S.p.A was subsequently renamed Nidec ASI S.p.A.

On September 28, 2012, NIDEC acquired all of the voting rights in Avtron Industrial Automation, Inc. (“Avtron”), which consists of rich system engineering resources, experience, the customer relationship and a sales channel in North America for cash of ¥4,861 million, in order to strengthen the industrial motor and automation solutions business and accelerate our strategy to achieve synergies with acquired companies.

On October 2, 2012, NIDEC acquired 51.4% of the voting rights of SCD Co., Ltd. (“SCD”), a South Korean company, which consists of development, manufacturing and sale of motor drive units for refrigerators and motors for air conditioners for cash of ¥3,305 million, in order to gain an opportunity to enter into business with South Korean home appliance manufacturers that have a strong presence in emerging economies, and seek to expand sales of its rich product line-up.

On November 1, 2012, NIDEC acquired all of the voting rights in Kinetek Group Inc. (“Kinetek”), which conducts its commercial motor business on a global basis and occupies a leading position in various markets for commercial motors used in such end-products as elevators/escalators,

**NIDEC CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(continued)**

commercial food refrigerators, floor care equipment, golf and utility vehicles, material handling vehicles and aerial lifts for cash of ¥35,697 million, in order to strengthen NIDEC's commercial motor business.

On December 28, 2012, NIDEC acquired 51.0% of the voting rights of Nidec Kaiyu Auto Electric (Jiangsu) Co., Ltd. ("Kaiyu"), a Chinese company, which consists of development, manufacturing and sale of brush motors for electric power steering ("EPS") systems and automotive fans for cash of ¥1,018 million, in order to acquire technologies for brush motors for EPS systems, which NIDEC currently does not possess, and business opportunities in the Chinese automobile market, new entry into which has been difficult.

On January 1, 2014, NIDEC acquired all of the voting rights in Mitsubishi Materials C.M.I. Corporation ("CMI"), a Japanese company, which consists of development, manufacturing and sale of small motors, electric contact products and other products for cash of ¥5,228 million, in order to strengthen our automotive product business and enhance our product portfolio.

On March 31, 2014, NIDEC acquired all of the voting rights in Honda Elesys Co., Ltd. ("Elesys"), a Japanese company, which consists of development, manufacturing and sale of automobile electronic control units for car bodies for cash of ¥24,320 million, mainly in order to combine our EPS motors with Elesys' electronic control units (ECU) to be transformed into a module business, and create sales synergies by utilizing Nidec Group's sales network for automotive motors.

On February 2, 2015, NIDEC acquired all of the voting rights in Geräte- und Pumpenbau GmbH Dr. Eugen Schmidt ("GPM"), a German company, which consists of development, manufacturing and sale of automotive oil pumps and modules for passenger cars and commercial vehicles for cash of ¥30,024 million, in order to further transform its business model from one based solely on motors to one based on modularization / systematization and to accelerate its shift to high value-added businesses.

On February 2, 2015, NIDEC disposed of all of the voting rights in Nidec Logistics Corporation to Maruzen Showa Unyu Co., Ltd. for cash of ¥5,000 million. Gain on sales of the subsidiary's stocks of ¥1,182 million arising from the disposition was included in selling, general and administrative expenses in the consolidated statement of income for the year ended March 31, 2015.

Pursuant to ASC 805 "Business Combinations," previous year's consolidated financial statements have been retrospectively adjusted to reflect NIDEC's valuation of the fair values of the assets acquired and the liabilities assumed upon the acquisition of CMI and Elesys in the fiscal year ended March 31, 2014. During the three months ended December 31, 2014, NIDEC completed its valuation of such assets and liabilities of CMI and Elesys.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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The effects of the adjustments for each consolidated financial statement were as follows:

**Consolidated balance sheet as of March 31, 2014**

Current assets ¥448 million, property, plant and equipment ¥(208) million, goodwill ¥(2,559) million, intangible assets ¥3,262 million, other noncurrent assets ¥77 million, liability ¥1,132 million and equity ¥(112) million.

All of intangible assets are subject to amortization and consist of customer relationships of ¥1,981 million, developed technologies of ¥1,280 million and other intangible assets of ¥1 million. NIDEC has estimated the weighted average amortization period for the customer relationships and developed technologies to be 6 years and 9 years, respectively.

**Consolidated statement of income for the year ended March 31, 2014**

Operating income ¥(204) million, income before income taxes ¥(204) million and net income attributable to Nidec Corporation ¥(132) million.

In addition, NIDEC is currently evaluating the fair values of the assets acquired and the liabilities assumed upon the acquisitions of GPM. These assets and liabilities have been recorded on NIDEC's consolidated balance sheet based on preliminary management estimation as of March 31, 2015. NIDEC continues to gather information to evaluate primarily inventories, property, plant and equipment and intangible assets that NIDEC has acquired.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date.

	<b>Yen in millions</b>
	<b>February 2, 2015</b>
	<b>GPM</b>
Cash and cash equivalents	¥2,740
Accounts receivable	7,325
Inventories	3,861
Other current assets	2,082
Property, plant and equipment	9,555
Goodwill	13,790
Intangible assets	48
Other non-current assets	767
Total assets acquired	40,168
Accounts payable	(2,861)
Other current liabilities	(4,618)
Other non-current liabilities	(2,665)
Total liabilities assumed	(10,144)
Noncontrolling interests	0
Net assets acquired	¥30,024

All goodwill was allocated to the Nidec Motors & Actuators segment and not considered to be tax-deductible.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(continued)**

Acquisition-related cost of ¥559 million was included in selling, general and administrative expenses in the consolidated statement of income for the year ended March 31, 2015.

The following represent the unaudited pro forma results of operations of NIDEC for the years ended March 31, 2013, 2014 and 2015, as if the acquisitions of these companies had occurred on April 1, 2012 and 2013. The unaudited pro forma results of operations are presented for comparative purposes only and are not necessarily indicative of the results of operations that may occur in the future or that would have occurred had the acquisitions been in effect on the dates indicated.

**The unaudited pro forma results of operations of NIDEC for the years ended March 31, 2013 and 2014, as if the acquisitions of CMI and Elesys had occurred on April 1, 2012.**

	<b>Yen in millions</b>	
	<b>For the year ended March 31 (Unaudited)</b>	
	<b>2013</b>	<b>2014</b>
Pro forma net sales	¥755,775	¥928,910
Pro forma net income	9,428	57,656
	<b>Yen</b>	
Pro forma net income attributable to Nidec Corporation per share		
- Basic	¥34.99	¥211.91
- Diluted	32.50	198.27

**The unaudited pro forma results of operations of NIDEC for the years ended March 31, 2014 and 2015, as if the acquisition of GPM had occurred on April 1, 2013.**

	<b>Yen in millions</b>	
	<b>For the year ended March 31 (Unaudited)</b>	
	<b>2014</b>	<b>2015</b>
Pro forma net sales	¥909,356	¥1,065,579
Pro forma net income	56,795	77,253
	<b>Yen</b>	
Pro forma net income attributable to Nidec Corporation per share		
- Basic	¥208.75	¥276.03
- Diluted	195.30	260.22

Note: NIDEC implemented a two-for-one stock split on its common stock as of April 1, 2014. Each pro forma net income attributable to Nidec Corporation per share has been adjusted to reflect the effect of the stock split.

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**4. Goodwill and other intangible assets:**

Intangible assets subject to amortization are summarized as follows:

	Yen in millions					
	March 31					
	2014			2015		
	Gross carrying amounts	Accumulated amortization	Carrying amounts	Gross carrying amounts	Accumulated amortization	Carrying amounts
Proprietary technology	¥12,968	¥2,552	¥10,416	¥12,465	¥3,467	¥8,998
Customer relationships	50,138	9,626	40,512	55,219	13,919	41,300
Software	18,001	8,624	9,377	21,659	10,979	10,680
Other	6,988	3,345	3,643	7,608	3,734	3,874
Total	¥88,095	¥24,147	¥63,948	¥96,951	¥32,099	¥64,852

The weighted average amortization periods for proprietary technology, customer relationships and software are 11 years, 18 years and 6 years, respectively.

Total amortization of intangible assets for the years ended March 31, 2013, 2014 and 2015 amounted to ¥4,627 million, ¥6,393 million and ¥7,173 million, respectively.

Total indefinite lived intangible assets amounted to ¥7,920 million and ¥9,106 million as of March 31, 2014 and 2015, respectively.

The estimated aggregate amortization expense for intangible assets for the next five years is as follows:

	Yen in millions
<u>Years ending March 31,</u>	
2016	¥7,997
2017	7,292
2018	6,565
2019	5,949
2020	4,985

NIDEC has completed the annual impairment test for existing goodwill and indefinite lived intangible assets as required by ASC 350 as of January 1, 2015. For the years ended March 31, 2013, 2014 and 2015, 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, 2013, 2014 and 2015, no goodwill impairment loss has been recorded. As a result of the annual impairment test for existing indefinite lived intangible assets, for the years ended March 31, 2013, 2014 and 2015, impairment loss of indefinite lived intangible assets has not been recorded.

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The changes in the carrying amount of goodwill by operating reportable segment for the years ended March 31, 2014 are as follows:

	Yen in millions				Balance as of March 31, 2014
	Balance as of April 1, 2013	Acquisition	Impairment loss	Translation adjustments and Others	
Goodwill:					
Nidec Electronics (Thailand)	¥6,994	¥-	¥-	¥651	¥7,645
Nidec (Zhejiang)	1,044	-	-	98	1,142
Nidec Sankyo	27,312	1,266	-	107	28,685
Nidec Copal	16,462	-	-	-	16,462
Nidec Copal Electronics	6,561	-	-	-	6,561
Nidec Techno Motor	2,049	-	-	-	2,049
Nidec Motor	55,008	-	-	8,070	63,078
Nidec Motors & Actuators	7,423	7,957	-	933	16,313
All Others	9,922	-	-	511	10,433
	<u>¥132,775</u>	<u>¥9,223</u>	<u>¥-</u>	<u>¥10,370</u>	<u>¥152,368</u>

The changes in the carrying amount of goodwill by operating reportable segment for the years ended March 31, 2015 are as follows:

	Yen in millions				Balance as of March 31, 2015
	Balance as of April 1, 2014	Acquisition	Impairment loss	Translation adjustments and Others	
Goodwill:					
Nidec Electronics (Thailand)	¥7,645	¥-	¥-	¥1,303	¥8,948
Nidec (Zhejiang)	1,142	-	-	191	1,333
Nidec Sankyo	28,685	-	-	109	28,794
Nidec Copal	16,462	-	-	-	16,462
Nidec Copal Electronics	6,561	-	-	-	6,561
Nidec Techno Motor	2,049	-	-	-	2,049
Nidec Motor	63,078	-	-	3,675	66,753
Nidec Motors & Actuators	16,313	13,790	-	401	30,504
All Others	10,433	-	-	593	11,026
	<u>¥152,368</u>	<u>¥13,790</u>	<u>¥-</u>	<u>¥6,272</u>	<u>¥172,430</u>

NIDEC has partially reclassified reportable segment. Accordingly, previous period amounts have been reclassified. Reportable segment information is described in Notes 23 (2).

**NIDEC CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(continued)**

**5. Supplemental cash flow information:**

The supplemental information associated with the consolidated statements of cash flows for the years ended March 31, 2013, 2014 and 2015 are as follows:

	<b>Yen in millions</b>		
	<b>For the year ended</b>		
	<b>March 31</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Cash paid during the fiscal year for:			
Income taxes	¥25,879	¥12,613	¥22,290
Interest	395	1,636	1,463
Non-cash investing and financing activities:			
Capital lease obligations	206	499	70
Conversion of convertible bond	-	-	74,344
Change in ownership of subsidiaries in connection with share exchange transaction			
-Change in common stock	3,270	4,279	5,175
-Change in treasury stock	16,710	20,655	11,960

**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, 2013, 2014 and 2015 are as follows:

	<b>Yen in millions</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Allowance for doubtful accounts at beginning of the year	¥1,002	¥1,375	¥1,593
Provision for doubtful accounts, net of reversal	166	366	(388)
Write-offs	(90)	(267)	(37)
Translation adjustment and other	297	119	127
Allowance for doubtful accounts at the end of the year	¥1,375	¥1,593	¥1,295

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(continued)**

**7. Inventories:**

Inventories consist of the following:

	<b>Yen in millions</b>	
	<b>March 31</b>	
	<b>2014</b>	<b>2015</b>
Finished goods	¥51,671	¥75,423
Raw materials	39,974	51,172
Work in process	29,011	39,309
Supplies and other	3,669	5,107
	<u>¥124,325</u>	<u>¥171,011</u>

**8. Other current assets:**

Other current assets as of March 31, 2014 and 2015 consist of the following:

	<b>Yen in millions</b>	
	<b>March 31</b>	
	<b>2014</b>	<b>2015</b>
Other receivable	¥13,906	¥19,901
Deferred tax assets (Note 16)	10,438	9,549
Costs on uncompleted construction contracts	9,572	9,701
Prepaid expenses	5,225	6,612
Other	8,926	6,221
	<u>¥48,067</u>	<u>¥51,984</u>

**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:

	<b>Yen in millions</b>			
	<b>March 31, 2014</b>			
	<b>Cost</b>	<b>Gross unrealized gains</b>	<b>Gross unrealized losses</b>	<b>Fair value</b>
<b>Available-for-sale</b>				
Equity securities	¥7,652	¥6,731	¥0	¥14,383
Debt securities	-	-	-	-
<b>Held-to-maturity</b>				
Japanese government debt securities	400	2	-	402
	<u>¥8,052</u>	<u>¥6,733</u>	<u>¥0</u>	<u>¥14,785</u>
<b>Securities not practicable to estimate fair value</b>				
Equity securities	<u>¥1,654</u>			

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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	<b>Yen in millions</b>			
	<b>March 31, 2015</b>			
	<b>Cost</b>	<b>Gross unrealized gains</b>	<b>Gross unrealized losses</b>	<b>Fair value</b>
<b>Available-for-sale</b>				
Equity securities	¥7,630	¥11,423	¥-	¥19,053
Debt securities	330	-	-	330
<b>Held-to-maturity</b>				
Japanese government debt securities	400	2	-	402
	¥8,360	¥11,425	¥-	¥19,785
<b>Securities not practicable to estimate fair value</b>				
Equity securities	¥1,733			

During the years ended March 31, 2013, 2014 and 2015, the net unrealized gain on available-for-sale securities included as a component of accumulated other comprehensive income, net of applicable taxes, increased by ¥174 million, increased by ¥2,998 million and increased by ¥3,227 million, respectively.

Proceeds from sale of marketable securities were ¥692 million, ¥1,059 million and ¥68 million for the years ended March 31, 2013, 2014 and 2015, respectively. On those sales, gross realized gains were ¥347 million, ¥242 million and ¥26 million, respectively. On the other hand, gross realized losses were ¥0 million and ¥12 million for the years ended March 31, 2013 and 2014, respectively. For the year ended March 31, 2015, gross realized losses did not occur.

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 assessed to be other-than-temporary, the cost of the investment is written-down by the impaired amount and the amount is recognized as a realized loss for the reporting period which the assessment is made.

The amounts of NIDEC’s investment securities that have been in continuous unrealized loss position were not material for the years ended March 31, 2014 and 2015.

NIDEC presumes the value of investment securities is impaired if the fair value is below the original cost. Among the impaired investment securities, NIDEC presumes a decline in value of debt and equity securities is other-than-temporary if the fair value is significantly below the original cost for an extended period of time. The presumption of an other-than-temporary impairment may be overcome if there is evidence to support that the decline is temporary in nature due to the existence of other factors which overcome the duration or magnitude of the decline. However, even if a fair value is not significantly less than the original cost, the value of investment securities is impaired

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when specific factors indicate the decline in the fair value is other-than-temporary.

For the years ended March 31, 2014 and 2015, held-to-maturity securities of ¥400 million and ¥400 million were pledged as collateral for the deferred payments of certain taxes based on the Japanese Custom Act and Consumption Tax Law, respectively.

**10. Other non-current assets:**

Other non-current assets as of March 31, 2014 and 2015 consist of the following:

	<b>Yen in millions</b>	
	<b>March 31</b>	
	<b>2014</b>	<b>2015</b>
Intangible assets *1	¥71,868	¥73,958
Other *2	9,158	15,576
	¥81,026	¥89,534

Notes:

\*1 “Intangible assets” information is described in Note 4 “Goodwill and other intangible assets”.

\*2 “Other” primarily consists of long-term prepaid expenses and deferred tax assets.

**11. Short-term borrowings and long-term debt:**

Short-term borrowings at March 31, 2014 and 2015 consist of the following:

	<b>Yen in millions</b>	
	<b>March 31</b>	
	<b>2014</b>	<b>2015</b>
Loans, principally from banks with average interest at March 31, 2014 and 2015 of 0.31% and 0.17% per annum, respectively	¥22,600	¥52,401
	¥22,600	¥52,401

As of March 31, 2015, NIDEC had unused lines of credit amounting to ¥273,558 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, 2014 and 2015 are comprised of the following:

	<b>Yen in millions</b>	
	<b>March 31</b>	
	<b>2014</b>	<b>2015</b>
Unsecured loans, representing obligations principally to banks		
Due 2014 to 2026 in 2014 with interest ranging from 0.00% to 6.80% per annum in 2014	¥77,804	-
Due 2015 to 2026 in 2015 with interest ranging from 0.17% to 6.40% per annum in 2015	-	¥53,789
Secured loans, representing obligations principally to banks		
Due 2015 to 2024 in 2015 with interest ranging from 1.45% to 3.50% per annum in 2015	-	1,372
Zero coupon convertible bonds due 2015		
Convertible at ¥5,313 for one common share	95,891	21,455
Unsecured straight bonds due 2017		
Interest at 0.39% per annum in 2014 and 2015	65,000	65,000
Unsecured straight bonds due 2019		
Interest at 0.60% per annum in 2014 and 2015	15,000	15,000
Unsecured straight bonds due 2022		
Interest at 0.96% per annum in 2014 and 2015	20,000	20,000
Unsecured straight bonds due 2016		
Interest at 0.21% per annum in 2014 and 2015	50,000	50,000
Unsecured straight bonds due 2014		
Issued by subsidiaries in 2011 which was newly consolidated in 2013		
Interest at 0.72% per annum in 2014	100	-
Capital lease obligations		
Due 2014 to 2019 in 2014, with interest ranging from 0.00% to 15.74% per annum in 2014	4,861	-
Due 2015 to 2020 in 2015, with interest ranging from 0.00% to 15.74 % per annum in 2015	-	3,481
	<u>328,656</u>	<u>230,097</u>
Less - Bonds current portion due within one year	(100)	(21,455)
Less - Long-term debt current portion due within one year	(27,478)	(22,106)
Less - Capital lease obligation current portion due within one year	(1,667)	(1,924)
	<u>¥299,411</u>	<u>¥184,612</u>

Detail of Euro Yen denominated zero coupon convertible bonds due 2015 is as follows;

	<b>Yen in millions</b>	
	<b>March 31</b>	
	<b>2014</b>	<b>2015</b>
Principal amount	¥95,750	¥21,445
Unamortized premium	141	10
Total	<u>¥95,891</u>	<u>¥21,455</u>

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The Euro Yen 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 principal amount on September 18, 2015 (maturity date).

On April 1, 2014, the Company completed a two-for-one stock split. As a result, the conversion price of the Company's Euro Yen Convertible Bonds with Stock Acquisition Rights due 2015 is adjusted from ¥10,626 to ¥5,313 and the number of potential shares based on conversion options associated with the convertible bonds is changed from 9,010,916 to 18,021,833, pursuant to the Terms and Conditions of the Bonds set forth in the Offering Circular. The number of potential shares based on conversion options associated with the convertible bonds is 4,036,325 as of March 31, 2015.

The bonds are included in the calculation of diluted earnings per share as their impact is dilutive.

The bonds were reclassified from Long-term debt to Current portion of long-term debt, since the bonds will be redeemed at maturity within one year.

The bonds decreased ¥74,436 million from ¥95,891 million as of March 31, 2014 to ¥21,455 million as of March 31, 2015 due to exercises of stock acquisition rights relating to convertible bonds, which led to the allocation of treasury stock and issuances of new shares.

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

The aggregate amounts of annual maturity of long-term debt after March 31, 2015 are as follows:

	<u>Yen in millions</u>
	<u>Year ending</u>
	<u>March 31</u>
2016	¥45,485
2017	81,842
2018	66,601
2019	442
2020	15,295
2021 and thereafter	<u>¥20,432</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. As of March 31, 2015, certain subsidiary pledges machinery, land and marketable securities with the sum of book value of ¥2,236 million as collateral for ¥1,372 million of long-term debt.

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**12. Other current liabilities:**

Other current liabilities as of March 31, 2014 and 2015 consist of the following:

	<b>Yen in millions</b>	
	<b>March 31</b>	
	<b>2014</b>	<b>2015</b>
Accounts payable for property, plant and equipment	¥9,857	¥7,989
Advances received	7,152	7,813
Income taxes payable	4,557	6,039
Product warranty liabilities	2,701	3,887
Other	9,018	12,162
	¥33,285	¥37,890

“Other” primarily consists of derivative liabilities and 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.

For the year ended March 31, 2015, certain subsidiaries in Japan modified the terms of the defined benefit plan.

According to the changes, gains and loss from prior service credit were recognized in consolidated financial statements.

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

**Japanese plans:**

	<b>Yen in millions</b>	
	<b>March 31</b>	
	<b>2014</b>	<b>2015</b>
Change in benefit obligation:		
Benefit obligation at beginning of year	¥14,079	¥17,666
Service cost	927	1,167
Interest cost	180	188
Actuarial loss	196	832
Acquisition and other	4,278	-
Plan amendment	(143)	(190)
Benefits paid	(1,851)	(1,469)
	<u>17,666</u>	<u>18,194</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	7,827	11,777
Actual return on plan assets	576	1,029
Employer contribution	1,135	3,167
Acquisition and other	3,202	-
Benefits paid	(963)	(1,044)
Fair value of plan assets at end of year	<u>11,777</u>	<u>14,929</u>
Funded status	<u>¥(5,889)</u>	<u>¥(3,265)</u>

Amounts included in the consolidated balance sheet are comprised of:

	<b>Yen in millions</b>	
	<b>March 31</b>	
	<b>2014</b>	<b>2015</b>
Accrued pension and severance costs	¥5,963	¥5,116
Other non-current assets	(74)	(1,851)
Net amounts recognized	<u>¥5,889</u>	<u>¥3,265</u>

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

	<b>Yen in millions</b>	
	<b>March 31</b>	
	<b>2014</b>	<b>2015</b>
Actuarial loss	¥(1,562)	¥(1,684)
Prior service credit	1,393	1,381
Pension liability adjustments, pre-tax	<u>¥(169)</u>	<u>¥(303)</u>

The accumulated benefit obligations for all defined benefit pension plans were ¥17,400 million and ¥17,876 million for the years ended March 31, 2014 and 2015, respectively.

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The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for which the accumulated benefit obligations exceed plan assets are as follows:

	<b>Yen in millions</b>	
	<b>March 31</b>	
	<b>2014</b>	<b>2015</b>
Projected benefit obligations	¥14,889	¥11,056
Accumulated benefit obligations	14,623	10,763
Fair value of plan assets	¥8,925	¥5,941

Weighted-average assumptions used to determine benefit obligations as of March 31, 2014 and 2015 are as follows:

	<b>March 31</b>	
	<b>2014</b>	<b>2015</b>
Discount rate	1.2%	1.2%
Rate of compensation increase	4.2%	4.1%

Weighted-average assumptions used to determine net pension and severance costs for the years ended March 31, 2013, 2014 and 2015 are as follows:

	<b>For the year ended</b>		
	<b>March 31</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Discount rate	1.6%	1.3%	1.2%
Expected return on plan assets	2.3%	2.6%	2.5%
Rate of compensation increase	2.3%	2.2%	4.2%

	<b>Yen in millions</b>		
	<b>For the year ended</b>		
	<b>March 31</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Components of net periodic (benefit) cost:			
Service cost	¥910	¥927	¥1,167
Interest cost	197	180	188
Expected return on plan assets	(139)	(164)	(236)
Amortization of net actuarial loss	123	92	79
Amortization of prior service credit	(146)	(157)	(207)
Net periodic pension cost	¥945	¥878	¥991

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, 2016 are ¥175 million and ¥60 million, respectively.

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**Foreign plans:**

	<b>Yen in millions</b>	
	<b>March 31</b>	
	<b>2014</b>	<b>2015</b>
Change in benefit obligation:		
Benefit obligation at beginning of year	¥19,966	¥21,966
Service cost	553	508
Interest cost	741	828
Actuarial gain(loss)	(548)	3,689
Acquisition and other	131	(51)
Foreign currency exchange rate changes	2,155	1,948
Benefits paid	(1,032)	(1,269)
	<u>21,966</u>	<u>27,619</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	7,014	10,113
Actual return on plan assets	957	1,177
Employer contribution	2,103	1,054
Foreign currency exchange rate changes and other	714	1,779
Benefits paid	(675)	(794)
Fair value of plan assets at end of year	<u>10,113</u>	<u>13,329</u>
Funded status	<u>¥(11,853)</u>	<u>¥(14,290)</u>

Amounts included in the consolidated balance sheet are comprised of:

	<b>Yen in millions</b>	
	<b>March 31</b>	
	<b>2014</b>	<b>2015</b>
Accrued pension and severance costs	¥11,853	¥14,290
Net amounts recognized	<u>¥11,853</u>	<u>¥14,290</u>

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

	<b>Yen in millions</b>	
	<b>March 31</b>	
	<b>2014</b>	<b>2015</b>
Actuarial gain(loss)	¥142	¥(4,501)
Pension liability adjustments, pre-tax	<u>¥142</u>	<u>¥(4,501)</u>

The accumulated benefit obligations for all defined benefit pension plans were ¥21,768 million and ¥25,936 million for the years ended March 31, 2014 and 2015, respectively.

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The projected benefit obligations, accumulated benefit obligations and fair value of plan assets for which the accumulated benefit obligations exceed plan assets are as follows:

	<b>Yen in millions</b>	
	<b>March 31</b>	
	<b>2014</b>	<b>2015</b>
Projected benefit obligations	¥21,498	¥27,045
Accumulated benefit obligations	21,300	25,362
Fair value of plan assets	¥9,464	¥12,595

Weighted-average assumptions used to determine benefit obligations as of March 31, 2014 and 2015 are as follows:

	<b>March 31</b>	
	<b>2014</b>	<b>2015</b>
Discount rate	4.4%	3.3%
Rate of compensation increase	3.0%	3.5%

Weighted-average assumptions used to determine net pension and severance costs for the years ended March 31, 2013, 2014 and 2015 are as follows:

	<b>For the year ended</b>		
	<b>March 31</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Discount rate	4.7%	4.4%	4.4%
Expected return on plan assets	7.5%	7.5%	7.6%
Rate of compensation increase	3.0%	3.0%	3.0%

	<b>Yen in millions</b>		
	<b>For the year ended</b>		
	<b>March 31</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Components of net periodic (benefit) cost:			
Service cost	¥549	¥553	¥508
Interest cost	625	741	828
Expected return on plan assets	(445)	(443)	(1,170)
Amortization of net actuarial loss	6	27	14
Net periodic pension cost	¥735	¥878	¥180

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, 2016 is ¥143 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 enables 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 ensures that plan assets are allocated under this

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“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 2% is invested in equity securities, approximately 4% is invested in debt securities, and approximately 94% is invested in other investment vehicles, primarily consisting of investments in pooled funds and life insurance company general accounts.

The equity securities are selected from stocks that are listed on the securities exchanges. The debt securities are selected from Japanese and foreign government bonds, public debt instruments, and corporate bonds. Pooled funds included in other assets invest in equity and debt securities in mixture selected from same as above two categories. As for investments in life insurance company general accounts, the contracts with the insurance companies include a guaranteed interest rate and return of capital.

The three levels of input used to measure fair value are more fully described in Note 19. The fair values of NIDEC's pension plan assets at March 31, 2014 and 2015, by asset category, are as follows:

	Fair Value at March 31, 2014	Yen in millions		
		Fair Value Measurements Using Inputs Considered as		
		Level 1	Level 2	Level 3
Equity securities:				
Japanese companies	¥281	¥281	¥-	¥-
Foreign companies	233	233	-	-
Debt securities:				
Pooled funds *1	757	-	757	-
Other assets:				
Cash and cash equivalents	1,793	1,793	-	-
Life insurance company general accounts	5,179	-	5,179	-
Pooled funds *2	11,183	-	11,183	-
Others	2,464	-	2,464	-
Total	<u>¥21,890</u>	<u>¥2,307</u>	<u>¥19,583</u>	<u>¥-</u>

\*1 These funds invest in approximately 68% Japanese bonds, 32% foreign bonds.

\*2 These funds primarily invest in listed equity securities consisting of approximately 7% Japanese companies and 31% foreign companies, and debt security consisting of approximately 6% Japanese bonds and 37% foreign bonds.

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	Yen in millions			
	Fair Value at March 31, 2015	Fair Value Measurements Using Inputs Considered as		
		Level 1	Level 2	Level 3
Equity securities:				
Japanese companies	¥335	¥335	¥-	¥-
Foreign companies	262	262	-	-
Debt securities:				
Pooled funds *1	1,019	-	1,019	-
Other assets:				
Cash and cash equivalents	4,175	4,175	-	-
Life insurance company general accounts	6,063	-	6,063	-
Pooled funds *2	14,090	-	14,090	-
Others	2,314	-	2,314	-
Total	¥28,258	¥4,772	¥23,486	¥-

\*1 These funds invest in approximately 65% Japanese bonds, 35% foreign bonds.

\*2 These funds primarily invest in listed equity securities consisting of approximately 4% Japanese companies and 28% foreign companies, and debt security consisting of approximately 7% Japanese bonds and 47% foreign bonds.

Level 1 assets are comprised primarily of cash and cash equivalents and equity securities, which are valued using an unadjusted quoted market price in active markets with sufficient volume and frequency of transactions. Level 2 assets are comprised primarily of pooled funds that invest in equity and debt securities, and investments in life insurance company general accounts. Pooled funds are valued at their net asset values that are calculated by the sponsor of the fund and have daily liquidity. The net asset value is based on the fair value of the underlying assets owned by the fund, minus its liabilities then divided by the number of units outstanding. Investments in life insurance company general accounts are valued at conversion value.

The table below sets forth a summary of changes in the fair value of plan assets categorized as Level 3 for the years ended March 31, 2014 and 2015.

	Yen in millions	
	March 31	March 31
	2014	2015
Balance at beginning of year	¥2,070	¥-
Actual return on plan assets and other	394	-
Transfers out of level 3 *	(2,464)	-
Balance at end of year	¥-	¥-

\* All the level 3 assets were transferred into level 2 for the year ended March 31, 2014 because we got the ability to redeem the level 3 assets at net asset value at the measurement date.

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Others consist primarily of interests in common/collective trusts. The investments employ a funds of funds strategy in various hedge funds with multiple strategies. These investments are valued using the net asset values as provided by the funds.

NIDEC expects to contribute approximately ¥1,375 million to its defined benefit plans for the year ending March 31, 2016.

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

	<b>Yen in millions</b>	
	<b>Japanese plans</b>	<b>Foreign plans</b>
2016	¥921	¥2,534
2017	832	1,211
2018	863	1,180
2019	1,105	1,254
2020	1,030	1,202
Years 2021-2025	¥5,770	¥6,097

Certain subsidiaries have a number of multiemployer plans. Total amounts of cost recognized for certain subsidiaries' contributions to the plans were ¥182 million, ¥169 million and ¥169 million for the years ended March 31, 2013, 2014 and 2015, respectively. NIDEC expects to contribute approximately ¥159 million for the year ending March 31, 2016.

Certain subsidiaries have a number of defined contribution plans. Total amounts of cost recognized for certain subsidiaries' contribution to the plans were ¥1,999 million, ¥2,617 million and ¥3,103 million for the years ended March 31, 2013, 2014 and 2015, respectively. NIDEC expects to contribute approximately ¥3,181 million for the year ending March 31, 2016.

**14. Other long-term liabilities:**

Other long-term liabilities as of March 31, 2014 and 2015 consist of the following:

	<b>Yen in millions</b>	
	<b>March 31</b>	
	<b>2014</b>	<b>2015</b>
Deferred tax liabilities (Note 16)	¥18,159	¥26,935
Other	8,105	6,569
	<u>¥26,264</u>	<u>¥33,504</u>

“Other” primarily consists of unrecognized tax benefits, accrued interest and penalty.

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**15. Equity:**

The Japanese Company Law (the “Company Law”) provides that an amount equal to 10% of cash dividends from retained earnings by the Company and its Japanese subsidiaries must be appropriated as a legal reserve. No further appropriations are required when the sum of the legal reserves reaches 25% of stated capital. These reserves currently exceed 25% of stated capital and are available for dividends under the Company Law subject to approval at the shareholders’ meeting. Certain foreign subsidiaries are also required to appropriate their earnings to legal reserves under the laws of the respective countries.

The amount of statutory retained earnings of the Company available for dividend payments to shareholders was ¥91,137 million and ¥185,289 million for the years ended March 31, 2014 and 2015, 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, 2015 includes amounts representing final cash dividends of ¥11,764 million, ¥40 per share.

Repurchased treasury stock is not entitled to a dividend under the Company Law. NIDEC resolved to repurchase its own shares at several meetings of its Board of Directors during the years ended March 31, 2014 and 2015. In accordance with the resolution, NIDEC repurchased 1,000,000 shares of treasury stock for the aggregate cost of ¥2,696 million during years ended March 31, 2014. NIDEC owned 14,343,952 shares, or ¥40,527 million and 36 shares, or ¥0 million of treasury stock repurchased for the years ended March 31, 2014 and 2015, which were restricted regarding the payment of cash dividend.

On October 1, 2012, NIDEC made the Nidec Sankyo Corporation (“NSNK”) a wholly owned subsidiary through a share exchange transaction. NIDEC allocated 6,350,630 shares of its common stock held in treasury to holders of NSNK stock in connection with the share exchange transaction. As a result of the share exchange transaction, NIDEC’s equity interests in NSNK increased from 77.1% to 100%.

On October 1, 2013, NIDEC made the Nidec Copal Corporation (“NCPL”) a wholly owned subsidiary through a share exchange transaction. NIDEC allocated 4,856,764 shares of its common stock held in treasury to holders of NCPL stock in connection with the share exchange transaction. As a result of the share exchange transaction, NIDEC’s equity interest in NCPL increased from 66.5% to 100%.

On October 1, 2013, NIDEC made the Nidec Tosok Corporation (“NTSC”) a wholly owned subsidiary through a share exchange transaction. NIDEC allocated 2,624,000 shares of its common stock held in treasury to holders of NTSC stock in connection with the share exchange transaction. As a result of the share exchange transaction, NIDEC’s equity interest in NTSC increased from 72.3% to 100%.

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On October 1, 2014, NIDEC made the Nidec Copal Electronics Corporation (“NCEL”) a wholly owned subsidiary through a share exchange transaction. NIDEC allocated 3,160,575 shares of its common stock held in treasury to holders of NCEL stock in connection with the share exchange transaction. As a result of the share exchange transaction, NIDEC’s equity interest in NCEL increased from 65.4% to 100%.

On October 1, 2014, NIDEC made the Nidec-Read Corporation (“NRCJ”) a wholly owned subsidiary through a share exchange transaction. NIDEC allocated 1,421,498 shares of its common stock held in treasury to holders of NRCJ stock in connection with the share exchange transaction. As a result of the share exchange transaction, NIDEC’s equity interest in NRCJ increased from 65.5% to 100%.

NIDEC implemented a two-for-one stock split on NIDEC's common stock as of April 1, 2014. Therefore, NIDEC adjusted shares of common stock and those of treasury stock under the assumption that the stock split had been implemented on March 31, 2012, retrospectively.

Retained earnings relating to equity in undistributed earnings reflect ¥152 million, ¥168 million and ¥155 million of accumulated deficit of the companies accounted for by the equity method for the years ended March 31, 2013, 2014 and 2015.

The changes in accumulated other comprehensive income (loss) by component are as follows:

	<b>Yen in Millions</b>				
	<b>Foreign currency translation adjustments</b>	<b>Net unrealized gains (losses) from securities</b>	<b>Net gains (losses) from derivative instruments</b>	<b>Pension liability adjustments</b>	<b>Total</b>
<b>For the year ended March 31, 2014:</b>					
Balance at March 31, 2013	12,636	1,187	242	(1,112)	12,953
Other comprehensive income (loss) before reclassifications	41,904	3,145	(244)	755	45,560
Amounts reclassified from accumulated other comprehensive income (loss)	-	(147)	(22)	34	(135)
Net change during the current period other comprehensive income (loss)	41,904	2,998	(266)	789	45,425
Balance at March 31, 2014	54,540	4,185	(24)	(323)	58,378

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Yen in Millions

	<b>Foreign currency translation adjustments</b>	<b>Net unrealized gains (losses) from securities</b>	<b>Net gains (losses) from derivative instruments</b>	<b>Pension liability adjustments</b>	<b>Total</b>
<b>For the year ended March 31, 2015:</b>					
Balance at March 31, 2014	54,540	4,185	(24)	(323)	58,378
Other comprehensive income (loss) before reclassifications	76,854	3,245	(1,065)	(2,461)	76,573
Amounts reclassified from accumulated other comprehensive income (loss)	(64)	(18)	17	(60)	(125)
Net change during the current period other comprehensive income (loss)	76,790	3,227	(1,048)	(2,521)	76,448
Balance at March 31, 2015	131,330	7,412	(1,072)	(2,844)	134,826

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Reclassification out of accumulated other comprehensive income (loss) are as follows:

	<b>Amount</b>	
	<b>Reclassified</b>	<b>Yen in Millions</b>
	<b>from</b>	
	<b>Accumulated</b>	
	<b>other</b>	
	<b>comprehensive</b>	<b>Affected line items</b>
<b>For the year ended</b>	<b>income (loss) *1</b>	<b>in consolidated statement of income</b>
<b>March 31, 2014:</b>		
Net unrealized gains (losses) from securities	(230)	Gain from marketable securities, net
	83	Income taxes
	(147)	Consolidated net income
	-	Net income attributable to noncontrolling interests
	(147)	Net income attributable to Nidec Corporation
Net gains (losses) from derivative instruments	(37)	Cost of products sold, Interest expense
	15	Income taxes
	(22)	Consolidated net income
	-	Net income attributable to noncontrolling interests
	(22)	Net income attributable to Nidec Corporation
Pension liability adjustments	(38)	*2
	22	Income taxes
	(16)	Consolidated net income
	50	Net income attributable to noncontrolling interests
	34	Net income attributable to Nidec Corporation
Total amount reclassified, net of tax and noncontrolling interests	(135)	

\*1 Amounts in parentheses indicate gains in consolidated statement of income.

\*2 This accumulated other comprehensive income (loss) component is included in the computation of net periodic pension cost.

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		Yen in Millions
	Amount Reclassified from Accumulated other comprehensive income (loss) *1	Affected line items in consolidated statement of income
<b>For the year ended</b>		
<b>March 31, 2015:</b>		
Foreign currency translation adjustments	(64)	Other, net, Selling, general and administrative expenses
	-	Income taxes
	(64)	Consolidated net income
	-	Net income attributable to noncontrolling interests
	(64)	Net income attributable to Nidec Corporation
Net unrealized gains (losses) from securities	(26)	Gain from marketable securities, net
	8	Income taxes
	(18)	Consolidated net income
	-	Net income attributable to noncontrolling interests
	(18)	Net income attributable to Nidec Corporation
Net gains (losses) from derivative instruments	28	Cost of products sold, Interest expense
	(11)	Income taxes
	17	Consolidated net income
	-	Net income attributable to noncontrolling interests
	17	Net income attributable to Nidec Corporation
Pension liability adjustments	(114)	*2
	41	Income taxes
	(73)	Consolidated net income
	13	Net income attributable to noncontrolling interests
	(60)	Net income attributable to Nidec Corporation
Total amount reclassified, net of tax and noncontrolling interests	(125)	

\*1 Amounts in parentheses indicate gains in consolidated statement of income.

\*2 This accumulated other comprehensive income (loss) component is included in the computation of net periodic pension cost.

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, 2013, 2014 and 2015 are as follows:

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	<b>Yen in millions</b>		
	<b>Pre-tax amount</b>	<b>Tax benefit/ (expense)</b>	<b>Net-of-tax amount</b>
For the year ended March 31, 2013:			
Foreign currency translation adjustments:			
Foreign currency translation adjustments arising during period	¥62,024	¥-	¥62,024
Reclassification adjustments for gains and losses realized in net income	134	-	134
Net unrealized gains (losses) from securities:			
Unrealized holding gains arising during period	156	(56)	100
Reclassification adjustments for gains and losses realized in net income	88	(37)	51
Net gains (losses) from derivative instruments qualifying for cash flow hedges:			
Unrealized gains arising during period	93	(30)	63
Reclassification adjustments for gains and losses realized in net income	196	(90)	106
Pension liability adjustment:			
Actuarial losses arising during period	(328)	(93)	(421)
Prior service cost arising during period	-	-	-
Reclassification adjustments for actuarial gains and losses realized in net income	130	(45)	85
Reclassification adjustments for prior service credit and cost realized in net income	(152)	55	(97)
Other comprehensive income (loss)	<u>¥62,341</u>	<u>¥(296)</u>	<u>¥ 62,045</u>
For the year ended March 31, 2014:			
Foreign currency translation adjustments:			
Foreign currency translation adjustments arising during period	¥43,429	¥-	¥43,429
Reclassification adjustments for gains and losses realized in net income	-	-	-
Net unrealized gains (losses) from securities:			
Unrealized holding gains arising during period	4,567	(1,440)	3,127
Reclassification adjustments for gains and losses realized in net income	(230)	83	(147)
Net gains (losses) from derivative instruments qualifying for cash flow hedges:			
Unrealized losses arising during period	(397)	153	(244)
Reclassification adjustments for gains and losses realized in net income	(37)	15	(22)
Pension liability adjustment:			
Actuarial gains arising during period	1,072	(378)	694
Prior service cost arising during period	74	(14)	60
Reclassification adjustments for actuarial gains and losses realized in net income	119	(35)	84
Reclassification adjustments for prior service credit and cost realized in net income	(157)	57	(100)
Other comprehensive income (loss)	<u>¥48,440</u>	<u>¥(1,559)</u>	<u>¥46,881</u>

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	<b>Yen in millions</b>		
	<b>Pre-tax amount</b>	<b>Tax benefit/ (expense)</b>	<b>Net-of-tax amount</b>
For the year ended March 31, 2015:			
Foreign currency translation adjustments:			
Foreign currency translation adjustments arising during period	¥77,815	¥-	¥77,815
Reclassification adjustments for gains and losses realized in net income	(64)	-	(64)
Net unrealized gains (losses) from securities:			
Unrealized holding gains arising during period	5,035	(1,774)	3,261
Reclassification adjustments for gains and losses realized in net income	(26)	8	(18)
Net gains (losses) from derivative instruments qualifying for cash flow hedges:			
Unrealized losses arising during period	(1,719)	654	(1,065)
Reclassification adjustments for gains and losses realized in net income	28	(11)	17
Pension liability adjustment:			
Actuarial losses arising during period	(4,193)	1,526	(2,667)
Prior service cost arising during period	226	(20)	206
Reclassification adjustments for actuarial gains and losses realized in net income	93	(26)	67
Reclassification adjustments for prior service credit and cost realized in net income	(207)	67	(140)
Other comprehensive income (loss)	<u>¥76,988</u>	<u>¥424</u>	<u>¥77,412</u>

**16. Income taxes:**

The components of income before income taxes comprise the following:

	<b>Yen in millions</b>		
	<b>For the year ended March 31</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Income (loss) before income taxes:			
The Company and domestic subsidiaries	¥(7,473)	¥25,262	¥23,398
Foreign subsidiaries	20,871	59,198	83,973
	<u>¥13,398</u>	<u>¥84,460</u>	<u>¥107,371</u>

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The provision for income taxes consists of the following:

	<b>Yen in millions</b>		
	<b>For the year ended March 31</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Current income tax expense/(benefit):			
The Company and domestic subsidiaries	¥9,200	¥1,872	¥5,531
Foreign subsidiaries	5,713	10,139	12,799
Total current	14,913	12,011	18,330
Deferred income tax expense (benefit):			
The Company and domestic subsidiaries	(5,504)	12,579	10,497
Foreign subsidiaries	(2,847)	1,068	284
Total deferred	(8,351)	13,647	10,781
Total provision	¥6,562	¥25,658	¥29,111

NIDEC is subject to a number of different income taxes, which, in the aggregate, indicate a statutory rate in Japan of approximately 38.0% in 2013 and 2014 and approximately 36.0% in 2015. Reconciliation of the differences between the statutory tax rate and the effective income tax rate is as follows:

	<b>For the year ended March 31</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Statutory tax rate	38.0%	38.0%	36.0%
Increase (reduction) in taxes resulting from:			
Tax benefit in foreign subsidiaries	(43.6)	(14.6)	(14.3)
Tax on undistributed earnings	8.9	2.2	2.7
Valuation allowance	33.7	(2.3)	(4.3)
Liabilities for unrecognized tax benefits	2.3	(0.1)	0.3
Reversal of deferred tax assets related to foreign tax credit	-	5.3	-
Deduction for foreign taxes	-	2.4	1.5
Withholding tax on dividends from overseas subsidiaries	4.6	0.0	2.3
Changes in Japanese income tax rates	-	0.3	0.7
Other	5.1	(0.8)	2.2
Effective income tax rate	49.0%	30.4%	27.1%

The effective income tax rate decreased 3.3 percentage points from 30.4% for the year ended March 31, 2014 to 27.1% for the year ended March 31, 2015. This main factor was because the reversal of deferred tax assets related to foreign tax credit that increased tax rate for the year ended March 31, 2014 did not occur for the year ended March 31, 2015.

On March 31, 2015, the government in Japan enacted the 2015 tax reform bill, which resulted in various changes to the calculation of statutory income taxes for companies were promulgated in Japan. As a result, the normal statutory corporate income tax rate in Japan was reduced from approximately 36.0% to approximately 33.0% from April 1, 2015, and further to approximately 32.2% from April 1, 2016. The statutory tax rate used for calculating deferred tax

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assets and liabilities, where temporary differences would be realized after April 1, 2016, was accordingly reduced from approximately 36.0% to approximately 33.0% or approximately 32.2%, 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 March and August 2010. Under these privileges, NIDEC received an exemption from corporate income tax for a period of eight years from the date of commencement of certain revenue-generating activities identified by the promotional certificate.

In the Philippines, NIDEC received certain tax incentives in September 2011, which included an income tax holiday for four years.

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

	<b>Yen in millions</b>		
	<b>For the year ended</b>		
	<b>March 31</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Aggregate amounts of tax holidays	¥2,968	¥4,362	¥5,109
	Yen		
Per share - Basic	¥11.02	¥16.03	¥18.25
- Diluted	¥10.30	¥15.02	¥17.22

NIDEC implemented a two-for-one stock split on our common stock effective April 1, 2014. Therefore, the per share effects of tax holidays have been accordingly adjusted to reflect the effect of the stock split.

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

	<b>Yen in millions</b>	
	<b>March 31</b>	
	<b>2014</b>	<b>2015</b>
Deferred tax assets:		
Inventories	¥2,675	¥2,454
Property, plant and equipment	4,896	4,200
Accrued bonus	2,330	2,180
Accrued enterprise tax	221	376
Pension and severance plans	4,449	3,244
Operating loss carryforwards for tax purposes	12,811	8,595
Accrued vacation	1,090	1,171
Accrued expenses	1,425	1,358
Other	3,139	4,611
Gross deferred tax assets	33,036	28,189
Less - Valuation allowance	(14,561)	(9,162)
Net deferred tax assets	18,475	19,027
Deferred tax liabilities:		
Basis difference of acquired assets	(458)	(875)
Undistributed earnings not permanently reinvested	(9,311)	(13,165)
Marketable securities	(321)	(2,026)
Intangible assets	(11,091)	(11,238)
Other	(5,181)	(6,922)
Total deferred tax liabilities	(26,362)	(34,226)
Net deferred tax liabilities	¥(7,887)	¥(15,199)

Operating loss carryforwards for tax purposes on March 31, 2015 in Japan and foreign countries amounted to approximately ¥26,810 million and are available as an offset against future taxable income.

With the exception of ¥3,861 million with no expiration period, the majority of these carryforwards expire in years 2016 to 2035.

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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, 2013, 2014 and 2015 consist of the following:

	<b>Yen in millions</b>		
	<b>March 31</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Valuation allowance at beginning of year	¥(9,786)	¥(14,492)	¥(14,561)
Additions	(7,660)	(4,231)	(3,006)
Deductions	2,994	4,183	8,405
Impact on newly acquired companies	(40)	(21)	-
Valuation allowance at end of year	<u>¥(14,492)</u>	<u>¥(14,561)</u>	<u>¥(9,162)</u>

Deferred tax assets and deferred tax liabilities are included in the consolidated balance sheets as follows:

	<b>Yen in millions</b>	
	<b>March 31</b>	
	<b>2014</b>	<b>2015</b>
Deferred tax assets:		
Other current assets	¥10,438	¥9,549
Other non-current assets	1,559	4,999
Deferred tax liabilities:		
Other current liabilities	(1,725)	(2,812)
Other long-term liabilities	(18,159)	(26,935)
Net deferred tax liabilities	<u>¥(7,887)</u>	<u>¥(15,199)</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 ¥242,366 million as of March 31, 2015. NIDEC estimates an additional deferred tax liability of ¥19,044 million would be required at such time if the full amount of these accumulated earnings were expected to be remitted.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	<b>Yen in millions</b>		
	<b>For the year ended</b>		
	<b>March 31,</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Balance at April 1	¥1,766	¥2,361	¥2,232
Additions for tax positions of the current year	44	357	250
Additions for tax positions of prior years	551	-	-
Reduction for tax positions of prior years	-	(486)	-
Balance at March 31	<u>¥2,361</u>	<u>¥2,232</u>	<u>¥2,482</u>

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Total amount of unrecognized tax benefits that would reduce the effective tax rate, if recognized, is ¥2,482 million.

Although NIDEC believes its estimates and assumptions of unrecognized tax benefits are reasonable, uncertainty regarding the final determination of tax audit settlements and any related litigation could affect the effective tax rate in the future periods. A significant change to the unrecognized tax benefits might occur within the next twelve months. NIDEC does not expect that such change will have a significant impact on consolidated results of operations and financial position.

NIDEC recognizes interest and penalties related to unrecognized tax benefits as a component of other, net in the consolidated statements of income. The interest and penalties for the fiscal years ended March 31, 2013, 2014 and 2015, respectively, had no material impact on its consolidated results of operations. The total gross accrued interest and penalty were ¥89 million and ¥96 million at March 31, 2014 and 2015, respectively.

NIDEC remains subject to income tax examination for the tax returns related to the years beginning on and after April 1, 2008, 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 net income attributable to Nidec Corporation per share for the years ended March 31, 2013, 2014 and 2015.

	<u>Yen in millions</u>	<u>Thousands of shares</u>	<u>Yen</u>
	<u>Net income attributable to Nidec Corporation</u>	<u>Weighted-average shares</u>	<u>Net income attributable to Nidec Corporation per share</u>
<b>For the year ended March 31, 2013:</b>			
<b>Basic net income attributable to Nidec Corporation per share:</b>			
Net income attributable to Nidec Corporation	¥7,986	269,429	<u>¥29.64</u>
<b>Effect of dilutive securities:</b>			
Zero coupon convertible bonds	(61)	18,821	
<b>Diluted net income attributable to Nidec Corporation per share:</b>			
Net income attributable to Nidec Corporation	<u>¥7,925</u>	<u>288,250</u>	<u>¥27.49</u>
<b>For the year ended March 31, 2014:</b>			
<b>Basic net income attributable to Nidec Corporation per share:</b>			
Net income attributable to Nidec Corporation	¥56,272	272,078	<u>¥206.82</u>
<b>Effect of dilutive securities:</b>			
Zero coupon convertible bonds	(64)	18,400	
<b>Diluted net income attributable to Nidec Corporation per share:</b>			
Net income attributable to Nidec Corporation	<u>¥56,208</u>	<u>290,478</u>	<u>¥193.50</u>

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	Yen in millions	Thousands of shares	Yen
	Net income attributable to Nidec Corporation	Weighted- average shares	Net income attributable to Nidec Corporation per share
<b>For the year ended March 31, 2015:</b>			
<b>Basic net income attributable to Nidec Corporation per share:</b>			
Net income			
attributable to Nidec Corporation	¥76,216	279,873	<u>¥272.32</u>
<b>Effect of dilutive securities:</b>			
Zero coupon convertible bonds	(57)	16,782	
<b>Diluted net income attributable to Nidec Corporation per share:</b>			
Net income			
attributable to Nidec Corporation	<u>¥76,159</u>	<u>296,655</u>	<u>¥256.73</u>

NIDEC implemented a two-for-one stock split on our common stock effective April 1, 2014. Therefore, the earnings per share have been accordingly adjusted to reflect the effect of the stock split.

**18. Derivatives:**

NIDEC manages the exposures to fluctuations in foreign exchange rate, interest rate and commodity prices through the use of derivative financial instruments which include foreign exchange forward contracts, interest rate swap agreement and commodity future contracts. 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 to be mitigated by the high credit rating of the counterparties.

**Cash flow hedges**

NIDEC uses foreign exchange forward contracts, interest rate swap agreements and commodity future contracts designated as cash flow hedges to protect against a portion of foreign exchange rate risks, interest rate risks and commodity prices risks inherent in its forecasted transactions related to purchase commitments.

**Derivatives not designated as hedges**

NIDEC is unable or has elected not to apply hedge accounting to some of these derivatives from time to time. The changes in the fair value of these contracts are recorded in "Other income (expense)".

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**The contractual amounts outstanding of derivative instruments**

Derivatives designated as cash flow hedges are as follows:

	<b>Yen in millions</b>	
	<b>March 31, 2014</b>	<b>March 31, 2015</b>
Foreign exchange forward contracts	¥9,736	¥21,746
Interest rate swap agreements	20,587	10,014
Commodity futures	4,610	4,929

Derivatives not designated as hedging instruments are as follows:

	<b>Yen in millions</b>	
	<b>March 31, 2014</b>	<b>March 31, 2015</b>
Foreign exchange forward contracts	¥1,800	¥1,321
Currency option contracts	53	-

**Fair values of derivative instruments**

Derivatives designated as cash flow hedges are as follows:

		<b>Asset Derivatives</b>	
		<b>Yen in millions</b>	
<b>Balance sheet location</b>		<b>March 31, 2014</b>	<b>March 31, 2015</b>
		Foreign exchange forward contracts	Other current assets
Commodity futures	Other current assets	-	47
		<b>Liability Derivatives</b>	
		<b>Yen in millions</b>	
<b>Balance sheet location</b>		<b>March 31, 2014</b>	<b>March 31, 2015</b>
		Foreign exchange forward contracts	Other current liabilities
Interest rate swap agreements	Other current liabilities	31	12
Commodity futures	Other current liabilities	239	324

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Derivatives not designated as hedging instruments are as follows:

		<u>Asset Derivatives</u>	
		<u>Yen in millions</u>	
		<u>March 31, 2014</u>	<u>March 31, 2015</u>
Foreign exchange forward contracts	Other current assets	¥4	-
	Other current assets	<u>7</u>	<u>-</u>
Currency option contracts	Other current assets	<u>7</u>	<u>-</u>
	Other current assets	<u>7</u>	<u>-</u>
		<u>Liability Derivatives</u>	
		<u>Yen in millions</u>	
		<u>March 31, 2014</u>	<u>March 31, 2015</u>
Foreign exchange forward contracts	Other current liabilities	<u>-</u>	<u>¥142</u>

**The effect of derivative instruments on the consolidated statements of income for the year ended March 31**

Derivatives designated as cash flow hedges are as follows:

Gains (losses) recognized in accumulated other comprehensive income

	<u>Yen in millions</u>		
	<u>For the year ended March 31</u>		
	<u>2013</u>	<u>2014</u>	<u>2015</u>
Foreign exchange forward contracts	¥277	¥(229)	¥(1,075)
Interest rate swap agreements	(6)	(5)	8
Commodity futures	<u>(102)</u>	<u>(32)</u>	<u>19</u>

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>2013</u>	<u>2014</u>	<u>2015</u>
Foreign exchange forward contracts	Cost of sales	¥81	¥241	¥47
Interest rate swap agreements	Interest expense	(4)	(7)	(3)
Commodity futures	Cost of sales	<u>(183)</u>	<u>(212)</u>	<u>(61)</u>

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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, 2015.

A net loss of ¥766 million in accumulated other comprehensive income at March 31, 2015 is expected to be reclassified into earnings within the next 12 months.

As of March 31, 2015, the maximum length of time over which NIDEC hedged its exposure to variability in future cash flows for forecasted transactions was approximately 23 months.

Derivatives not designated as hedging instruments are as follows:

Gains (losses) recognized in income		Yen in millions		
	<b>Statement of income location</b>	<b>For the year ended March 31</b>		
		<b>2013</b>	<b>2014</b>	<b>2015</b>
Foreign exchange forward contracts	Foreign exchange gain (loss), net	¥22	¥23	¥(336)
Currency option contracts	Foreign exchange gain (loss), net	40	18	(7)

**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.

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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 tables provide 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, 2014	Fair Value Measurements Using Inputs Considered as		
		Level 1	Level 2	Level 3
Assets:				
Marketable securities	¥14,383	¥14,383	-	-
Derivatives	282	-	282	-
Total assets:	<u>¥14,665</u>	<u>¥14,383</u>	<u>¥282</u>	<u>-</u>
Liabilities:				
Derivatives	¥271	¥239	¥32	-

	Yen in millions			
	Fair Value at March 31, 2015	Fair Value Measurements Using Inputs Considered as		
		Level 1	Level 2	Level 3
Assets:				
Marketable securities	¥19,383	¥19,053	330	-
Derivatives	55	47	8	-
Total assets:	<u>¥19,438</u>	<u>¥19,100</u>	<u>¥338</u>	<u>-</u>
Liabilities:				
Derivatives	¥2,062	¥324	¥1,738	-

Level 1 securities and derivatives including commodity futures are valued using an unadjusted quoted market price in active markets with sufficient volume and frequency of transactions.

Level 2 securities are valued using non-active market prices for identical assets.

Level 2 derivatives including foreign exchange contracts are valued using quotes obtained from counterparties or third parties, which are periodically validated by pricing models using observable market inputs, such as foreign currency exchange rates, and interest rates.

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**Fair value of financial instruments:**

The carrying amount and estimated fair values of NIDEC's financial instruments, excluding those disclosed elsewhere, are summarized as follows:

	Yen in millions		Yen in millions	
	March 31, 2014		March 31, 2015	
	Carrying amount	Estimated fair value	Carrying amount	Estimated Fair value
Asset (Liability):				
Cash and cash equivalents	¥247,740	¥247,740	¥269,902	¥269,902
Short-term investments	2,344	2,344	2	2
Long-term investments	83	82	160	160
Short-term loan receivable	157	157	171	171
Long-term loan receivable	48	50	42	41
Short-term borrowings	(22,600)	(22,600)	(52,401)	(52,401)
Long-term debt including the current portion and excluding capital lease obligation and bonds	(77,804)	(77,486)	(55,161)	(55,099)
Bonds including the current portion	¥(245,991)	¥(271,853)	¥(171,455)	¥(183,687)

The following are explanatory notes relating to the financial instruments.

Cash and cash equivalents, short-term investments, short-term loans receivable and short-term borrowings: In the normal course of business, substantially all cash and cash equivalents, short-term investments (time deposits), short-term loans receivable and short-term borrowings are highly liquid and are carried at amounts that approximate fair value.

Long-term investments: NIDEC's long-term investments are time deposits which are due over one year from the year ended March 31, 2015 to original maturity and are classified as Level 2 instruments. The fair value of long-term investments was estimated by discounting expected future cash flows.

Long-term loan receivable: NIDEC's long-term loan receivable instruments are classified as Level 2 instruments. The fair value of long-term loans was estimated by discounting expected future cash flows.

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

Bonds: NIDEC's bonds instruments are classified as Level 2 instruments. The fair value of bonds issued by NIDEC was estimated based on the quoted market price for NIDEC bond instruments in markets that are not active.

The carrying amounts of "Trade notes and accounts receivable" and "Trade notes and accounts payable" approximate fair value because of the short maturity of these instruments. The

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table described above excludes these financial instruments.

**20. Related party transactions:**

As of March 31, 2015, the Chief Executive Officer (“CEO”) of the Company, a business entity indirectly owned by the CEO (“the business entity”), and the CEO’s immediate family member held 8.7%, 3.7% and 1.8% of the outstanding shares of the Company, respectively.

In October 2012, the Company entered into a share exchange transaction with NSNK to make NSNK a wholly owned subsidiary of the Company. The Company allocated 6,350,630 shares of the Company’s common stock held in treasury into shareholders of NSNK except for the Company. The CEO was allocated 306,272 shares of the Company’s common stock held in treasury in exchange for shares of NSNK which the CEO had owned. This related party transaction with the CEO was at arm’s-length. This related party transaction did not have a material impact on NIDEC’s consolidated financial position, results of operations and liquidity.

In October 2013, the Company entered into a share exchange transaction with NCPL to make NCPL a wholly owned subsidiary of the Company. The Company allocated 4,856,764 shares of the Company’s common stock held in treasury into shareholders of NCPL except for the Company. The CEO was allocated 589,992 shares of the Company’s common stock held in treasury in exchange for shares of NCPL which the CEO had owned. This related party transaction with the CEO was at arm’s-length. This related party transaction did not have a material impact on NIDEC’s consolidated financial position, results of operations and liquidity.

In October 2013, the Company entered into a share exchange transaction with NTSC to make NTSC a wholly owned subsidiary of the Company. The Company allocated 2,624,000 shares of the Company’s common stock held in treasury into shareholders of NTSC except for the Company. The CEO and the business entity were allocated 322,400 shares and 49,600 shares of the Company’s common stock, respectively, held in treasury in exchange for shares of NTSC which the CEO and the business entity had owned. These related party transactions with the CEO and the business entity was at arm’s-length. These related party transactions did not have a material impact on NIDEC’s consolidated financial position, results of operations and liquidity.

In October 2014, the Company entered into a share exchange transaction with NCEL to make NCEL a wholly owned subsidiary of the Company. The Company allocated 3,160,575 shares of the Company’s common stock held in treasury into shareholders of NCEL except for the Company. The CEO was allocated 282,624 shares of the Company’s common stock held in treasury in exchange for shares of NCEL which the CEO had owned. This related party transaction with the CEO was at arm’s-length. This related party transaction did not have a material impact on NIDEC’s consolidated financial position, results of operations and liquidity.

In October 2014, the Company entered into a share exchange transaction with NRCJ to make NRCJ a wholly owned subsidiary of the Company. The Company allocated 1,421,498 shares of the Company’s common stock held in treasury into shareholders of NRCJ except for the Company.

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The CEO and the business entity were allocated 182,250 shares and 51,030 shares of the Company's common stock, respectively, held in treasury in exchange for shares of NRCJ which the CEO and the business entity had owned. These related party transactions with the CEO and the business entity was at arm's-length. These related party transactions 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>	<b>Yen in millions</b>	
	<b>March 31</b>	
	<b>2014</b>	<b>2015</b>
Machinery and equipment	¥7,336	¥7,322
Other leased assets	109	107
Less – Accumulated amortization	(2,511)	(3,289)
	¥4,934	¥4,140

Amortization expenses under capital leases for the years ended March 31, 2013, 2014 and 2015 were ¥524 million, ¥1,305 million and ¥1,109 million, respectively.

The future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of March 31, 2015 are as follows:

	<b>Yen in Millions</b>
Year ending March 31:	
2016	¥2,060
2017	794
2018	676
2019	138
2020	45
2021 and thereafter	-
Total minimum lease payments	3,713
Less – Amount representing interest	(232)
Present value of net minimum lease payments	3,481
Less – Current obligations	(1,924)
Long-term capital lease obligations	¥1,557

Rental expenses under operating leases for the years ended March 31, 2013, 2014 and 2015 were ¥2,719 million, ¥2,586 million and ¥2,911 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, 2015 are as follows:

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	<b>Yen in millions</b>
Year ending March 31:	
2016	¥3,016
2017	2,283
2018	1,939
2019	1,306
2020	1,082
2021 and thereafter	2,084
Total minimum future rentals	¥11,710

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, 2013, 2014 and 2015 were ¥412 million, ¥175 million and ¥39 million, respectively.

The future minimum lease payments to be received under operating leases that have remaining non-cancelable terms as of March 31, 2015 are as follows:

	<b>Yen in millions</b>
Year ending March 31:	
2016	¥147
2017	82
2018	45
2019	30
2020	30
2021 and thereafter	78
Total minimum future rentals	¥412

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

***Commitments -***

Commitments outstanding at March 31, 2015 for the purchase of property, plant and equipment and other assets approximated ¥3,356 million.

***Contingencies -***

NIDEC has guaranteed approximately ¥237 million of lease contracts for customers in connection with the purchase for NIDEC's products at March 31, 2015. No material claims have been made against guarantees, and based on our past experience and current expectations, NIDEC does not anticipate any material claims.

NIDEC is contingently liable under bid bonds, advance payment bonds, performance bonds, warranty bonds and payment bonds, totaling ¥7,697 million as of March 31, 2015, primarily

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for guarantees of our performance on projects currently in execution or under warranty. No material claims have been made against guarantees, and based on our past experience and current expectations, NIDEC does not anticipate any material claims.

**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, 2014 and 2015 are summarized as follows:

	<b>Yen in millions</b>	
	<b>March 31</b>	
	<b>2014</b>	<b>2015</b>
Balance at beginning of year	¥2,201	¥3,036
Addition	2,021	1,641
Utilization	(1,080)	(947)
Foreign exchange impact	(106)	252
Balance at end of year	¥3,036	¥3,982

**23. Segment information:**

**(1) Enterprise-wide information:**

**Product information –**

The following table provides product information for the years ended March 31, 2013, 2014 and 2015:

	<b>Yen in millions</b>		
	<b>For the year ended</b>		
	<b>March 31</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Net sales:			
Small precision motors:			
Hard disk drives spindle motors	¥165,427	¥185,506	¥204,141
Other small precision motors	154,297	177,007	193,858
Sub-total	319,724	362,513	397,999
Automotive, appliance, commercial and industrial products	248,464	345,236	460,007
Machinery	63,526	86,955	98,800
Electronic and optical components	69,188	72,845	65,050
Others	8,368	7,560	6,529
Consolidated total	¥709,270	¥875,109	¥1,028,385

The “Hard disk drives spindle motors” group of products consists of hard disk drives spindle motors for 3.5-inch and 2.5-inch hard disk drives.

The “Other small precision motors” group of products consists of brushless motors for

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many types of products, including optical disk drive motors, OA equipment motors, brushless fans, which are used in many types of products, including computers and game machines for the purpose of lowering the temperature of central processing units in these products, automotive fans, vibration motors for mobile phones, brush DC motors for many types of products, stepping motors, and motor application products.

The “Automotive, appliance, commercial and industrial products” group of products consists of home appliances, commercial and industrial motors and related products, automotive motors, and automotive components.

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

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

“Others” consists of other services and other components.

***Geographic information –***

Revenues from external customers, which are attributed to countries based on the location of the Company or the subsidiaries that transacted with the external customer for the years ended March 31, 2013, 2014 and 2015, and long-lived assets as of March 31, 2014 and 2015 are as follows:

	<b>Yen in millions</b>		
	<b>For the year ended March 31</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Net sales:			
Japan	¥213,169	¥238,278	¥268,416
U.S.A.	99,260	132,117	174,521
Singapore	55,712	63,950	70,956
Thailand	81,678	85,435	90,813
The Philippines	18,543	24,506	28,699
China	150,631	197,134	235,409
Other	90,277	133,689	159,571
Consolidated total	<u>¥709,270</u>	<u>¥875,109</u>	<u>¥1,028,385</u>

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	<b>Yen in millions</b>	
	<b>March 31</b>	
	<b>2014</b>	<b>2015</b>
Long-lived assets:		
Japan	¥95,652	¥94,850
U.S.A.	23,519	28,049
Singapore	1,337	479
Thailand	37,925	40,598
The Philippines	12,904	16,366
China	64,913	80,957
Other	62,423	77,679
Consolidated total	¥298,673	¥338,978

***(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 NIDEC's segment reporting so that it is in line with the changes NIDEC recently made in NIDEC's management decision-making process. Since October 2014, the Nidec Tosok group has been included in the Nidec Motors & Actuators segment. In addition, the Nidec Elesys group which was previously included in the All Others segment has been included in the Nidec Motors & Actuators segment. The Nidec Dalian segment is no longer identified as a reportable segment and included in All Others segment due to its immateriality. Furthermore, Corporate, which is composed of basic research expenses and head office expenses, has been regarded as a component of Adjustments. The Nidec GPM group which was newly consolidated since February 2015 has been included in the Nidec Motors & Actuators segment. 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, 2013, 2014 and 2015.

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

The Nidec Electronics (Thailand) segment comprises Nidec Electronics (Thailand) Co., Ltd., a subsidiary in Thailand, and its consolidated subsidiaries, which primarily produce and sell hard disk drives spindle 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 drives spindle motors.

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

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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 drives spindle 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 drives spindle 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, automotive products and electronic parts. This segment also includes Nidec Sankyo CMI, which was newly consolidated for the three months ended March 31, 2014.

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

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

The Nidec Motor segment comprises Nidec Motor Corporation and other subsidiaries in North America, which are subsidiaries of Nidec Americas Holdings Corporation, an intermediate holding company in the United States, as well as other subsidiaries in Latin America, Asia and Europe, which primarily produce and sell home appliance, commercial and industrial products. One of the subsidiaries previously reported as part of this segment has been transferred to the Nidec Motors & Actuators segment for the year ended March 31, 2015. All prior period segment information has been reclassified in accordance with the current period presentation to enable comparisons between the relevant amounts.

The Nidec Motors & Actuators segment comprises Nidec Motors & Actuators (Germany) GmbH in Germany, other subsidiaries in Europe and North America, and other manufacturing subsidiaries in Japan and Asia, which primarily produce and sell automotive products. One of the subsidiaries previously reported as part of the Nidec Motor segment has been transferred into this segment for the year ended March 31, 2015. In addition, the Nidec Tosok group and the Nidec Elesys group are included in this segment since October 2014. This segment also includes the Nidec GPM group which was newly consolidated since February 2015. All prior period segment information has been reclassified in accordance with the current period presentation to enable comparisons between the relevant amounts.

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

NIDEC evaluates performance based on segmental operating income or 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 Singapore, Nidec (H.K.), Nidec Philippines, Nidec Motor and Nidec Motors & Actuators. Therefore, NIDEC's segmental data has not been prepared under U.S. GAAP on a basis that is consistent with NIDEC's 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. NIDEC's 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 following tables show net sales to external customers and other financial information by operating segment for the years ended March 31, 2013, 2014 and 2015:

	<b>Yen in millions</b>		
	<b>For the year ended</b>		
	<b>March 31</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Net sales to external customers:			
Nidec Corporation	¥23,748	¥27,599	¥28,954
Nidec Electronics (Thailand)	63,349	67,623	74,653
Nidec (Zhejiang)	21,109	18,017	13,972
Nidec Singapore	50,039	57,893	66,556
Nidec (H.K.)	52,028	69,890	81,460
Nidec Philippines	14,707	19,573	21,178
Nidec Sankyo	73,201	98,564	122,711
Nidec Copal	49,627	47,023	38,670
Nidec Copal Electronics	26,845	31,295	32,943
Nidec Techno Motor	39,940	50,691	58,746
Nidec Motor	117,236	171,879	200,040
Nidec Motors & Actuators	77,654	105,249	172,699
All Others	99,884	108,936	115,986
Total	<u>709,367</u>	<u>874,232</u>	<u>1,028,568</u>
Adjustments *1	(97)	877	(183)
Consolidated total	<u>¥709,270</u>	<u>¥875,109</u>	<u>¥1,028,385</u>

\*1 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 one customer of ¥74,897 million for the year ended March 31, 2013 within the Nidec Corporation, Nidec Electronics (Thailand), Nidec (Zhejiang), Nidec Singapore, Nidec (H.K.) and "All Others" segments, that exceeded 10% of NIDEC's net sales. There was no

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certain customer group which exceeded 10% of the consolidated net sales for the years ended March 31, 2014 and 2015.

	<b>Yen in millions</b>		
	<b>For the year ended</b>		
	<b>March 31</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Net sales to other operating segments:			
Nidec Corporation	¥108,282	¥138,354	¥152,371
Nidec Electronics (Thailand)	35,492	43,982	49,812
Nidec (Zhejiang)	2,977	5,011	7,620
Nidec Singapore	709	749	869
Nidec (H.K.)	1,734	1,339	1,300
Nidec Philippines	25,682	29,266	32,823
Nidec Sankyo	300	312	331
Nidec Copal	2,093	2,318	2,411
Nidec Copal Electronics	20	11	12
Nidec Techno Motor	3,143	4,041	4,474
Nidec Motor	154	80	383
Nidec Motors & Actuators	15,360	20,384	21,507
All Others	66,951	83,588	97,388
Total	262,897	329,435	371,301
Intersegment elimination	(262,897)	(329,435)	(371,301)
Consolidated total	-	-	-

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	Yen in millions		
	For the year ended		
	March 31		
	2013	2014	2015
Operating income (loss):			
Nidec Corporation	¥2,733	¥13,184	¥14,083
Nidec Electronics (Thailand)	10,525	12,781	14,996
Nidec (Zhejiang)	(2,689)	(243)	488
Nidec Singapore	1,115	709	1,052
Nidec (H.K.)	146	483	613
Nidec Philippines	4,883	6,037	4,605
Nidec Sankyo	4,181	10,392	12,686
Nidec Copal	(3,192)	(1,323)	517
Nidec Copal Electronics	3,277	5,288	5,876
Nidec Techno Motor	4,168	6,671	7,291
Nidec Motor	728	8,880	11,690
Nidec Motors & Actuators	5,157	8,954	18,614
All Others	10,140	19,397	23,159
Total	<u>41,172</u>	<u>91,210</u>	<u>115,670</u>
Reclassification *1	(17,606)	2,055	5,026
U.S. GAAP adjustments and Others *2	(537)	(1,337)	(1,845)
Consolidation adjustments mainly related to elimination of intersegment income or loss	2,165	1,266	2,808
Corporate*3	(7,596)	(8,330)	(10,441)
	<u>¥17,598</u>	<u>¥84,864</u>	<u>¥111,218</u>

\*1 Some items are reclassified from other expenses (income) and included in operating expenses (income). Main reclassification is income or loss from sales or disposals of fixed assets for the years ended March 31, 2013, 2014 and 2015.

\*2 Others is mainly from the amortization of identifiable intangible assets related to business combinations for the years ended March 31, 2013, 2014 and 2015.

\*3 Corporate includes basic research expenses and head office expenses.

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	<b>Yen in millions</b>		
	<b>For the year ended</b>		
	<b>March 31</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Depreciation:			
Nidec Corporation	¥291	¥456	¥339
Nidec Electronics (Thailand)	5,572	5,502	6,043
Nidec (Zhejiang)	1,196	618	657
Nidec Singapore	133	197	161
Nidec (H.K.)	7	6	11
Nidec Philippines	2,750	2,732	3,529
Nidec Sankyo	3,773	4,131	4,717
Nidec Copal	3,806	4,444	3,922
Nidec Copal Electronics	1,318	1,283	1,115
Nidec Techno Motor	1,890	2,573	2,805
Nidec Motor	6,327	8,616	8,221
Nidec Motors & Actuators	4,554	6,516	9,480
All Others	6,179	6,895	7,034
Total	37,796	43,969	48,034
U.S. GAAP adjustments*1, Corporate, and Others*2	(2,861)	(4,472)	(2,932)
Consolidated total	¥34,935	¥39,497	¥45,102

\*1 Some leased assets 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 in consolidated statements of cash flows.

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	<b>Yen in millions</b>	
	<b>March 31</b>	
	<b>2014</b>	<b>2015</b>
Segment assets:		
Nidec Corporation	¥74,986	¥95,092
Nidec Electronics (Thailand)	116,476	148,931
Nidec (Zhejiang)	12,112	14,227
Nidec Singapore	27,689	31,977
Nidec (H.K.)	22,458	27,012
Nidec Philippines	49,569	64,712
Nidec Sankyo	125,929	145,869
Nidec Copal	55,166	60,429
Nidec Copal Electronics	42,115	46,071
Nidec Techno Motor	49,703	61,677
Nidec Motor	205,957	220,367
Nidec Motors & Actuators	134,248	199,286
All Others	191,109	251,447
Total	<u>1,107,517</u>	<u>1,367,097</u>
Elimination of intersegment assets and corporate, net of taxes*1	(50,995)	(189,665)
Identifiable intangible assets and other fair value adjustments	15,205	13,234
Goodwill	152,368	172,430
U.S.GAAP adjustments and Others *2	(57,157)	(7,957)
Consolidated total	<u>¥1,166,938</u>	<u>¥1,355,139</u>

\*1 Elimination of intersegment assets and corporate, net of taxes include corporate assets, which do not belong to any operating segment, of ¥76,190 millions and ¥63,856 millions as of March 31, 2014 and 2015, respectively. The depreciation related with the corporate assets is allocated to each operating segment in accordance with the rational allocation method.

\*2 Others is mainly due to the reclassification of deferred tax assets and liabilities on consolidation.

**NIDEC CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(continued)**

	<b>Yen in millions</b>	
	<b>For the year ended</b>	
	<b>March 31</b>	
	<b>2014</b>	<b>2015</b>
Capital expenditure for segment assets:		
Nidec Corporation	¥232	¥140
Nidec Electronics (Thailand)	1,232	5,232
Nidec (Zhejiang)	712	240
Nidec Singapore	9	12
Nidec (H.K.)	6	17
Nidec Philippines	3,368	3,686
Nidec Sankyo	3,712	5,790
Nidec Copal	2,427	4,637
Nidec Copal Electronics	826	1,281
Nidec Techno Motor	3,549	3,864
Nidec Motor	3,817	4,475
Nidec Motors & Actuators	12,769	13,797
All Others	5,986	11,271
Total	38,645	54,442
Corporate	1,652	3,600
Consolidated total	¥40,297	¥58,042

NIDEC did not have significant non-cash items other than depreciation in reported profit. Intersegment sales were made at prices that approximate current market value.

**NIDEC CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(continued)**

**24. Subsequent events:**

*Dividends for the fiscal year ended March 31, 2015*

Subsequent to March 31, 2015, the Company's Board of Directors declared a cash dividend of ¥11,764 million payable on June 3, 2015 to stockholders as of March 31, 2015.

*Exercise of Euro Yen denominated zero coupon convertible bonds (the "Bonds") due 2015*

NIDEC's treasury stock and issued shares of common stock were delivered from April 1, 2015 to June 24, 2015 upon exercise of the stock acquisition rights of the bonds. (Balance of the outstanding principal amounts of the bonds as of March 31, 2015: ¥21,445 million)

The details of the principal amounts of the exercised bonds, the used treasury stock and the issued shares of common stock are as follows:

1. Total principal amounts of the exercised bonds	¥6,455 million
2. Class of shares	Common stock
3. Total number of the used treasury stock	1,340 shares
4. Total amount of the used treasury stock	¥12 million
5. Total number of the issued shares of common stock	1,213,589 shares
6. Increase in common stock	¥3,223 million
7. Increase in additional paid-in capital	¥3,223 million

*Completion of Acquisition of Motortecnica s.r.l.*

On May 15, 2015, Nidec ASI S.p.A., NIDEC's wholly owned subsidiary, acquired all of the voting rights in Motortecnica s.r.l. ("Motortecnica").

1. Purpose of transaction	Motortecnica operates design, manufacturing, repair, maintenance and servicing of electrical rotating machinery, with focus areas of remanufacturing and refurbishment. Following the acquisition, NIDEC seeks to strengthen its service business and expand in the generators market.
2. Funds for transaction	Own funds

(Translation)

**NIDEC CORPORATION**  
**REGULATIONS OF THE AUDIT AND SUPERVISORY BOARD**  
(As amended on May 01, 2015)

(Purpose)

Article 1.

These Regulations prescribe matters concerning the Audit and Supervisory Board based on laws, regulations and the articles of incorporation.

(Organization)

Article 2.

1. The Audit and Supervisory Board shall consist of all Audit and Supervisory Board Members.
2. The Audit and Supervisory Board shall have full-time Audit and Supervisory Board Members.
3. In addition to the provision in the previous section, the Audit and Supervisory Board shall have a chairperson of meetings of the Audit and Supervisory Board.

(Purpose of the Audit and Supervisory Board)

Article 3.

The Audit and Supervisory Board shall receive reports on, deliberate or resolve important audit-related matters. However, the board may not impede each Audit and Supervisory Board Member from exercising his/her authority.

(Duties of the Audit and Supervisory Board)

Article 4.

The Audit and Supervisory Board shall perform the following duties. However, any decision based on Section 3 of this Article may not impede each Audit and Supervisory Board Member from exercising his/her authority.

1. Write auditors' reports.
2. Select and dismiss full-time auditors.
3. Decide on matters concerning auditing policy and work, and matters on Audit and Supervisory Board Members' duties including how to investigate the financial status.

(Select and dismiss full-time Audit and Supervisory Board Members)

Article 5.

From Audit and Supervisory Board Members, the Audit and Supervisory Board shall select full-time auditors or dismiss them based on its resolution.

(Chairperson)

Article 6.

1. Based on its resolution, the Audit and Supervisory Board shall decide a chairperson from Audit and Supervisory Board Members.
2. In addition to the duties prescribed in Section 1 of Article 8, the chairperson of the Audit and Supervisory Board shall perform duties delegated by the Audit and Supervisory Board. However, the chairperson may not impede each Audit and Supervisory Board Member from exercising his/her authority.

(Convene a meeting of the Audit and Supervisory Board)

Article 7.

The Audit and Supervisory Board shall convene a regular meeting of the Audit and Supervisory Board monthly. However, if necessary, the board may convene the meeting when it so wishes.

(Personnel authorized to summon a meeting of the Audit and Supervisory Board)

Article 8.

1. The chairperson shall summon and run the meeting of the Audit and Supervisory Board.
2. Each Audit and Supervisory may request the chairperson to summon a meeting of the Audit and Supervisory Board.
3. If the chairperson does not summon a meeting of the Audit and Supervisory Board despite such a request described in the previous section, the Audit and Supervisory Board Member who has made the request may summon and run the meeting by himself/herself.

(Procedure to summon a meeting of the Audit and Supervisory Board)

Article 9.

1. To summon a meeting of the Audit and Supervisory Board, a notice thereof shall be sent to each Audit and Supervisory Board Member by three (3) days before the date of the meeting.
2. The Audit and Supervisory Board may skip the procedure to summon a meeting of the Audit and Supervisory Board and convene the meeting if all Audit and Supervisory Board Members so agree.

(How to reach resolutions)

Article 10.

1. The Audit and Supervisory Board shall resolve matters with the approval of the majority of the Audit and Supervisory Board Members.
2. Resolution shall be reached after deliberation based on sufficient information.

(Resolution on auditing policy, etc.)

Article 11.

1. Policies, plans, methods, duty sharing and other relevant matters concerning audits shall be developed after resolutions are reached in the meeting of the Audit and Supervisory Board.
2. In addition to the matters above, the Audit and Supervisory Board shall resolve matters, including budget for auditing cost, which Audit and Supervisory Board Members deem necessary to perform their duties.
3. The Audit and Supervisory Board shall resolve the following systems, and request board members to improve them.
  - i. Matters concerning assisting personnel for Audit and Supervisory Board Members' duties.
  - ii. Matters concerning the aforementioned assisting personnel's independence from board members and executive officers (vice presidents).
  - iii. Matters concerning securing the effectiveness of the instructions to the assisting personnel mentioned in (i) above.
  - iv. Systems described below and other systems concerning reporting to Audit and Supervisory Board Members
    - (a) System for Board Members, executive officers (vice presidents), and personnel to report to Audit and Supervisory Board Members
    - (b) System for a subsidiary's Board Members, executive officers (vice presidents), and personnel or for those reported by them, to report to Audit and Supervisory Board Members
  - v. System to ensure that those who report in the previous Clause are not treated fairly because of the reporting
  - vi. Matters concerning policies on handling the advanced payment of the cost incurred due to the execution of the duties of Audit and Supervisory Board Members, or handling the cost or debt incurred due to the execution of a reimbursement procedure or of any other such duties.
  - vii. In addition to the above systems, reporting systems to ensure effective audits by Audit and Supervisory Board Members.

(Regular meeting with representative directors, etc.)

Article 12.

1. The Audit and Supervisory Board shall have a regular meeting with representative directors to promote mutual understanding with them by exchanging opinions on the Company's issues, status on improving the auditing environment for auditors, important auditing issues, etc., and by making necessary requests to the representative directors.
2. As necessary, the Audit and Supervisory Board shall explain to representative directors and the board of directors the auditing policy, the auditing plan, and the statuses and results of audits.
3. In addition to statutory matters, the Audit and Supervisory Board, based on No. 4 of Section 3 of the previous article, shall deliberate with board members, decide, and receive reports on matters that board members, executive officers (vice presidents) and assisting personnel should report to the Audit and Supervisory Board.

(Report to the Audit and Supervisory Board)

Article 13.

1. Audit and Supervisory Board Members shall report the status of the performance of their duties to the Audit and Supervisory Board regularly and as necessary, and shall report such information whenever requested by the Audit and Supervisory Board.
2. If reported by any of accounting auditors, board members, executive officers (vice presidents), an internal auditing department's or other departments' assisting personnel, or any other personnel, Audit and Supervisory Board Members shall report the matter to the Audit and Supervisory Board.
3. As necessary, the Audit and Supervisory Board shall request accounting auditors, board members, executive officers (vice presidents), an internal auditing department's or other departments' assisting personnel, or any other personnel to report to it.
4. In the aforementioned case (in Section 3), if any of Audit and Supervisory Board Members, accounting auditors, board members, executive officers (vice presidents), an internal auditing department or other departments' assisting personnel, or any other personnel reports to all Audit and Supervisory Board Members a matter that should be reported to the Audit and Supervisory Board, such a matter shall not have to be reported to the Audit and Supervisory Board.

(Actions to reports)

Article 14.

When the Audit and Supervisory Board receives any of the following reports, it shall investigate such a reported case as necessary, and take appropriate measures, depending on the circumstance.

1. Reports on the discovery of a fact that could damage the Company significantly

2. Reports on the discovery of materially improper performance by any of board members and executive officers (vice presidents) in executing their duties, or the discovery of a grave fact on a violation of laws, regulations or the articles of incorporation
3. Reports on matters decided after being deliberated with board members in advance

(Write auditors' reports)

Article 15.

1. The Audit and Supervisory Board shall receive financial reports and other documents from board members, and auditors' reports and other documents from accounting auditors. In principle, full-time Audit and Supervisory Board Members shall receive these documents and other materials (including electromagnetic records).
2. Based on an auditors' report written by each Audit and Supervisory Board Member, and after deliberating such reports, the Audit and Supervisory Board shall write its auditors' report.
3. If any difference exists between the auditors' report written by the Audit and Supervisory Board and the auditors' report written by individual Audit and Supervisory Board Members, and if requested by those Audit and Supervisory Board Members, the Audit and Supervisory Board shall attach the auditors' reports written by the Audit and Supervisory Board Members to the auditors' report written by the Audit and Supervisory Board.
4. Auditors' reports written by the Audit and Supervisory Board shall be either signed, or signed and affixed (manually or electronically) by each Audit and Supervisory Board Member. Full-time and outside Audit and Supervisory Board Members shall either write down or record such information.
5. If the Company writes either an extraordinary financial report or a consolidated financial report, it shall be used to satisfy the aforementioned regulation (in Section 4).
6. The Audit and Supervisory Board shall submit the aforementioned auditors' report to board members, and shall send accounting auditors duplicated copies thereof.

(Agreement, etc. on selecting Audit and Supervisory Board Members)

Article 16.

1. The following matters concerning selecting Audit and Supervisory Board Members shall be based on the resolution of the Audit and Supervisory Board.
  - i. Approval to submit an agenda on selecting an Audit and Supervisory Board Member to the shareholders' meeting
  - ii. Request to make selecting an Audit and Supervisory Board Member a purpose to convene a shareholders' meeting
  - iii. Request to submit an agenda on selecting an Audit and Supervisory Board Member to a

shareholders' meeting

2. The previous section shall apply when selecting an alternate auditor.

(Agreement, etc. on appointing accounting auditors)

Article 17.

1. Accounting auditors shall be selected or dismissed, and the decisions on the following matters concerning the refusal of reappointment of accounting auditors shall be made, based on the resolution of the Audit and Supervisory Board.
  - i. Formulating a policy concerning the decision on the dismissal or refusal of reappointment of accounting auditors;
  - ii. Decision as to whether or not to reappoint accounting auditors;
  - iii. Decision on a proposal to be submitted to a Shareholders' Meeting concerning the dismissal or refusal to reappoint accounting auditors; and
  - iv. Decision on a proposal to be submitted to a Shareholders' Meeting concerning the selection of accounting auditors.
  - v. Selecting personnel to perform an Audit and Supervisory Board Member's duties temporarily if there is any vacancy.
2. All Audit and Supervisory Board Members' approvals to dismiss an accounting auditor based on statutory grounds for dismissal may be obtained after resolution by the Audit and Supervisory Board. In such a case, the Audit and Supervisory Board Member designated by the Audit and Supervisory Board shall report the dismissal and its reasons in the first shareholders' meeting after the dismissal.
3. If any of the approvals in the previous section needs to be obtained urgently, it may be so done in writing or by electromagnetic record.

(Approval on Audit and Supervisory Board Members' remunerations)

Article 18.

Approval on remunerations for personnel who perform the duties of accounting auditors or temporary accounting auditors shall be resolved by the Audit and Supervisory Board.

(Approval on partial exemption of board members' responsibilities)

Article 19.

1. The following approvals by all Audit and Supervisory Board Members may be obtained after resolution by the Audit and Supervisory Board.
  - i. Approval to submit an agenda on partial exemption of board members' responsibilities to a shareholders' meeting

- ii. Approval to submit to a shareholders' meeting an agenda on amending the articles of incorporation to partially exempt board members' responsibilities
  - iii. Approval to submit an agenda on partial exemption of board members' responsibilities to a shareholders' meeting based on provisions in the articles of incorporation
  - iv. Approval to submit to a shareholders' meeting an agenda on amending the articles of incorporation to conclude a contract with outside board members on partial exemption of board members' responsibilities
2. If any of the above approvals needs to be obtained urgently, it may be so done in writing or by electromagnetic record.

(Deliberation on Audit and Supervisory Board Members' exercising their authority)

Article 20.

1. If Audit and Supervisory Board Members exercise their authority or obligation on any of the following matters, they may resolve the matter in a meeting of the Audit and Supervisory Board in advance.
  - i. Explanation in response to shareholders' questions in writing before a shareholders' meeting
  - ii. Report to the board of directors, and request to summon a meeting of the board of directors, etc.
  - iii. Investigation result on agendas, documents and other materials to be submitted to a shareholders' meeting
  - iv. Injunction to stop a board member's acts outside the Company's scope of purposes or acts against laws, regulations or the articles of incorporation
  - v. Statement in a shareholders' meeting on selecting, dismissing, resignation of, and remuneration of Audit and Supervisory Board Members
  - vi. Matters on lawsuits between the Company and board members
  - vii. Matters on filing lawsuits, etc.

(Resolution on remunerations, etc.)

Article 21.

Audit and Supervisory Board Members' remunerations, etc. may be resolved in meetings of Audit and Supervisory Board Members if all Audit and Supervisory Board Members so agree.

(Minutes of meetings)

Article 22.

1. The Audit and Supervisory Board shall take minutes of meetings including the following matters, and all Audit and Supervisory Board Members who attended such meetings shall either sign, or

sign and affix their seal (manually or electronically) on the minutes.

- i. The date and the place of the meeting (This information shall include how any of Audit and Supervisory Board Members, board members, executive officers (vice presidents) or accounting auditors who were not physically present in the meeting participated therein.)
  - ii. How issues were discussed and the result thereof
  - iii. Description of opinions and summary of statements if any of them were given on the following matters in a meeting of the Audit and Supervisory Board
    - a. Report by any of board members or executive officers (vice presidents) who discovered a fact that could damage the Company significantly
    - b. Report by an accounting auditor on the discovery of improper performance of any of board members or executive officers (vice presidents) in executing their duties, or the discovery of a grave fact on a violation of laws, regulations or the articles of incorporation
  - iv. Names or appellations of board members, executive officers (vice presidents) or accounting auditors who attended the meeting of the Audit and Supervisory Board
  - v. The name of the chairperson of the meeting of the Audit and Supervisory Board
2. If a report is decided not to have to be submitted to the Audit and Supervisory Board based on the provision in Section 4 of Article 13, minutes including the following information shall be taken.
- i. Information on matters decided not to have to be reported to the Audit and Supervisory Board
  - ii. The day when such information was decided not to have to be reported to the Audit and Supervisory Board
  - iii. Appointing an Audit and Supervisory Board Member who performed duties concerning taking minutes
3. The Company shall keep the minutes in the previous section (Section 2) at its head office for ten (10) years.

(Secretariat for meetings of the Audit and Supervisory Board)

Article 23.

Audit and Supervisory Board Members' assisting personnel, such as audit staff, shall perform administrative work related to running a meeting of the Audit and Supervisory Board, including summoning the meeting and taking minutes thereof.

(Audit and Supervisory Board Members' auditing standard)

Article 24.

Matters concerning audits by the Audit and Supervisory Board and Audit and Supervisory Board Members shall be handled based on laws, regulations, or provisions in these Regulations, and on Audit and Supervisory Board Members' auditing standard prescribed in the meetings of the Audit and Supervisory Board.

(Revise and eliminate these Regulations)

The Audit and Supervisory Board shall revise and eliminate these Regulations.

(Supplementary provision)

These Regulations shall become effective as of May 01, 2015.

### 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 (Dongguan) Limited	China
4	Nidec (Shaoguan) Limited	China
5	Nidec Korea Corporation	Korea
6	Nidec Taiwan Corporation	Taiwan
7	Nidec (H.K.) Co., Ltd.	Hong Kong
8	Nidec (Shanghai) International Trading Co., Ltd.	China
9	Nidec (Shenzhen) Co., Ltd.	China
10	Nidec (Beijing) Co., Ltd.	China
11	Nidec (New Territories) Co., Ltd.	China
12	Nidec Vietnam Corporation	Vietnam
13	Nidec Automobile Motor (Zhejiang) Corporation	China
14	Nidec Kaiyu Auto Electric (Jiangsu) Co., Ltd.	China
15	Changzhou Dongyu Automobile Appliance And Motor Co., Ltd.	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	PT. 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	SC Wado Component (Cambodia) Co.,Ltd.	Cambodia
27	Nidec Management Shanghai Corporation	China
28	Nidec (Dalian) Limited	China
29	Nidec Component Technology Co., Ltd.	Singapore
30	Nidec BMS Pte. Ltd.	Singapore
31	Nidec Component Technology Bangpa-In Co., Ltd.	Thailand
32	Nidec Component Technology (Thailand) Co., Ltd.	Thailand
33	Nidec Component Technology (Suzhou) Co., Ltd.	China
34	Nidec BMS (Suzhou) Co., Ltd.	China
35	PT. Nidec Component Technology Indonesia	Indonesia
36	PT. Pacific Coatings Batam	Indonesia

<b>No.</b>	<b>Company name in English</b>	<b>Jurisdiction of Incorporation</b>
37	Nidec Machinery Corporation	Japan
38	Nidec Machinery (Thailand) Co., Ltd.	Thailand
39	Nidec Machinery (Zhejiang) Corporation	China
40	Nidec Machinery (Shanghai) Co., Ltd.	China
41	Nidec Techno Motor Corporation	Japan
42	Nidec Seiko Corporation	Japan
43	Nidec Shibaura (Shanghai) International Trading Co., Ltd.	China
44	Nidec Shibaura (Zhejiang) Co., Ltd.	China
45	Nidec Shibaura Electronics (Thailand) Co., Ltd.	Thailand
46	Nidec Shibaura (H.K.) Limited	Hong Kong
47	Nidec Motors & Actuators	France
48	Nidec Motors & Actuators (Germany) GmbH	Germany
49	NMA Property Verwaltungsgesellschaft	Germany
50	Nidec Electronics GmbH	Germany
51	Nidec Motors & Actuators (Spain) S.A.	Spain
52	Nidec Motors & Actuators (Poland) Sp. z o.o	Poland
53	Nidec Automotive Motor Americas Corporation	U.S.A.
54	Nidec Automotive Motor Mexicana S.A. de C.V.	Mexico
55	Nidec GPM GmbH	Germany
56	Nidec GPM do Brasil Automotiva Ltda.	Brazil
57	Nidec GPM Automotive Pumps (Suzhou) Co. Ltd.	China
58	Nidec Servo Corporation	Japan
59	Nidec Servo Hotaka Corporation	Japan
60	Nidec Servo Singapore Pte., Ltd.	Singapore
61	PT. Nidec Servo Batam	Indonesia
62	Nidec Servo (Hong Kong) Co., Limited	Hong Kong
63	Nidec Servo (Changzhou) Corporation	China
64	Nidec Europe B.V.	Netherlands
65	Nidec Servo Vietnam Corporation	Vietnam
66	Nidec Servo (Shanghai) Co., Ltd.	China
67	Nidec Motor Holdings Corporation	Japan
68	Nidec US Holdings Corporation	U.S.A.
69	Nidec Motor Corporation	U.S.A.
70	Nidec Motor Canada Corporation	Canada
71	Compania de Motores Domesticos, S.A. de C.V.	Mexico
72	Rotores S.A. de C.V.	Mexico
73	Controles Electromecanicos de Mexico S.A. de C.V.	Mexico
74	Nidec Laminaciones de Acero, S.A. de C.V.	Mexico
75	Motores Reynosa, S.A. de C.V.	Mexico
76	Motores U.S. de Mexico, S.A. de C.V.	Mexico

<b>No.</b>	<b>Company name in English</b>	<b>Jurisdiction of Incorporation</b>
77	U.S.E.M. de Mexico, S.A. de C.V.	Mexico
78	Nidec SR Drives Manufacturing Ltd.	United Kingdom
79	Nidec SR Drives Ltd.	United Kingdom
80	Nidec Motor (Qingdao) Corporation	China
81	Nidec Motor Colombia SAS	Colombia
82	Emerson Venezuela C.A.	Venezuela
83	Nidec Motor Philippines Corporation	Philippines
84	Mallory Automotive Motors & Controls, LLC	U.S.A.
85	Nidec Sole Motor Corporation S.R.L.	Italy
86	Nidec Sole Motor Hungary K.F.T.	Hungary
87	Nidec ASI S.p.A.	Italy
88	Nidec ASI GmbH	Germany
89	Nidec ASI Industrial Systems (Beijing) Co., Ltd.	China
90	Nidec ASI SA	France
91	Nidec ASI RO S.r.l.	Romania
92	Nidec ASI VEI	Russia
93	Nidec Anselectric LLC(USA)	U.S.A.
94	Nidec Anselectric LLC(UAE)	U.A.E.
95	Nidec ASI Japan Corporation	Japan
96	Nidec Avtron Automation Corporation	U.S.A.
97	Avtron Industrial Automation Hong Kong, Ltd.	Hong Kong
98	Avtron Industrial Automation Asia, Ltd.	China
99	Nidec Kinetek Corporation	U.S.A.
100	Kinetek Luxco GP S.à.r.l.	Luxembourg
101	Kinetek Luxco GP S.à.r.l. & Partners S.C.S.	Luxembourg
102	Kinetek Luxco S.à.r.l.	Luxembourg
103	Kinetek Italian Holdco 1 S.r.l.	Italy
104	Kinetek Italian Holdco 2 S.r.l.	Italy
105	TEA International S.r.l.	Italy
106	FIR Electromeccanica S.r.l.	Italy
107	Sermed S.à.r.l.	France
108	Advanced Motors & Drives, Inc.	U.S.A.
109	Advanced D.C. Motors GmbH	Germany
110	Merkle-Korff Industries, Inc.	U.S.A.
111	Merkle-Korff de Mexico S.A. de C.V.	Mexico
112	Motion Control Engineering, Inc.	U.S.A.
113	MCE Turkey, LLC	U.S.A.
114	MCE International LLC	U.S.A.
115	Kinetek Elevator Import Export & Mfg LLC	Turkey
116	Kinetek de Mexico S de R.L. de C.V.	Mexico

<b>No.</b>	<b>Company name in English</b>	<b>Jurisdiction of Incorporation</b>
117	Kinetek Asia Holdings III Inc.	U.S.A.
118	Kinetek JH Hong Kong Limited	Hong Kong
119	Guangzhou Kinetek Jinghe Machine Co., Ltd.	China
120	Kinetek Asia Holdings IV, Inc.	U.S.A.
121	Kinetek CMM Hong Kong Limited	Hong Kong
122	Changzhou Kinetek Motor Master Co., Ltd.	China
123	Kinetek UK Ltd.	United Kingdom
124	The Imperial Electric Company	U.S.A.
125	Valmark Industries, Inc.	U.S.A.
126	Kinetek Asia Holding, Inc.	U.S.A.
127	Kinetek De Sheng (Foshan) Motor Co., Ltd.	China
128	Kinetek Asia Holdings II, Inc.	U.S.A.
129	Kinetek ZX Hong Kong Limited	Hong Kong
130	Wuxi Zhongxiu Kinetek Elevator Technology Co., Ltd.	China
131	Kinetek Asia Hong Kong Limited	Hong Kong
132	Foshan Kinetek Commercial Trading Company Limited	China
133	Nidec Elesys Corporation	Japan
134	Nidec Elevator (Qingdao) Co., Ltd.	China
135	Nidec Elesys Americas Corporation	U.S.A.
136	Nidec Elesys (Zhongshan) Corporation	China
137	Nidec Elesys (Thailand) Corporation	Thailand
138	Nidec-Shimpo Corporation	Japan
139	Nidec-Shimpo America Corporation	U.S.A.
140	Nidec-Shimpo Philippines Corporation	Philippines
141	Nidec-Shimpo (Zhejiang) Corporation	China
142	Nidec-Shimpo (Shanghai) International Trading Co., Ltd.	China
143	Nidec-Shimpo (H.K.) Co., Ltd.	Hong Kong
144	Nidec-Shimpo Taiwan Corporation	Taiwan
145	Nidec-Shimpo India Sales & Trading Private Limited	India
146	Nidec-Shimpo do Brasil Importacao, Exportacao e Comercio de Equipamentos Ltda.	Brazil
147	Nidec-Shimpo Korea Corporation	Korea
148	Nidec-Kyori (Shanghai) Machinery Corporation	China
149	Nidec-Kyori (Zhejiang) Machinery Corporation	China
150	Nidec Minster Corporation	U.S.A.
151	Minster Machine GmbH	Germany
152	Ningbo Minster Industrial Machinery Co., Ltd.	China
153	Metal Forming Group LLC	U.S.A.
154	Press Masters, LLC	U.S.A.
155	Nidec Minster S. de R.L. de C.V.	Mexico
156	Nidec Tosok Corporation	Japan

<b>No.</b>	<b>Company name in English</b>	<b>Jurisdiction of Incorporation</b>
157	Nidec Tosok (Shanghai) Co., Ltd.	China
158	Nidec Tosok (Vietnam) Co., Ltd.	Vietnam
159	Nidec Tosok Akiba (Vietnam) Co., Ltd.	Vietnam
160	Nidec Tosok (Zhejiang) Corporation	China
161	Nidec Tosok Uogishi (Pinghu) Corporation	China
162	Nidec Tosok Precision Vietnam Co., Ltd.	Vietnam
163	Nidec Tosok de Mexico, S.A. de C.V.	Mexico
164	Nidec-Read Corporation	Japan
165	Nidec-Read Taiwan Corporation	Taiwan
166	Nidec-Read Korea Corporation	Korea
167	Nidec-Read (Zhejiang) Corporation	China
168	LuzCom, Inc.	Japan
169	Nidec Read (Thailand) Co., Ltd.	Thailand
170	Nidec-Read Inspection Canada Corporation	Canada
171	Nidec Copal Corporation	Japan
172	Copal Optical and Electronic Machinery (Shanghai) Co., Ltd.	China
173	Nidec Copal (Hong Kong) Co., Ltd.	Hong Kong
174	Nidec Copal (Malaysia) Sdn. Bhd.	Malaysia
175	Nidec Copal Philippines Corporation	Philippines
176	Nidec Copal (Zhejiang) Co., Ltd.	China
177	Nidec Copal (Thailand) Co., Ltd.	Thailand
178	Nidec Copal (U.S.A.) Corporation	U.S.A.
179	Nidec Copal (Vietnam) Co., Ltd.	Vietnam
180	Copal Yamada Corporation	Japan
181	Copal Yamada (Vietnam) Co., Ltd.	Vietnam
182	Nidec Copal Precision(Vietnam) Corporation	Vietnam
183	Nidec Copal Electronics Corporation	Japan
184	Nidec Copal Electronics, Inc.	U.S.A.
185	Nidec Copal Electronics GmbH	Germany
186	Globa Service Inc.	Japan
187	Globa Sales Co., Ltd.	Japan
188	Nidec Copal Electronics (Shanghai) Co., Ltd.	China
189	Nidec Copal Electronics (Korea) Co., Ltd.	Korea
190	Nidec Copal Electronics (Zhejiang) Co., Ltd.	China
191	Nidec Copal Electronics Singapore Pte. Ltd.	Singapore
192	Hangzhou Keming Electronics Co., Ltd.	China
193	Nidec Copal Electronics (Taiwan) Co., Ltd.	Taiwan
194	Nidec Sankyo Corporation	Japan
195	Nidec Sankyo Music Box Corporation	Japan
196	Nidec Sankyo Service Engineering Corporation	Japan

<b>No.</b>	<b>Company name in English</b>	<b>Jurisdiction of Incorporation</b>
197	Nidec Sankyo Electronics (Shanghai) Corporation	China
198	Nidec Sankyo Taiwan Corporation	Taiwan
199	Nidec Sankyo America Corporation	U.S.A.
200	Nidec Sankyo (Thailand) Co., Ltd.	Thailand
201	Nidec Sankyo Singapore Pte. Ltd.	Singapore
202	Nidec Sankyo (H.K.) Co., Ltd.	Hong Kong
203	Nidec Sankyo Electronics (Shaoguan) Co., Ltd.	China
204	Nidec Sankyo Electronics (Shenzhen) Corporation	China
205	Nidec Sankyo Electronics (Dongguan) Corporation	China
206	Nidec Sankyo Europe GmbH	Germany
207	Nidec Sankyo (Zhejiang) Corporation	China
208	Nidec Sankyo Vietnam Corporation	Vietnam
209	Nidec Sankyo Tohoku Corporation	Japan
210	Nidec Sankyo (Dalian) Corporation	China
211	Nidec Nissin (H.K.) Co., Ltd.	Hong Kong
212	Nidec Sankyo (Dongguan) Precision Corporation	China
213	PT. Nidec Sankyo Precision Indonesia	Indonesia
214	Nidec Sankyo Vietnam (Hanoi) Corporation	Vietnam
215	Tammy Corporation	Japan
216	SCD Co., Ltd.	Korea
217	Nidec Sankyo C.M.I. Corporation	Japan
218	Higashifuji (Malaysia) Sdn. Bhd.	Malaysia
219	PT. Higashifuji Indonesia	Indonesia
220	Higashifuji Shanghai Co. Ltd.	China
221	Nidec Sankyo Philippines Corporation	Philippines
222	Nidec Seimitsu Corporation	Japan
223	Nidec Seimitsu (Hong Kong) Co., Ltd.	Hong Kong
224	Nidec Seimitsu Motor Technology (Shenzhen) Co., Ltd.	China
225	Nidec Seimitsu Motor Technology (Dongguan) Co., Ltd.	China
226	Nidec Seimitsu Singapore Pte. Ltd.	Singapore
227	PT.Nidec Seimitsu Batam	Indonesia
228	Nidec Seimitsu America Corporation	U.S.A.
229	Nidec Seimitsu Vietnam Corporation	Vietnam
230	Nidec Global Service Corporation	Japan
231	Nidec Total Service (Zhejiang) Corporation	China
232	Green Sun Insurance, Inc.	Micronesia

**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 25, 2015

/s/ Shigenobu Nagamori

**Shigenobu Nagamori**  
**Chairman of the Board,**  
**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 25, 2015

/s/ Masuo Yoshimatsu

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**Masuo Yoshimatsu**  
**First Senior Vice President,**  
**Chief Financial Officer and**  
**Director**

**CERTIFICATION**

Pursuant to 18 U.S.C. § 1350, the undersigned officer of Nidec Corporation (the “Company”) hereby certifies, to such officer’s knowledge, that the Company’s annual report on Form 20-F for the fiscal year ended March 31, 2015 (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 25, 2015

/s/ Shigenobu Nagamori

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**Shigenobu Nagamori**  
**Chairman of the Board,**  
**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, 2015 (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 25, 2015

/s/ Masuo Yoshimatsu

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**Masuo Yoshimatsu**  
**First Senior Vice President, Chief**  
**Financial Officer and Director**