

**NOTICE OF
EXTRAORDINARY GENERAL MEETING
OF SHAREHOLDERS**

to be held in Kyoto, Japan

on December 15, 2004

This is a translation from the Japanese notice circulated to shareholder in Japan.

Nidec Corporation

Kyoto, Japan

[Reference Material for Exercise of Voting]

1. Number of voting rights owned by
shareholders who are entitled to vote 705,511 units

2. The proposal and reference materials

Proposal : To approve the contract between Nidec Corporation and Nidec-Kyori Corporation for exchange of shares.

1. Reason necessitating exchange of shares.

Nidec-Kyori Corporation (hereinafter called Nidec-Kyori) has been constantly expanding its businesses through improvements of management for the past seven years since Nidec Corporation (hereinafter called Nidec) acquired a controlling interest in it in May 1997. The Share Exchange Agreement to merge Nidec-Kyori into a wholly-owned subsidiary of Nidec reflects the two companies' shared understanding that swifter decision making is of key importance to ensure Nidec-Kyori's future business growth and greater contribution to Nidec's consolidated performance. Also, Nidec expects the stated action to facilitate its planned introduction of the consolidated taxation system, and accordingly Nidec concluded the contract for the exchange of shares with Nidec-Kyori under the conditions of Article 353 of the Commercial Code on October 8, 2004.

The date of the exchange of shares is March 1, 2005 and the ratio of exchange sets as 0.031 shares of Nidec to 1 share of Nidec-Kyori .

Support for the purpose of the exchange of shares and approval of the contract by shareholders are appreciated.

2. Contents of the Contract for the Exchange of Shares.

Contents of the contract for the exchange of shares between Nidec and Nidec-Kyori, signed on October 8, 2004, under the conditions of Article 353 of the Commercial Code, are as follows.

Contract for the exchange of shares (Copy)

Nidec Corporation (hereinafter called A) and Nidec-Kyori Corporation (hereinafter called B) conclude a contract for exchange of shares (hereinafter called Contract) as follows.

(Method)

Article 1. A, becoming a wholly owning parent, and B, becoming a wholly owned subsidiary, exchange shares in the method of exchange expressly provided in Article 352 through 363 of the Commercial Code.

(Amendment of Articles of Incorporation)

Article 2. Following the exchange of shares, A amends Article 2 (Object) of Articles of Incorporation on the exchange as follows. (amended parts are underlined)

(Object)

Article 2. The objects of the Company shall be to engage in the following businesses:

- (1) Manufacture and sale of electric machinery, equipment, and tools.
- (2) Manufacture and sale of a variety of electronic machine parts and components.
- (3) Manufacture and sale of factory automation systems such as industrial robotic machines.
- (4) Manufacture and sale of speed controlling devices, technical art tools, and measurement tools
- (5) Manufacture and sale of forging and stamping machine.
- (6) Manufacture and sale of high-precision press processed products.
- (7) Manufacture and sale of die mold for stamping.
- (8) Manufacture and sale of other machinery, equipment and tools.
- (9) Non-life insurance agency business and activities relating to life insurance solicitation.
- (10) Sale, purchase, leasing, renting and management of real property and acting as intermediary therein.
- (11) Sale of books, stationery, teaching equipment & material and telecommunication equipment.
- (12) Agency of travel and advertising.
- (13) Any and all businesses incidental or relating to any of the foregoing items.

(Shares issued at the time of the exchange of shares and allotment)

Article 3. At the time of the exchange of shares, A allots its 3,383 treasury shares to B shareholders of record prior to the Share Exchange at the ration of exchange set as 0.031 share of A to 1 share of B. No new shares of Nidec's common stock are issued.

(Initial date in reckoning dividends)

Article 4. Initial date in reckoning dividends of profit on shares issued in the foregoing clause is October 1, 2004.

(Increased a mount of capital and capital surplus)

Article 5. The increased amount of A's capital stock and legal reserve is as follows.

(1) capital

No increase in the amount of capital in A

(2) capital surplus

A's capital surplus increase by the amount obtained by multiplying shareholders' equity of B at the time of Share Exchange by the ratio of shares to be transferred to A in the Share Exchange to the total number of outstanding shares of B less the aggregate book value of the treasury stock allotted by A.

(Extraordinary Shareholders meeting to approve the exchange of shares)

Article 6. A, on December 15, 2004, and B, on December 14, 2004, as the date of general meeting of shareholders respectively convene a general meeting of shareholders (hereinafter called the general meeting to approve the exchange of shares) and ask for the approval of this contract and resolutions for matters necessary for the exchange of shares. In case of necessity or due to other reasons during the process of exchange of shares, A and B can consult and change the foregoing dates of convening.

(Date of exchange of shares)

Article 7. The date of exchange of shares is March 1, 2005. In case of necessity or due to other reasons during the process of exchange of shares, A and B can consult and change this date.

(Administration of corporate assets)

Article 8. A and B, after the conclusion of this contract on to the previous day of the exchange of shares, execute its own business activities and administrate and manage the corporate assets with bona fide cares. Any act affecting seriously the assets or claims and obligations, A and B consult in advance and perform such an act.

(Interim Cash Dividends)

Article 9. A and B pay interim cash dividends in amounts limited to the following to the final shareholders and the registered pledgees of shares listed on the register of shareholders as of September 30, 2004.

(1) As for A, ¥20 per share, amounting to ¥1,413,033,300 in total.

(2) As for B, ¥3 per share, amounting to ¥21,000,000 in total.

(Term of office of the director or auditor assuming office prior to the exchange of shares)

Article 10. The term of the director or auditor of A assuming office prior to the date of exchange of shares is treated in the same way as in cases without the exchange of shares.

(Alteration of conditions for exchange of shares and cancellation of the Contract)

Article 11. In case of any serious change in the state of assets or the business condition of A or B after the date of conclusion of the Contract, A and B shall consult and can alter conditions for the exchange of shares or cancel the Contract.

(Validity of Contract)

Article 12. In case of failure of the general meeting of A or B to approve the exchange of shares, the Contract loses validity.

(Matters to be discussed)

Article 13. In addition to matters prescribed in the Contract, necessary matters for the exchange of shares are discussed and decided by A and B in compliance with the aim of the Contract.

As evidence of conclusion of the Contract, A and B shall prepare two copies of the Contract and sign them and hold a copy each.

October 8, 2004

A: Shigenobu Nagamori (Seal)
Chairman, President & CEO
Nidec Corporation
338 Tonoshiro-cho, Kuze, Minami-ku,
Kyoto 601-8205, Japan.

B: Kentaro Noda(Seal)
President & CEO
Nidec-Kyori Corporation
1-7-1 Tsukinowa, Otsu-city,
Shiga 520-2152, Japan

3. Reasons for Amendments of the Articles of Incorporation Attendant on the Exchange of Shares and the Content of Amendment.

On the day of exchange of shares in accordance with the contract for the exchange of shares, the objects of the wholly-owned affiliated company are added to those of Nidec, necessitating alteration of its original provisions of Article 2 (Object).

(altered sections are indicated by underlining)

Original	Suggested
(Objects) Article 2. (Provisions are omitted) (1) ~ (4) (Provisions are omitted) (Newly enacted) (Newly enacted) (Newly enacted) (Newly enacted) (5) ~ (9) (Provisions are omitted)	(Objects) Article 2. (Same as the original) (1) ~ (4) (Same as the original) <u>(5)Manufacture and sale of forging and stamping machine</u> <u>(6)Manufacture and sale of high-precision press processed products</u> <u>(7)Manufacture and sale of die and mold for stamping</u> <u>(8)Manufacture and sale of other machinery, equipment and tools</u> (9) ~ (13) (Same as the original)

4. Explanation of exchange ratio of shares stipulated in Article 354, Clause 1, No.2 of Commercial Code.

Reasons for calculating and applying the ratio

1) Ratio for the exchange of shares

Nidec requested Daiwa Security Co., Ltd. to calculate the ratio for the exchange of shares and, taking the result of the calculations into consideration, consulted and agreed with Nidec-Kyori as follows. The following exchange ratio of shares can be changed through discussion between Nidec and Nidec-Kyori in case of serious changes occurring in the state of assets or management of Nidec or Nidec-Kyori.

	Nidec (Parent Company)	Nidec-Kyori (Wholly-owned subsidiary)
Ratio for the exchange of shares	1	0.031

Notes: Allotment ratio of Shares

0.031 of Nidec share are allotted per Nidec-Kyori share.

2) Method and basis of calculating the exchange ratio of shares.

Daiwa Securities Co., Ltd. assessed the value of the shares of Nidec and Nidec-Kyori using Market Price Analysis, and Comparable Company Analysis, respectively.

5. Balance sheets and statements of income of companies exchanging shares stipulated in Commercial Code Article 354, Clause 1, No.3-No.6.

1) Balance sheet and statement of income within the last six months of Nidec are as follows:

Balance Sheet

September 30, 2004

Assets	(in million of yen)
Current Assets	8,2741
Cash and deposits	18,323
Trade notes receivable	991
Trade accounts receivable	34,633
Finished goods	2,446
Raw materials	50
Work in process	145
Supplies	70
Deferred income tax	820
Short-term loans	18,700
Accounts receivable-other	6,567
Other current assets	296
Allowance for doubtful accounts	(300)
Fixed assets	162,172
Tangible fixed assets	22,239
Buildings	8,918
Structures	194
Machinery and equipment	1,221
Vehicles	13
Tools, furniture and fixtures	1,513
Land	9,947
Construction in progress	433
Intangible assets	201
Trademarks and goodwill	60
Patent	1
Software	89
Telephone subscription rights	24
Facility utility	27
Investments and other assets	139,732
Investment securities	7,252
Investments in subsidiaries	119,847
Investments other than capital stock	1,389
Investments in equity of subsidiaries, other than capital stock	8,303
Long-term loans	1,013
Bankruptcy and claims others	492
Long-term prepaid expenses	33
Deferred tax assets	1,299
Other investments	628
Allowance for doubtful accounts	(524)
Total assets	244,913

Notes: 1. All amounts less than ¥1 million have been rounded off.

2. Short-term receivables from subsidiaries	¥46,799 million
Short-term payables to subsidiaries	¥19,280 million
Long-term receivables from subsidiaries	¥1,013 million
Long-term payable to subsidiary	¥29 million
3. Accumulated depreciation of tangible fixed assets	¥11,897 million

September 30, 2004

(in million of yen)

Liabilities

Current liabilities	<u>38,310</u>
Trade notes payable	127
Trade accounts payable	24,909
Short-term borrowings	5,553
Long-term borrowings repayable within one year	1,213
Other accounts payable	4,096
Costs payable	554
Accrued corporate taxes	756
Reserve for bonuses	1,006
Notes payable-plant and equipment	11
Other current liabilities	85
Long-term liabilities	<u>42,887</u>
Fixed Bonds	30,000
Convertible bonds	9,264
Long-term borrowings	1,508
Employee retirement and severance benefits	827
Reserve for retirement allowances for directors and corporate auditors	531
Payables from issuing Bonds	728
Other fixed liabilities	29
Total liabilities	<u>81,197</u>

Shareholders' Equity

Capital stock	59,122
Capital surplus	63,343
Capital reserve	63,343
Earned Surplus	41,162
Earned surplus reserve	720
Revenue reserves	33,150
Unappropriated retained earnings for the period (from April 1, 2004 to September 30, 2004)	7,292
Land revaluation surplus	(813)
Appreciated prices of stocks and others	1,041
Own shares	<u>(139)</u>
Total shareholders' equity	<u>163,716</u>
Total liabilities and shareholders' equity	<u>244,913</u>

Notes: 4. Important leased assets:

Other important leased assets besides those fixed assets on the Balance Sheet include portions of manufacturing equipment for DC motors, information processing equipment, office equipment and vehicles.

5. Guarantees

¥6,141 million

6. Total increased amount of assets priced at current value stipulated in Commercial Code,

Enforcement Rule Article 124, Provision 3.

¥1,041 million

7. Revaluation of Land

Revaluation of land based on the law concerning the revaluation of land (March 31, 1998, Proclamation of Law No. 34) and revision of the law concerning the revaluation of land (revised March 31, 1999), with the difference appropriated as part of the Company's shareholders' equity.

Date of revaluation: March 31, 2000

Amount of the revalued market price of land at the end of the period (from April 1, 2004 to September 30, 2004) lower than the book value of land after revaluation

¥991 million

(Method of revaluation as provided by Article 3, Clause 3 of the above law)

Reasonable adjustments were made to the price determined by the formula for calculation of taxation base stated in Article 16 of Land Value Tax Law (Law No. 69, 1991), which is provided in Article 2 No. 4 of enforcement regulation of the law concerning the revaluation of land (Proclamation of Law No. 119 on March 31, 1998).

8. Amount of pension assets in retirement benefits trust offsetting provisions for employees' retirement benefits.

¥710 million

Statement of Income

from April 1, 2004 to September 30, 2004

(in million of yen)

Recurring Profit & Loss

Operating income and expenses	
Net sales	59,582
Cost of sales	(52,716)
Selling, general and administrative expenses	(6,215)
Operating profit	651
Non-operating income and expenses	
Non-operating income	
Interest	104
Dividend income	4,147
Foreign currency translation gain	1,158
Other	408
Non-operating expenses	
Interest expenses	(124)
Issuing expenses on new shares	(322)
Other	(113)
Recurring profit	5,909

Non-recurring Profit & Loss

Non-recurring profit	
Profit on sale of tangible fixed assets	43
Profit on sale of investment securities	571
Gains from sales of subsidiaries' shares	1
Non-recurring loss	
Loss on disposal of tangible fixed assets	(172)
Income before income taxes for the period (from April 1, 2004 to September 30, 2004)	6,352
Provision for income taxes	
Current	(1,104)
Deferred	(314)
Net income for the period (from April 1, 2004 to September 30, 2004)	4,934
Unappropriated retained earnings brought forward from the previous period	2,246
Reversal of Land revaluation reserve	112
Unappropriated retained earnings for the period (from April 1, 2004 to September 30, 2004)	7,292

Notes: 1. All amounts less than ¥1 million have been omitted.

2. Sales to subsidiaries	¥31,672 million
3. Purchases from subsidiaries	¥46,358 million
4. Sales commissions to subsidiaries	¥478 million
5. Turnover with subsidiaries other than sales and purchases	¥16,551 million
6. Net income per share for the period (from April 1, 2004 to September 30, 2004)	¥71.86

2) Balance sheet and statement of income within the last six months of Nidec-Kyori are as follows:

Balance Sheet

September 30, 2004

Assets	(in thousand of yen)
Current Assets	<u>4,593,565</u>
Cash and deposits	179,545
Trade notes receivable	1,166,238
Trade accounts receivable	1,488,439
Finished goods	27,985
Raw materials	248,110
Work in process	1,173,943
Supplies	2,351
Deferred income tax	195,825
Accounts receivable-other	80,458
Other current assets	43,965
Allowance for doubtful accounts	<u>(13,300)</u>
Fixed assets	<u>1,686,647</u>
Tangible fixed assets	<u>1,466,398</u>
Buildings	197,316
Structures	8,990
Machinery and equipment	78,764
Vehicles	2,043
Tools, furniture and fixtures	37,862
Land	1,141,421
Intangible assets	1,496
Software etc.	1,496
Investments and other assets	218,752
Investment securities	17,448
Investments in subsidiaries	67,751
Deposit	15,600
Deferred tax assets	116,951
Other investments	12,600
Allowance for doubtful accounts	<u>(11,600)</u>
Total assets	<u><u>6,280,213</u></u>

Notes: 1. All amounts less than ¥1 thousand have been omitted.

- | | |
|---|---------------------|
| 2. Short-term receivables from controlling shareholders | ¥127 thousand |
| Short-term payables to controlling shareholders | ¥596,191 thousand |
| 3. Accumulated depreciation of tangible fixed assets | ¥1,512,094 thousand |

September 30, 2004

Liabilities

(in thousand of yen)

Current liabilities	<u>4,037,267</u>
Trade notes payable	2,072,802
Trade accounts payable	604,947
Short-term borrowings	590,000
Other accounts payable	177,494
Accrued corporate taxes	168,335
Advance received	134,348
Reserve for bonuses	96,773
Reserve for product warranty	169,561
Notes payable-plant and equipment	15,866
Other current liabilities	7,138
Long-term liabilities	<u>269,192</u>
Employee retirement and severance benefits	249,603
Reserve for retirement allowances for directors and corporate auditors	14,118
Other fixed liabilities	5,470
Total liabilities	<u>4,306,460</u>

Shareholders' Equity

Capital stock	450,000
Capital surplus	250,000
Capital reserve	250,000
Earned Surplus	1,271,348
Earned surplus reserve	46,500
Revenue reserves	460,000
Unappropriated retained earnings for the period (from April 1, 2004 to September 30, 2004)	764,848
Appreciated prices of stocks and others	2,404
Total shareholders' equity	<u>1,973,757</u>
Total liabilities and shareholders' equity	<u>6,280,213</u>

Notes: 4. Foreign-currency assets and liabilities:

Cash and deposits ¥17,862 thousand (4,719 thousand NT\$ etc.)

5. Important leased assets:

Other important leased assets besides those fixed assets on the Balance Sheet include transverse machining center (Hitachi Seiki Co., Ltd. HG-630, attached 2PPL), electric computer (Hitachi, Ltd. a set of HIT BASE), CAD extended for design and terminal, office automation equipment and vehicles for business purposes etc.

6. Provision for retirement allowances for directors and corporate auditors is allowance reserve stipulated in Commercial Code 287-2.

7. Total increased amount of assets priced at current value stipulated in Commercial Code,

Enforcement Rule Article 124, Provision 3. ¥2,404 thousand

Statement of Income

from April 1, 2004 to September 30, 2004
(in thousand of yen)

Recurring Profit & Loss

Operating income and expenses	
Net sales	4,038,726
Cost of sales	(3,202,251)
Selling, general and administrative expenses	(445,657)
Operating profit	390,816
Non-operating income and expenses	
Non-operating income	
Interest and dividend income	1,488
Foreign currency translation gain	1,399
Other	5,442
Non-operating expenses	
Interest expenses	(3,849)
Recurring profit	395,298

Non-recurring Profit & Loss

Non-recurring profit	
Waived deferment retirement allowances for directors and corporate auditors	1,732
Non-recurring loss	
Loss on disposal of tangible fixed assets	(33,089)
Income before income taxes for the period (from April 1, 2004 to September 30, 2004)	363,941
Provision for income taxes	
Current	(162,103)
Deferred	12,960
Net income for the period (from April 1, 2004 to September 30, 2004)	214,798
Unappropriated retained earnings brought forward from the previous period	550,050
Unappropriated retained earnings for the period (from April 1, 2004 to September 30, 2004)	764,848

Notes: 1. All amounts less than ¥1 thousand have been omitted.

2. Transaction to controlling shareholders

Operating income	¥144 thousand
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Operating expenses	¥31,089 thousand
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3. Net income per share for the period (from April 1, 2004 to September 30, 2004)	¥30.68
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3) Balance sheet and statement of income of Nidec are as follows:

Balance Sheet

March 31, 2004

Assets

(in million of yen)

Current Assets	56,203
Cash and deposits	10,391
Trade notes receivable	908
Trade accounts receivable	30,034
Finished goods	2,178
Raw materials	85
Work in process	183
Supplies	84
Deferred income tax	650
Short-term loans	4,168
Accounts receivable-other	7,473
Other current assets	237
Allowance for doubtful accounts	(195)
Fixed assets	160,938
Tangible fixed assets	27,796
Buildings	9,070
Structures	211
Machinery and equipment	1,205
Vehicles	15
Tools, furniture and fixtures	1,568
Land	15,667
Construction in progress	56
Intangible assets	267
Trademarks and goodwill	119
Patent	0
Software	93
Telephone subscription rights	24
Facility utility	28
Investments and other assets	132,874
Investment securities	8,410
Investments in subsidiaries	112,171
Investments other than capital stock	420
Investments in equity of subsidiaries, other than capital stock	8,832
Long-term loans	973
Bankruptcy and claims others	491
Long-term prepaid expenses	33
Deferred tax assets	1,444
Other investments	620
Allowance for doubtful accounts	(524)
Total assets	217,141

Notes: 1. All amounts less than ¥1 million have been omitted.

2. Short-term receivables from subsidiaries	¥28,228 million
Short-term payables to subsidiaries	¥15,005 million
Long-term receivables from subsidiaries	¥1,469 million
Long-term payable to subsidiary	¥29 million
3. Accumulated depreciation of tangible fixed assets	¥11,573 million

March 31, 2004

(in million of yen)

Liabilities

Current liabilities	<u>73,324</u>
Trade notes payable	228
Trade accounts payable	20,430
Short-term borrowings	43,931
Long-term borrowings repayable within one year	1,453
Other accounts payable	5,203
Costs payable	547
Accrued corporate taxes	370
Reserve for bonuses	983
Notes payable-plant and equipment	71
Other current liabilities	105
Long-term liabilities	<u>43,961</u>
Fixed Bonds	30,000
Convertible bonds	9,274
Long-term borrowings	2,368
Employee retirement and severance benefits	659
Reserve for retirement allowances for directors and corporate auditors	541
Payables from issuing Bonds	817
Other fixed liabilities	29
Total liabilities	<u>117,016</u>

Shareholders' Equity

Capital stock	28,994
Capital surplus	33,223
Capital reserve	33,223
Other capital surplus	-
Earned Surplus	37,172
Earned surplus reserve	720
Revenue reserves	32,550
Unappropriated retained earnings at end of period	3,901
Land revaluation surplus	(701)
Appreciated prices of stocks and others	1,559
Own shares	<u>(123)</u>
Total shareholders' equity	<u>100,125</u>
Total liabilities and shareholders' equity	<u><u>217,141</u></u>

Notes: 4. Important leased assets:

Other important leased assets besides those fixed assets on the Balance Sheet include portions of manufacturing equipment for DC motors, information processing equipment, office equipment and vehicles.

5. Assets for collateral:

Investment securities ¥1,442 million

6. Guarantees

..... ¥6,391 million

7. Total increased amount of assets priced at current value stipulated in Commercial Code,

Enforcement Rule Article 124, Provision 3. ¥1,559 million

8. Revaluation of Land

Revaluation of land based on the law concerning the revaluation of land (March 31, 1998, Proclamation of Law No. 34) and revision of the law concerning the revaluation of land (revised March 31, 1999), with the difference appropriated as part of the Company's shareholders' equity.

Date of revaluation: March 31, 2000

Amount of the revalued market price of land at the end of this fiscal year lower than the book value of land after revaluation
¥991 million

(Method of revaluation as provided by Article 3, Clause 3 of the above law)

Reasonable adjustments were made to the price determined by the formula for calculation of taxation base stated in Article 16 of Land Value Tax Law (Law No. 69, 1991), which is provided in Article 2 No. 4 of enforcement regulation of the law concerning the revaluation of land (Proclamation of Law No. 119 on March 31, 1998).

9. Amount of pension assets in retirement benefits trust offsetting provisions for employees' retirement benefits. ¥710 million

Statement of Income

from April 1, 2003 to March 31, 2004

Recurring Profit & Loss

(in million of yen)

Operating income and expenses	
Net sales	118,636
Cost of sales	(105,200)
Selling, general and administrative expenses	(11,953)
Operating profit	1,482
Non-operating income and expenses	
Non-operating income	
Interest	120
Dividend income	4,915
Other	598
Non-operating expenses	
Interest expenses	(278)
Exchange loss	(1,705)
Other	(347)
Recurring profit	4,785
Non-recurring Profit & Loss	
Non-recurring profit	
Profit on sale of tangible fixed assets	15
Profit on sale of investment securities	466
Gains from sales of subsidiaries' shares	2
Transferred from allowance for doubtful accounts	22
Gains out of exemption from agency business services charged by The Welfare Pension Fund.	972
Other non-recurring profits	6
Non-recurring loss	
Loss on disposal of tangible fixed assets	(263)
Loss on valuation of investment securities	(6)
Loss on sale of investment securities	(570)
Loss on sales of subsidiaries' shares	(43)
Costs of Removal of Head Office and Laboratory	(292)
Income before income taxes	5,095
Provision for income taxes	
Current	(1,469)
Deferred	(930)
Net income	2,695
Unappropriated retained earnings brought forward from the previous period	2,162
Interim dividend	(956)
Unappropriated retained earnings at end of period	3,901

Notes: 1. All amounts less than ¥1 million have been omitted.

2. Sales to subsidiaries	¥58,326 million
3. Purchases from subsidiaries	¥89,916 million
4. Sales commissions to subsidiaries	¥872 million
5. Turnover with subsidiaries other than sales and purchases	¥23,367 million
6. Net income per share for the period (from April 1, 2003 to March 31, 2004)	¥40.83

4) Balance sheet and statement of income Nidec-Kyori Corporation are as follows:

Balance Sheet

March 31, 2004

Assets	(in thousand of yen)
Current Assets	<u>4,663,256</u>
Cash and deposits	1,226,520
Trade notes receivable	812,397
Trade accounts receivable	1,212,338
Finished goods	12,327
Raw materials	189,790
Work in process	901,944
Supplies	2,817
Deferred income tax	174,011
Other current assets	141,407
Allowance for doubtful accounts	<u>(10,300)</u>
Fixed assets	<u>1,740,763</u>
Tangible fixed assets	<u>1,512,140</u>
Buildings	207,024
Structures	7,796
Machinery and equipment	123,672
Vehicles	2,439
Tools, furniture and fixtures	29,786
Land	1,141,421
Intangible assets	<u>1,225</u>
Software etc.	1,225
Investments and other assets	<u>227,397</u>
Investment securities	18,433
Investments in subsidiaries	67,751
Deposit	14,407
Deferred tax assets	125,804
Other investments	12,600
Allowance for doubtful accounts	<u>(11,600)</u>
Total assets	<u>6,404,019</u>

Notes: 1. All amounts less than ¥1 thousand have been omitted.

2. Short-term receivables from controlling shareholders ¥237 thousand

 Short-term payables to controlling shareholders ¥5,876 thousand

3. Accumulated depreciation of tangible fixed assets ¥1,519,839 thousand

March 31, 2004

Liabilities

(in thousand of yen)

Current liabilities	<u>4,307,855</u>
Trade notes payable	1,567,460
Trade accounts payable	512,468
Short-term borrowings	1,580,000
Other accounts payable	183,404
Accrued corporate taxes	148,710
Reserve for bonuses	101,200
Reserve for product warranty	120,796
Notes payable-plant and equipment	18,088
Other current liabilities	75,727
Long-term liabilities	<u>294,627</u>
Employee retirement and severance benefits	259,039
Reserve for retirement allowances for directors and corporate auditors	29,713
Other fixed liabilities	5,874
Total liabilities	<u>4,602,483</u>

Shareholders' Equity

Capital stock	450,000
Capital surplus	250,000
Capital reserve	250,000
Earned Surplus	1,098,550
Earned surplus reserve	42,000
Revenue reserves	460,000
Unappropriated retained earnings at end of period	596,550
Appreciated prices of stocks and others	2,985
Total shareholders' equity	<u>1,801,536</u>
Total liabilities and shareholders' equity	<u>6,404,019</u>

Notes: 4. Foreign-currency assets and liabilities:

Cash and deposits ¥20,391 thousand (5,929 thousand NT\$ etc.)

5. Important leased assets:

Other important leased assets besides those fixed assets on the Balance Sheet include transverse machining center (Hitachi Seiki Co., Ltd. HG-630, attached 2PPL), electric computer (Hitachi, Ltd. a set of HIT BASE), CAD extended for design and terminal, office automation equipment and vehicles for business purposes etc.

6. Provision for retirement allowances for directors and corporate auditors is allowance reserve stipulated in Commercial Code 287-2.

7. Total increased amount of assets priced at current value stipulated in Commercial Code,

Enforcement Rule Article 124, Provision 3. ¥2,985 thousand

Statement of Income

from April 1, 2003 to March 31, 2004

(in thousand of yen)

Recurring Profit & Loss

Operating income and expenses	
Net sales	6,243,802
Cost of sales	(5,247,027)
Selling, general and administrative expenses	(689,523)
Operating profit	307,251
Non-operating income and expenses	
Non-operating income	
Interest and dividend income	1,434
Sundry income	19,408
Other	600
Non-operating expenses	
Interest expenses	(11,764)
Exchange loss	(2,241)
Other	(217)
Recurring profit	314,111

Non-recurring Profit & Loss

Non-recurring profit	
Profit on sale of tangible fixed assets	30,815
Transferred from allowance for doubtful accounts	38,265
Other non-recurring profits	13,555
Non-recurring loss	
Loss on disposal of tangible fixed assets	(17,439)
Other	(121,719)
Income before income taxes	257,530
Provision for income taxes	
Current	(144,476)
Deferred	38,103
Net income	151,157
Unappropriated retained earnings brought forward from the previous period	445,393
Unappropriated retained earnings at end of period	596,550

Notes: 1. All amounts less than ¥1 thousand have been omitted.

2. Transaction to controlling shareholders

Operating income	¥1,122 thousand
Operating expenses	¥11,232 thousand

3. Net income per share for the period (from April 1, 2003 to March 31, 2004)	¥21.59
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Summary of Significant Accounting Policies

1. Valuation method of securities:

Other securities

Items with a market value: market valuation method based on year-end closing market price etc. (The difference, net of tax, between acquisition cost and carrying market value of other securities is reported as a separate component of shareholder's equity. The cost of other securities sold is computed based on the moving average method.)

Items with no market value: valuation at cost, with cost determined by the moving average method

2. Valuation method of inventories:

Finished goods, work in process · Lower of cost or market method with cost determined using the identified cost method

Raw materials ·········· Lower of cost or market method with cost determined by the moving average method

Supplies ·········· Valuation at cost, with cost determined by last purchase price method or replacement cost

3. Method of depreciation of fixed assets:

Tangible fixed assets ········ Declining balance method

The principal estimated useful lives range as follows:

Buildings ·········· 3 to 47 years

Machinery and equipment ··· 4 to 11 years

Intangible fixed assets ········ Straight-line method

With respect to the software used in the Company, depreciation is computed on the straight-line method based on useful period of time (mainly 5 years).

4. Provisions of allowances

Allowances for doubtful accounts:

Appropriate allowances are made for general receivables based on actual past results, but specific doubtful accounts will be investigated on an individual basis, and the amount of forecasted losses will be appropriated.

Allowances for employee bonuses:

The amount appropriate for employee bonuses for the term is stated in the statement.

Allowances for product warranty:

An estimated necessary amount is provided based upon prior actual experience of repairs, in order to prepare against repair expenses arising from free warranties on the goods sold.

(Amendment of accounting policy)

Rework cost of finished goods within the warranty period was stated in the cost when occurred to have to repair them until the last term. However from this term, An estimated necessary amount is provided based upon prior actual experience of repairs, in order to prepare against repair expenses arising from free warranties on the goods sold.

This amendment of accounting policy is intended to apply periodic accounting of profit and loss.

In accordance with this amendment, the amount of money transferred for the term (¥120,796 thousand) is appropriated for the cost of sales. And expenditure of the amount of product warranty for the term (¥81,303 thousand) is appropriated for Non-recurring loss. As a result, operating profit and recurring profit decreased by ¥39,493 thousand and income before income taxes decreased by ¥120,796 thousand.

Provision for employees' retirement benefits:

Liabilities considered to have been incurred at year-end for the provision of employee retirement and severance benefits are shown based on the projected benefit obligation and pension fund assets during the year.

Provision for retirement allowances for directors and corporate auditors:

Liabilities incurred for the reserve provision for retirement allowances for directors and corporate auditors is stated based on Nidec-Kyori's regulations for the amount necessary at the end of the term.

5. Leases:

Financial leases other than those in which it can be recognized that ownership rights are transferred to the lessee are treated as operating leases for accounting purposes.

6. Consumption tax:

Consumption tax is excluded from all items in the Statement of Income.

Procedures for voting by computer

When you vote on the Internet website, please note the following.

1. Voting on the Internet, is possible only by using the special "website for executing voting right " . You can not use the voting website from a mobile telephone.
(When you vote on the Internet, you will need the voting number and the password indicated on the voting instruction card).
2. You can vote on the Internet prior to 12 p.m. December 14, 2004; however, to facilitate vote counting, voting ahead of time is recommended.
3. If you vote both on paper and on the website, the vote on the website will be treated as valid.
4. If you vote more than once on the website, the last vote will be treated as valid.
5. When you use the voting website, the dial-up connection fees to the provider and any telecommunication fees (including telephone charges) are at your expense.

Conditions for voting by computer

To use the voting website, you will need the following.

1. The ability to access an Internet website.
2. Microsoft® Internet Explorer (Ver. 5.5 or higher) or Netscape (Ver. 6.2 or higher).
3. The hardware necessary to use the above software.

Internet Explorer is a registered trade name of Microsoft Corporation, U.S., granted in the United States and other countries, and Netscape is a registered trade name of Netscape Communications Corporation in U.S. and other countries.