

Nidec



Mini-Revolution

Nidec Corporation
Annual Report 2005

Profile

Four young engineers established Nidec in July 1973 in Japan's ancient capital of Kyoto. A shared core belief in passion, enthusiasm and tenacity has inspired its dramatic growth over the past thirty years. Nidec is an aggressively energetic company that thrives on pioneering change and is totally dedicated to global leadership in comprehensive drive technology—in every sense, a company with drive.

Many people use a Nidec product everyday without realizing it. Nidec commands a leading share of the global market for hard disk drive (HDD) spindle motors, the critical components that keep hard drives spinning and make memory storage and retrieval possible. Nidec led the original revolution that helped miniaturize HDDs, and today its fluid dynamic bearing (FDB) technology is driving another revolution as HDDs become small enough to fit in portable audio devices.

Besides its wide range of HDD motors, Nidec manufactures other small precision brushless DC motors, fan motors, and mid-size motors for automotive power steering systems and other applications. The potential market for brushless DC motors is large and growing fast, as the digital revolution brings electronics and computing power to every conceivable appliance. Nidec has also expanded into various electronic component and equipment sectors, building this business largely through acquisition. Today, Nidec ranks top or near the top across all its chosen segments—proof of its technical superiority and high cost competitiveness on a global scale.

Following the consolidation of three major subsidiaries, Nidec has expanded its scope of consolidation reported under the U.S. GAAP standards from the year ended March 2004. As one of only a handful of Japanese companies to be NYSE-listed and to maintain a dedicated IR representative office in the United States, Nidec continues to make steady progress down its chosen path toward globalization.

Amid a fast-changing environment that demands rapid technological and corporate innovation, Nidec's motto, "Do it now, do it without fail, do it until completed" exhorts employees to thrive on challenges. Fueled by independent determination, flexible thinking and bold commitment to action, Nidec continues to be dedicated to global leadership in its core competence of "everything that spins and moves."

NIDEC'S CORPORATE GOVERNANCE PRACTICE

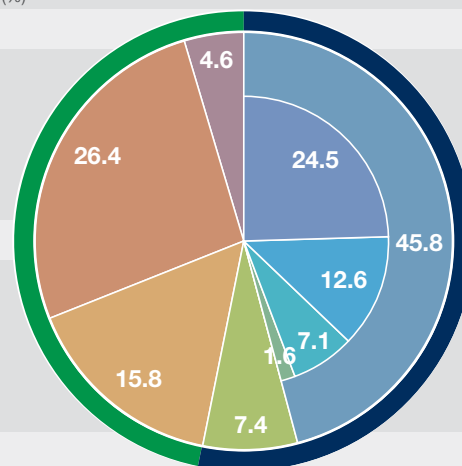
For an explanation as to the significant differences between the New York Stock Exchange's corporate governance standards and Nidec's corporate governance practices, please visit us on the Internet at <http://www.nidec.co.jp/english/ir/governance/index.html>

➤ Smaller, Lighter, Faster, and

More than ever—and in more fields than ever, our core technologies help companies compete on the leading edge of product innovation and customer satisfaction

Sales Composition

(%)



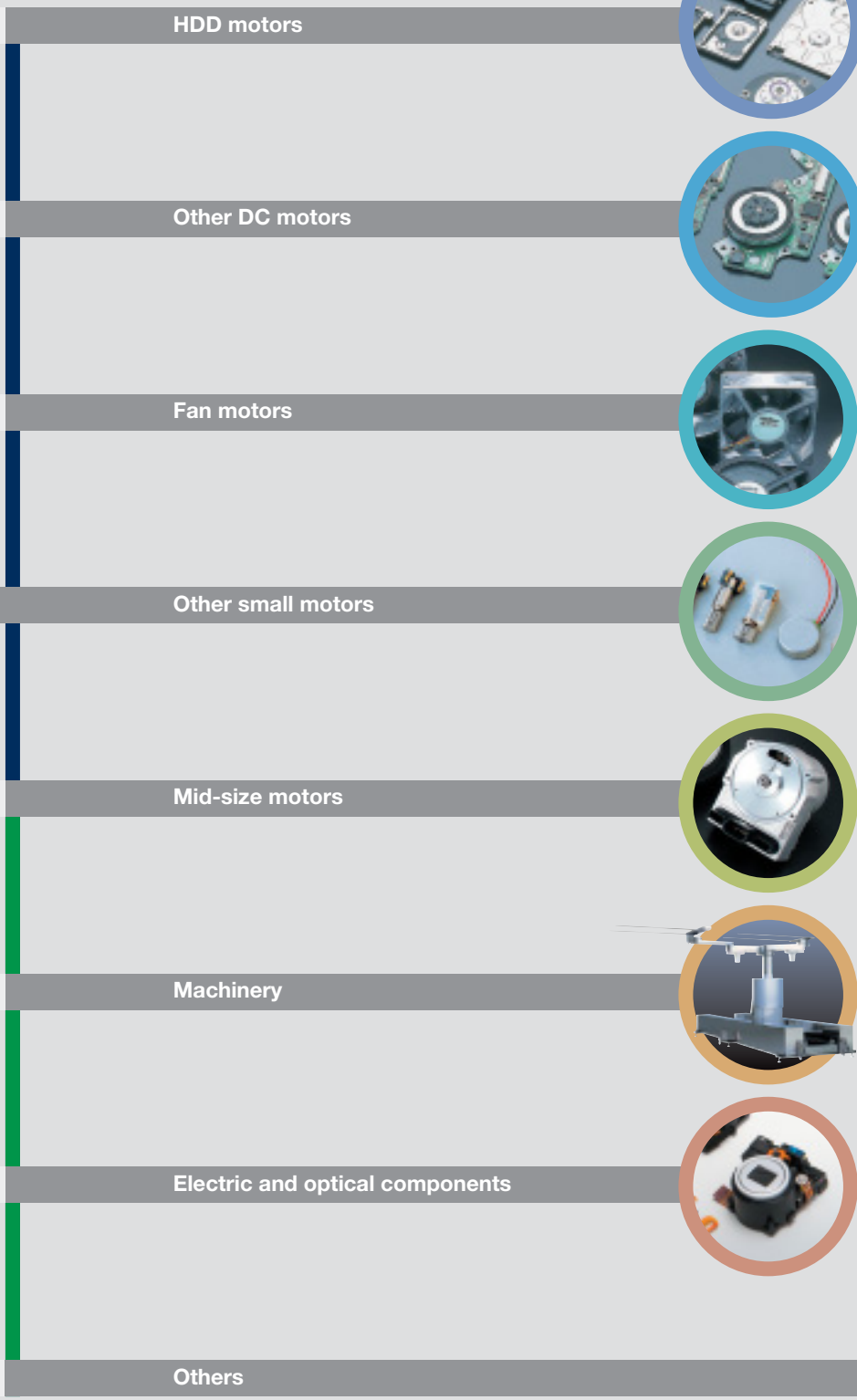
Net sales ¥485.8 billion (as of March 31, 2005)

- Motors
- Non-motors
- Small precision motors
- Machinery
- HDD motors
- Electronic & optical components
- Other DC motors
- Others
- Fan motors
- Other small motors
- Mid-size motors

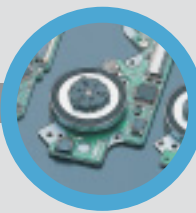
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more Precise



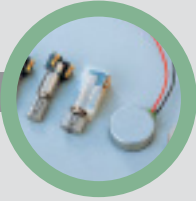
Spindle motors for 1", 1.8", 2.5" and 3.5" hard disk drives



Brushless DC motors for optical disk drives and office automation equipment
Stepping motors
Other brushless DC motors



For MPU cooling units, game machine consoles, PC/communication devices, home appliances and automobiles



Vibration motors, Brush motors



Brushless DC motors for automobiles, home electronic appliances and industrial equipment



Industrial robots, Die bonders, Circuit board testers, High-speed pressing machines, Chip mounters, Measuring machines, Motor-driven actuator units, Power transmission equipment, Factory automation systems, Card readers



Camera shutters, Camera lens units, Encoders, Switches, Trimmer potentiometers, Motor-driven actuator units, Optical pickup units, Processing, Precision plastic molded products

Auto parts, Pivot assemblies, Logistics, Services, Musical products
Other DC motors, etc.

Consolidated Financial Highlights

Nidec Corporation and consolidated subsidiaries
For the years ended March 31,

	Millions of yen (Except number of shares outstanding)					Thousands of U.S. dollars (3)
	2001	2002	2003	2004	2005	2005
Income statement data:						
Net sales	¥ 172,710	¥ 193,332	¥ 231,836	¥ 277,497	¥ 485,861	\$ 4,524,267
Cost of products sold	144,594	159,442	187,306	218,189	370,938	3,454,120
Selling, general and administrative expenses	12,810	17,691	21,302	28,542	35,340	329,081
Operating income	10,063	10,472	16,404	22,015	53,665	499,721
Income before provision for income taxes (1)	15,138	11,477	10,911	19,639	57,290	533,476
Net income	10,711	6,580	10,680	16,089	33,455	311,528

Balance sheet data (period end):

	Millions of yen					Thousands of U.S. dollars (3)
Total assets	¥ 216,999	¥ 257,911	¥ 257,932	¥ 443,886	¥ 484,173	\$ 4,508,548
Short-term borrowings	43,937	58,395	64,597	86,636	28,478	265,183
Current portion of long-term debt	3,839	15,365	8,951	2,653	8,493	79,086
Long-term debt	30,888	21,360	16,388	45,025	37,833	352,295
Total shareholders' equity	78,575	85,475	88,557	110,046	207,040	1,927,926
Common stock	26,455	26,469	26,485	28,995	61,180	569,699
Number of shares outstanding	63,549,008	63,563,653	63,574,729	65,017,898	71,252,463	71,252,463

Per share data:

	Yen					U.S. dollars
Net income per share—basic (2)	¥ 168.72	¥ 103.53	¥ 168.01	¥ 251.14	¥ 479.74	\$ 4.47
Net income per share—diluted (2)	159.92	98.85	159.82	241.53	456.58	4.25
Cash dividends paid per share (4)	15.00	27.50	20.00	30.00	35.00	0.33
Cash dividends declared per share (4)	20.00	25.00	25.00	30.00	45.00	0.42

Notes:

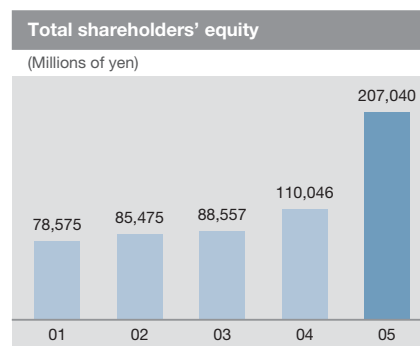
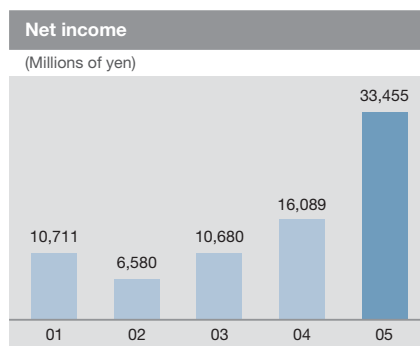
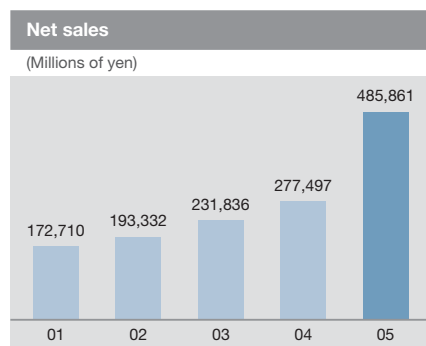
(1) Under U.S. GAAP, income before provision for income taxes does not include equity in net income/losses of affiliated companies.

(2) All per share amounts have been declared to reflect the retroactive effect of the 2 for 1 stock split that took effect on May 19, 2000.

(3) U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥107.39 = U.S.\$1.00, the approximate exchange rate in Japan on March 31, 2004.

(4) "Cash dividends paid per share" reflects dividend payments received during the fiscal year, as per U.S. GAAP. "Cash dividends declared per share" reflects dividends announced during, and applicable to, the fiscal year, as per Japanese GAAP.

Amount per share of common stock: one ADR (American Depositary Receipt) represents one-fourth of one share of common stock, reflecting the four-for-one ratio change that took effect as of January 1, 2004.



A Message To Our Shareholders

► Doing What We Do Best in a Growing Family of Applications

Time and again, Nidec's superior technology has contributed to the rapid acceleration of market competitiveness and earnings at our newly acquired subsidiaries and affiliates.

A great surge forward

With its eyes set on improving everything that spins and moves, Nidec, since its foundation, has focused on development and manufacture of brushless DC motors, and, for this reason, has achieved strong and continuous growth.

Striving for consistently higher growth, profitability and share prices over the long-term is our way of fulfilling shareholders' expectations.

We are now very pleased to announce, yet again, the attainment of record levels in this report of consolidated results for the fiscal year ended March 31, 2005. Both sales and profits exceed not only the initial estimates at the beginning of the fiscal year, but also the subsequent upward revisions made halfway through the term.

Following a 75.1% rise in net sales to ¥485.9 billion, we achieved operating income of ¥53.7 billion—nearly two-and-half times those of the previous year.

Consolidated net income more than doubled to ¥33.5 billion.

These figures reflect the successful consolidation of our subsidiaries, including Nidec Copal Corporation, Nidec Copal Electronics Corporation and Sankyo Seiki Mfg. Co., Ltd.* The consolidation had a significant impact, adding ¥178 billion to net sales.

*As of October 1, 2005, Sankyo Seiki Mfg. Co., Ltd. will be renamed NIDEC SANKYO CORPORATION.

The background

This great leap in our results was made possible by two important factors: the global expansion of the digital consumer electronics market in the first half of the year and recovering capital investment demand in the Japanese economy as a whole.

Still, the past fiscal year had its downside as well. China-led growth in raw material demand triggered a global steel shortage during the second half of the year.

Rising steel prices placed strong cost pressure on our motor business.

Meanwhile, demand for our IT-directed products lost momentum as many of our customers turned to inventory adjustment. Elsewhere, intensified market competition led to falling prices in parts of the consumer electronics market, with a negative effect on the areas of our businesses that serve these sectors.

Nevertheless, despite what was in some ways a harsh business environment, we managed to reach yet another milestone in sales and profits. This, we believe, reflects our success in realizing the Nidec group's full growth potential by:

>> Launching new, small precision motor technologies and products, and in doing so sustaining the segment's growth throughout the year.

Shigenobu Nagamori
Chairman of the Board,
President and CEO



>> Capitalizing on the increased demand for ultra-small spindle motors for hard disk drives (HDD) measuring 1.8 inches or less in diameter.

>> Turning the failing performance of Sankyo Seiki, acquired in October 2003, into a profitable one in less than a year.

>> Actively striving to reduce costs and boost productivity across the group, while shifting a large part of the manufacturing overseas. We also raised local procurement ratios and increased the in-house manufacturing of parts.

Expanding the motor segment further

We have also implemented a new marketing approach, named "Three New Strategies," in order to broaden the business domain and scope of Nidec's motor segment. At present, leading this segment are spindle motors for HDD, which meet 70% of the global demand today.

"Three New Strategies" is based on three essential business concepts: developing new products, exploring new markets and winning new customers. Their aims are to further expand the market for brushless DC motors in the IT industry, encourage a shift from conventional motors to brushless DC motors in consumer elec-

tronics and tap the growing demand for powerful, brushless DC motors in the automotive industry.

Due in no small part to these strategies, the market demand for HDD motors for 2.5-inch or smaller drives has risen sharply in recent years. Here, Nidec has successfully capitalized on its technological and market development know-how to acquire an overwhelming share of the market. We were the world's first high-volume manufacturer of fluid dynamic bearings (FDB), and fuelled by our market leadership and strong market demand, FDB spindle motors now account for 95% of our HDD motor sales.

The scope of our motor segment has been further expanded by the development of ultra-small motors for 1.0-inch-or-smaller HDDs, and new HDD motor types using sintered metal, which are highly reliable and suitable for mass production. In addition, our manufacturing facilities in Thailand, China and the Philippines have been significantly strengthened. Today, our motor business is second to none in its competitiveness, mass production capability and product range.

Beyond the realm of the PC market, our motors for 3.5-inch HDDs are being adapted to the demand for greater storage

capacity in HDD-equipped consumer electronics, including private video recorders (PVR) and digital video recorders (DVR).

We are also currently developing new markets and products for other types of brushless DC motors. Key areas include the functional areas of automobiles that are increasingly controlled electronically by motor-driven actuators.

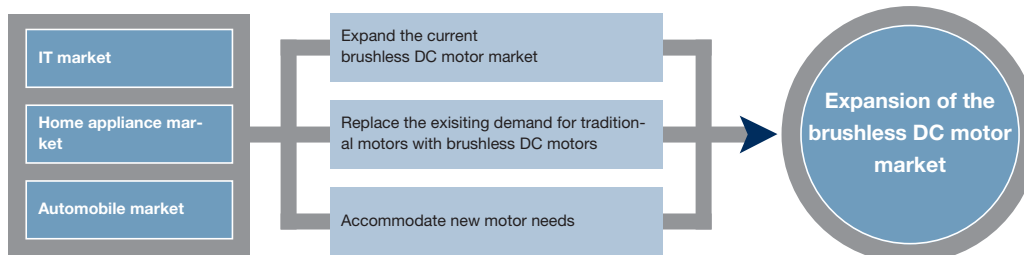
R&D activities targeted at the automotive motors have been stepped up to allow Nidec to take the lead in developing new ways of using motors in powertrains and the handling and ride areas. These efforts have been coupled with the full-scale start-up of a new factory in Pinghu, China, dedicated to producing motors for automobiles.

Strengthening manufacturing and R&D

As Nidec continues to expand, we are also strengthening our manufacturing and R&D resources.

In Thailand, the world's largest HDD motor factory is currently being constructed. Scheduled for startup in July 2006, the new plant will have an output capacity of 12 million units a month. New production facilities for optical pickups, various types of motors and precision-molded products are also being constructed in Vietnam, part of

Expansion of the brushless DC motor market



With a business focus on the development and manufacturing of motors, or in broader terms, "everything that spins and moves," we have grown to be the world's largest manufacturer of brushless DC motors claiming dominant market share in many different fields. Toward the fulfillment of our FY2010 sales target of one trillion yen, our strategies revolve around a vigorous expansion of the brushless DC motor market and forward-looking M&A.

which will go into operation in December 2005. In addition, we are taking steps to increase the production of brushless DC motors and fan motors at the Dongguan factory in China.

In April 2005, Nidec Motor Engineering Research Laboratory was established in Nidec's Tokyo building. Its mission is opening up a new dimension of the Nidec Group's motor technology by consistently challenging conventional concepts regarding motor mechanisms. With a focus on basic research into motor technologies, the new laboratory nurtures the skills of engineers throughout the group.

Responding to capital investment demand

In June 2004, we issued 5 million shares of our stock in a public offering, and added an over-allotment of 620,000 shares in July. By raising approximately ¥60 billion, we secured funds for extensive capital investment and created a reserve that will allow us greater flexibility in business decisions involving M&A.

Our basic policy on profit sharing

We believe that a company exists for the shareholders. For that reason, Nidec

strives to achieve the growth and profits needed to sustain high share prices, and to convey a corporate vision in step with the changing times.

Tirelessly facing up to this challenge, Nidec will consistently work towards maintaining stable dividends while raising payouts whenever the consolidated net income allows.

In line with this policy and in due consideration of the improved net income, our mid-term dividend for the fiscal year just ended was raised ¥5 to ¥20 per share. The year-end dividend was raised an additional ¥5 to ¥25 per share, from an already scheduled and improved ¥20 per share (up ¥5 year-on-year). In so doing, our total annual dividend payout was raised ¥15 year-on-year to ¥45 per share.

Medium-term business goals within reach

Nidec has taken significant managerial and financial steps toward strengthening its business operations. We now believe we have come one step closer to attaining our medium-term goals of ¥100 billion in consolidated operating profits by the close of the 2008 fiscal year, and ¥1 trillion yen in group sales by the close of the 2010 fiscal year.

These targets take into account our future business undertakings and forthcoming products, and reflect the more fundamental aim of continuously raising the profitability of our core businesses.

We will therefore constantly endeavor to strengthen our profitability, incorporate our M&A efforts into our growth strategy and work hard to expand our business areas. As a world leader within our field, we will also reinforce executive control and risk management, continue to abide by global regulations and fulfill our social responsibilities as a corporation while sustaining growth and maximizing shareholder value.

In closing, we ask our shareholders for their continued support.



July 2005

Shigenobu Nagamori

President, CEO & Representative Director



◀ **President Nagamori holds a one-inch hard-disk drive that uses the Nidec motor pictured on our cover.**

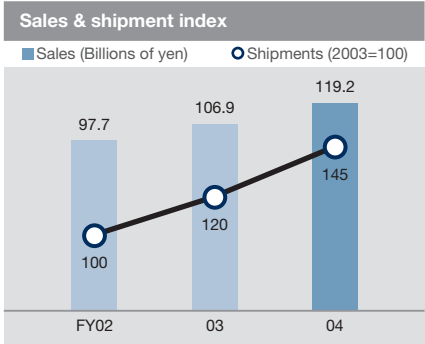


More
Miniaturization

More Precision



► **Capitalizing on Our Small Achievements**



Small Precision Motors

Motors comprise Nidec's core business. And the foundation to the company's wide-ranging motor output is the brushless DC motor. Brushless DC motors offer a variety of benefits that can never be gained from the conventional AC motors or DC motors (with brushes): excellent controllability, near-zero operating noise, longer operating life and electromagnetic noise-free characteristics. Small precision motors, accounting for 45.8% of Nidec's sales, exploit proprietary brushless motor technology and have led Nidec's continuous growth.

Inside virtually every personal computer is a hard disk drive (HDD) for magnetically recording, storing and reproducing high volumes of data in computers, and inside every HDD is a small precision motor rotating at ultrahigh speed. Brushless DC motor technology was absolutely crucial in the development of these HDD motors, in which Nidec played a substantial part.

Nidec became the world's first motor manufacturer to introduce brushless technology into the HDD motor and successfully put it on a high-volume production line. The HDD motors Nidec produces presently account for a 70% share of the global market.

Moreover, expertise cultivated through the successful application in HDD devices has driven the further evolution of Nidec's brushless motors and is opening up greater application possibilities in different areas if life. Here are some of the latest developments:

The applications for HDD devices are moving beyond PCs and exploding into the broad realm of consumer electronics—both in terms of volume and diversity—as more and more appliances and devices acquire features that demand high-capacity data storage. A case in point is the portable audio player. Mounting an HDD in these pocket-size audio players has led to quantum growth in storage capacity. People now have the freedom of carrying the music of hundreds of CDs with them in a palm-sized package.

Behind the emergence of such HDD portable audio players was the further miniaturization of conventional HDD devices, some no larger than a postage stamp, and each driven by an even more extremely miniature Nidec precision motor rotating at a precisely controlled speed. Without this precision motor, there would have been no way of fitting an entire music library in such a small and functional module.

Mobile phones are the next products to be swept by the mini HDD revolution, as handsets gain the high storage capacity necessary to store downloaded videos and music. We are very proud to have assisted on the ground floor of the next milestone development in mobile phones. HDD-embedded mobile phones with diverse application services may add new wrinkles to people's lifestyles. Nidec, here again, stands to contribute a good deal to driving the trend.

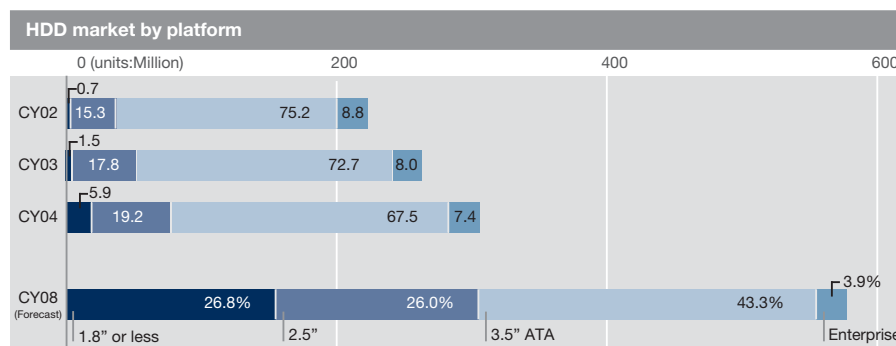
It would have been hard to imagine even a few years ago home video decks capable of recording several week's worth of 24/7 television programming. DVD recorders equipped with high-capacity 600GB HDD devices have become the best-selling products among connoisseurs of premium-grade home-theater equipment. They are probably unaware that the HDD inside these decks uses a high-performance small precision motor that was once found only in high-capacity computer servers, a field in which Nidec boasts a dominant market share. As more and more people turn to time-shift in the rush of modern life, the day is soon coming when DVD-HDD decks with such high storage capacities will no longer be limited for use by a handful of video enthusiasts.

The market diffusion of HDDs is also being found in the field of home video-game machines. The next generation of video game consoles is being fitted with HDDs to deal with increasingly data-intensive game software and associated services.

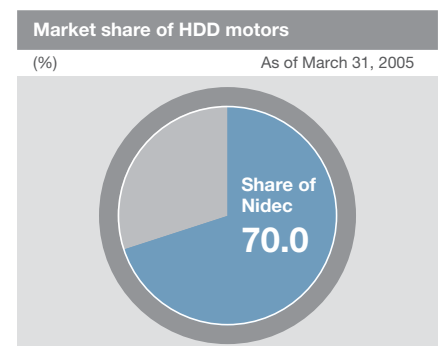
Nidec's small precision motors are just as active outside of HDDs, whirling silently in a broad range of applications: audiovisual equipment, home electric appliances, office equipment, telecommunications devices and even automobiles. Wherever companies are competing for new ways to raise added value, Nidec's small precision motors stand high.

Small Precision Motors

Nidec consistently translates technology leadership into high value-added market leadership



Source: TSR (Dated May 2005)



Car-mounted Motors

Automotive technology is poised at a major historical turning point that presents an unprecedented opportunity for Nidec business expansion. Amid rising public awareness of the need to protect the global environment, the auto industry faces a demanding leap to a new generation of cars that will contribute minimally to pollution and global warming while, at the same time, increasing safety and passenger comfort. To make this leap, automakers have begun replacing many of their proven systems with mechanisms of entirely new technology. Nidec's motor technology is an enabling factor in a major design theme for these new cars: electronic control of a car's many drive systems, such as power steering. The controllers rely on sensors to monitor functions and gather data that they need to fine-tune their response to the driver's commands, thereby improving safety and comfort on the road.

This new application demands a long-lasting, energy efficient motor capable of high precision and controllability. They must also emit no electromagnetic noise that may cause sensitive chips in the controller logic circuits to malfunction. Conventional motors will not do.

Knowing that brushless DC motors meet all of these requirements and confident that they would become the mainstream drive

component for automobile control systems, Nidec began its development of motors for use in automobiles in the 1990s.

Power-steering systems using this new technology and equipped with Nidec's brushless DC motors, are already being installed in production cars, adding significantly to energy conservation and improved driver control. While conventional hydraulic power steering systems rely on a belt connected to the engine to continuously drive the hydraulic pump, replacing this with brushless DC motors enables pumping the hydraulics only when the power assist is needed. European carmakers were among the first to introduce these hydraulic-electric power steering (H-EPS) systems with fuel efficiencies much higher than conventional power steering. Nidec, in the meantime, has begun shipment of brushless DC motors for fully electrical power steering (EPS) systems and making sample shipments for quality approval testing of motors developed to power braking and suspension-control systems.

In developing smaller, more reliable motors for automobiles and expanding its customer base, Nidec is leveraging its proprietary technology in brushless DC motor technology in conjunction with automotive component technology of subsidiaries acquired

through M&A, such as Nidec Tosok.

Furthermore, the output of motors is being enhanced and extended in a lineup to include motors used with control systems for the engines, transmissions and interiors of cars. Additional resources will be devoted to the product development of complete control devices, such as car-mounted electronic control units (ECU) and custom ICs in nurturing the automotive segment as Nidec's second-most important pillar of growth behind HDD spindle motors.

Japan's national project currently underway for the development of advanced cruise-assist highway systems (AHS) aims to automatically control the acceleration, braking and steering of cars on the road with automatic guidance system sensors embedded in the pavement.

Commercialization of this technology should give rise to the use of a great many controller motors in systems regulating drive actuation, such as automatic steering systems, bringing with it the integration of the automobile with robotics in the not-so-distant future. Nidec is clearly focused on the fusion of its motors with world-class technology for sensors, actuators and industrial robots possessed by group companies, and in so doing, expanding its business horizons for motors used as automotive components.

HDD spindle motor
for car navigation system

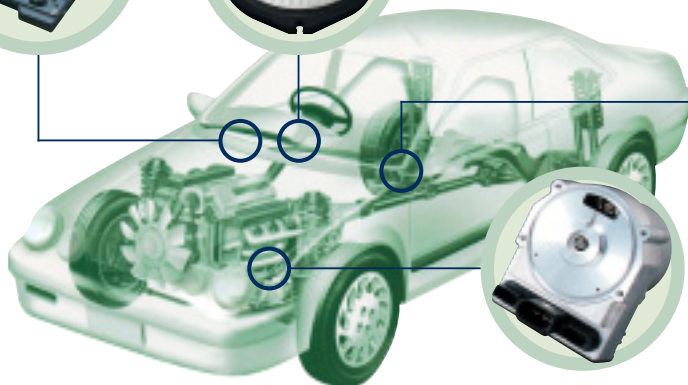


Mid-size brushless DC motor
for air conditioner blower



**Nidec brushless DC
motors power a new
generation of car safety,
efficiency and comfort**

Automotive Brushless DC Motors



Brushless DC fan
for battery cooling



Mid-size brushless DC motor
for power-assisted steering



More Diversify

More Growth



➤ **Exploding Growth in the Automobile Market**

► Quickly Acquiring Resources to Strengthen the Core Business

Nidec's capital participation has so far extended to 23 companies, in strengthening the core brushless DC motor technology and acquiring peripheral manufacturing technologies, essential for the group's business expansion. Many of these acquired companies possess the highest levels of R&D and manufacturing technology within their industries, and they have contributed immensely toward raising the overall industrial prowess of Nidec as a group through technology sharing. M&A is an important pillar in our strategy to attain ¥1 trillion in consolidated sales by the close of the 2010 fiscal year. Also M&A remains an activity we aggressively pursue in achieving the company's continuing growth.

The Nidec Group's consolidated sales and operating income rose rapidly in the latter half of the 1990s mainly due to aggressive M&A activities, which resulted in the acquisition of 16 companies between 1995 and 2000.

The purpose of Nidec's M&A strategy is to raise the in-house manufacturing ratio of parts and components, and, in the



Nidec expands through disciplined M&A coupled with rapid and dynamic revitalization of acquired companies

process, to stay competitive both in price and technology in this era of fierce competition. This means M&A for us is not simply a tool for expanding the size and scale of our business. Rather, we strictly select

companies that possess superior drive technologies as well as excellent core technologies, which ideally match Nidec's aim of becoming the world's top motor manufacturer.

M&A is part of Nidec's rational approach to driving down the overall cost of production by acquiring and owning high-precision processing, pressing and painting technology and craftsmanship. Shortening the time supposedly spent on developing these from scratch is also a point of significance.

When assuming control of the target companies, which, from our past experience, in many cases have been financially challenged, Nidec has placed considerable emphasis on reforming the mindset of the management and employees, instead of effecting management changeovers or personnel cutbacks. Such an acquisition policy has enabled us to retain the technological prowess of the acquired company and raise the moral of both management and employees, which in turn improves the earnings performance. A good example is

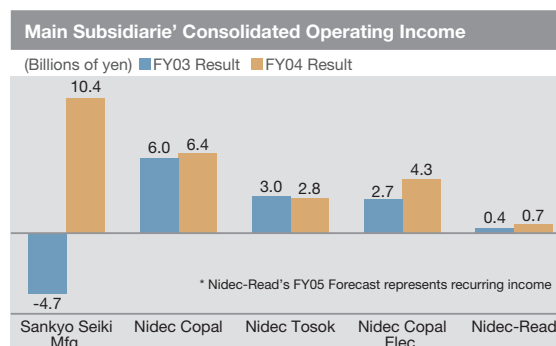
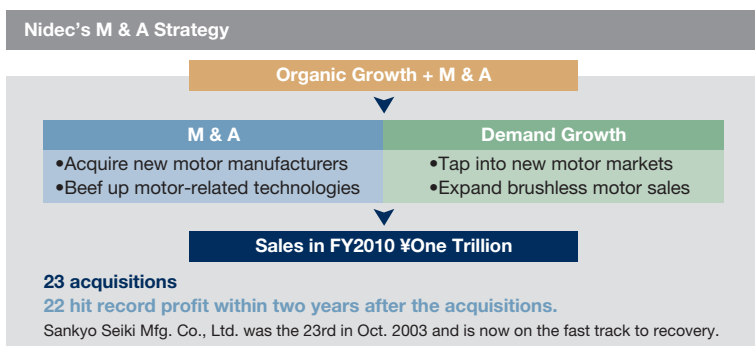
Sankyo Seiki Mfg., which Nidec acquired in October 2003 and integrated as a consolidated subsidiary in January 2004. Having reported three consecutive fiscal years of losses before the acquisition, Sankyo Seiki launched a companywide effort to drastically drive down costs, raise the in-house manufacturing ratio and procure remaining parts and components on a worldwide basis. As a result, Sankyo Seiki managed to return to profit in just over a year, in time to make a strong contribution to Nidec's consolidated results for the fiscal year ended March 2005. Furthermore, Sankyo Seiki's prowess in optical pickups and industrial robotics has greatly broadened our business domain, and will continue to contribute substantially to the growth of the entire Nidec Group.



Sankyo Seiki Mfg. has shown consistent growth under Nidec group management



Through M&A, Nidec has expanded its non-motor product range



Global Operations

► Making Use of Optimal Production Strategies

The Nidec Group's global operations have grown to include over 110 manufacturing and sales strongholds in 14 countries. Timely, proactive expansion overseas has been a key strategy of Nidec's since the very beginning, based on our core policy of manufacturing at the optimal location. The "optimal location" in our definition is geographically close to our customers' production sites and/or in the heart of the fastest-growing global markets. Either way, we expect new demands to be quickly and accurately grasped and fed back into our product design and manufacturing processes.

Following this guiding policy, Nidec has moved its manufacturing facilities overseas and built factories mainly throughout Southeast Asia. A rapid increase in overseas demand for brushless motors, as well as continuous business expansion by the Nidec Group companies, has hastened the expansion of this overseas manufacturing network.

In recent years, one important area of focus has been the reinforcement of our manufacturing bases in China. Our motor

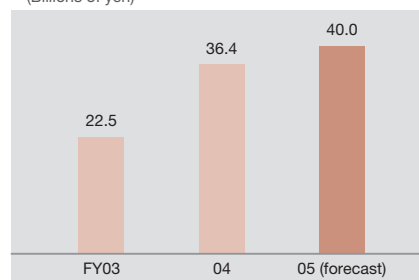


Nidec is improving global production capability through introduction of benchmark production technology and employee training

segment is now supported by three manufacturing bases within the country; Dalian in the North, Dongguan in the South, and Pinghu, located in the outskirts of Shanghai. In Pinghu, we have set up an immense production center named the

Capital Expenditure

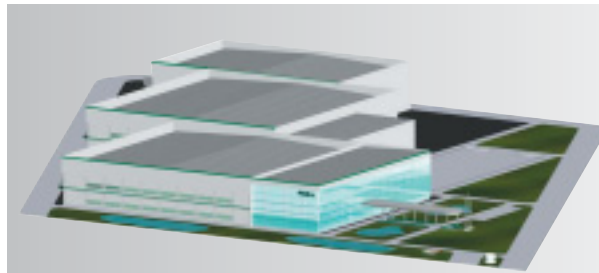
(Billions of yen)



Nidec Group Pinghu Industrial Park, which consolidates the manufacturing activity of all of the Nidec Group companies. There are 12 companies from the entire Nidec Group operating in this area, 10 of which are manufacturers, such as Nidec (Zhejiang) Corporation, which produces HDD spindle motors. Having concentrated the technologies of the Nidec Group companies into a centralized location, we are now able to make full use of our manufacturing capacity by sharing know-how and finding synergies among the Group.

Meanwhile, in response to the growing demand, we have strengthened and increased our output capacity for DC brushless motors at our Northern factory, Nidec (Dalian) Limited, and at Nidec (Dongguan) Limited in the South.

Our manufacturing regime is also being strengthened elsewhere in Asia. In Thailand, a construction plan for the world's largest HDD motor factory with a monthly output capacity of 12 million units is currently in progress. The factory's operation launch is slated for the summer of



New HDD spindle motor factories in Thailand: to be the largest such facility in the world

Saigon High-tech Park, Vietnam. This new manufacturing complex will begin operation in FY2006.



2006, which will give a boost to our overall HDD motor output in parallel with the three factories already operating there.

Also, in a move to minimize risks arising from production concentration in a limited regions or countries, we have turned our eyes to Vietnam and begun constructing factories within the compound of Saigon High-tech Park, the country's national project for industrial development. We are

poised to build this new site into the Group's huge manufacturing complex following the Pinghu Industrial Park. Construction plans are now underway for factories manufacturing Nidec's DC motors, Sankyo Seiki's optical pickups, and Nissin Kohki's engineering-plastic molding tools.

Nidec Production Network in Asia

China:

- Nidec (Zhejiang) Corp.
- Nidec (Dalian) Limited
- Nidec (Dongguan) Limited
- Nidec Sankyo (Zhejiang) Corp.
- Nidec Copal (Zhejiang) Co., Ltd.
- Nidec Copal Electronics (Zhejiang) Co., Ltd.
- Nidec Shibaura (Zhejiang) Corp.
- Nidec-Shimpo (Zhejiang) Corp.
- Nidec Power Motor (Zhejiang) Co., Ltd.
- Nidec System Engineering (Zhejiang) Corp.
- Nidec Steel Products (Zhejiang) Corp.
- NTN-Nidec (Zhejiang) Corp., etc.

Thailand:

- Nidec Electronics (Thailand) Co., Ltd.
- Nidec Hi-Tech Motor (Thailand) Co., Ltd.
- Nidec Precision (Thailand) Co., Ltd., etc.

The Philippines:

- Nidec Philippines Corp.
- Nidec Precision Philippines Corp.
- Nidec Subic Philippines Corp., etc.

Vietnam:

- Nidec Copal (Vietnam) Co., Ltd.
- Nidec Tosok (Vietnam) Co., Ltd.

Indonesia:

- P.T. Nidec Indonesia

Singapore:

- Nidec Singapore Pte. Ltd.



Nidec's global production network extends to countries throughout Asia

► Shaping the Leading Edge

Our goal at Nidec, since our founding, has been to become the world's largest maker of drive technology-products involving "everything that spins and moves."

Precision motors, as the Company's main product segment, require a high degree of integration of mechanical engineering, electronics, tribology, chemistry, fluid dynamics and materials engineering, among others. The R&D division of Nidec has accumulated core technologies in each of these fields through basic research, while at the same time engaging in development and commercialization of breakthrough solutions for its customers' leading-edge products.

When the Nidec headquarters tower in Kyoto was completed as a milestone of the company's progress in May 2003, we consolidated our motor technology research within the new building as the "Central Technical Laboratory". The laboratory serves as a comprehensive center for basic research and technology development charged with carrying Nidec across new frontiers to future generations of motor



The topics of Nidec's R&D span the range from basic research to production-technology development

technologies. The laboratory, having consolidated the R&D functions of the Central Laboratory, the Shiga Technical Center and the Tottori Technical Center, provides the main thrust of Nidec's R&D activities.



Anechoic room supports quality development of noiseless mot



The excellent quality of Nidec's products is sustained by strict quality management

The Central Technical Laboratory took over the operations performed by the former Central Laboratory (advanced-technology development, core-technology research, materials research and chemical analysis). It also absorbed design and development of HDD spindle motors and operational support from the Shiga Technical Center. By centralizing procurement and unifying research, development and design as one integrated process, the Central Technical Laboratory undertakes development of new products and mass production technologies, prototype testing and inspection, start-up support as well as quality assurance. The Central Technical Laboratory is a comprehensive, highly efficient R&D stronghold possessing an uninterrupted, seamless two-way process flow from product research to mass-production system engineering.

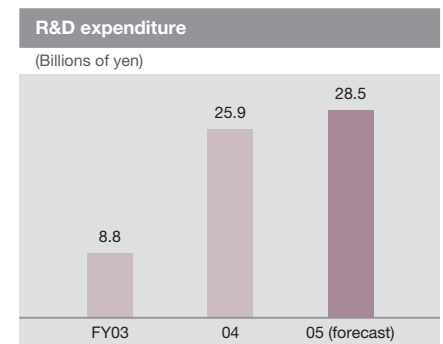
Around it now orbit three specialist research centers, each free to concentrate on efficiency and speed improvements in their specialized fields of R&D activity. The Nagano Technical Center works on devel-

oping and manufacturing HDD spindle motors and offering technological support to Nidec's manufacturing bases overseas. The Shiga Technical Center develops small brushless DC motors and automotive motors. The Tottori Technical Center focuses on fan motors.

Furthermore in April 2005, we established Nidec Motor Engineering Research Laboratory in the newly built annex to the Nidec Tokyo building. Headed by the world's top authority on motor technology, who is supported by a team of ace researchers, the Motor Engineering and Research Laboratory conducts and extends the world's most advanced basic research on next-generation motor technologies.



Nidec Central Technical Laboratory is aimed at the development of future generations of motors



Board of Directors

(As of June 23, 2005)

Chairman of the Board, President & CEO

Shigenobu Nagamori

Executive Vice President & COO

Hiroshi Kobe

Executive Vice President & CFO

Yasunobu Toriyama

Senior Managing Directors

Kenji Sawamura
Yasuo Hamaguchi

Managing Directors

Seizaburo Kawaguchi
Tadaaki Hamada

Directors

Seiichi Hattori
Tetsuo Inoue
Satoru Kaji
Takashi Iwata
Akira Kagata
Kiyoyoshi Takegami

Corporate Auditors

Hideo Asahina
Yoichi Ichikawa
Tadayoshi Sano
Tsutomu Katsuyama

Corporate Data

(As of March 31, 2005)

Head Office:

338 Tonoshiro-cho, Kuze, Minami-ku, Kyoto 601-8205, Japan
Tel: +81-75-935-6140
Fax: +81-75-935-6141
E-mail: ir@nidec.co.jp
U R L : <http://www.nidec.co.jp/english>

IR Representative Office in New York:

1040 Avenue of the Americas, Suite 2412
New York, New York 10018
Tel: +1-212-703-7988
Fax: +1-212-703-7989
Mobile: +1-646-335-5193
E-mail: masahiro.nagayasu@nidec.com

Established:

July 23, 1973

Paid-in Capital:

¥61,180,323,550

Number of Shares:

Issued and Outstanding—71,252,463

Number of Shareholders:

11,373

ADR Ratio:

1 Ordinary Share of the Common Stock = 4 ADRs

Stock Listings:

Tokyo, Osaka, New York

Transfer Agent for Common Stock:

The Sumitomo Trust and Banking Company, Limited
5-33, Kitahara 4-chome, Chuo-ku, Osaka 540-0041 Japan

Depositary and Transfer Agent for American Depositary Receipts

(ADRs):

JPMorgan Chase Bank
270 Park Avenue, New York, New York 10017-2070 U.S.A.
Tel: +1-212-270-6000

Principal Shareholders:

Name	Number of Stocks (in thousands)	Holding Ratio (%)
1 The Master Trust Bank of Japan, Ltd.	7,148	10.05
2 Japan Trustee Services Bank, Ltd.	6,612	9.29
3 Shigenobu Nagamori	5,971	8.39
4 SN Kohsan Ltd.	4,433	6.23
5 State Street Bank & Trust Company	3,330	4.68
6 The Bank of Kyoto, Ltd.	2,904	4.08
7 The Dai-ichi Mutual Life Insurance Company	2,318	3.26
8 Trust & Custody Services Bank, Ltd.	2,188	3.08
9 The Chase Manhattan Bank	1,996	2.81
10 Meiji Yasuda Life Insurance Company	1,696	2.38

Common Stock Price Range (Osaka Securities Exchange):

Years ended March 31,	2004		2005	
	High	Low	High	Low
First Quarter	¥8,350	¥5,440	¥12,470	¥10,660
Second Quarter	9,790	7,850	11,400	9,520
Third Quarter	11,600	9,110	12,760	10,790
Fourth Quarter	11,450	9,760	13,370	11,610

ADR Price Range (New York Stock Exchange):

Years ended March 31,	2004		2005	
	High	Low	High	Low
First Quarter (April-June)	\$17.05	\$11.37	\$28.50	\$24.10
Second Quarter (July-Sep.)	20.89	16.81	26.00	22.05
Third Quarter (Oct.-Dec.)	25.91	20.58	30.99	24.90
Fourth Quarter (Jan.-Mar.)	26.75	22.90	32.45	28.00

1ADR=0.25 ordinary share of the common stock

Principal Group Companies

Nidec America Corporation
Nidec Electronics GmbH
Nidec Electronics (Thailand) Co., Ltd.
Nidec (Zhejiang) Corporation
Nidec (Dalian) Limited
Nidec (Dongguan) Limited
Nidec Taiwan Corporation
Nidec Singapore Pte. Ltd.
P.T. Nidec Indonesia
Nidec (H.K.) Co., Ltd.
Nidec Philippines Corporation
Nidec Subic Philippines Corporation
Nidec Korea Corporation
Nidec (Shanghai) International Trading Co., Ltd.
* Sankyo Seiki Mfg. Co., Ltd.
Nidec Copal Corporation
Nidec Tosok Corporation
Nidec Copal Electronics Corporation
Nidec-Shimpo Corporation
Nidec-Read Corporation
Nidec Shibaura Corporation
Nidec Nemicon Corporation
Nidec Power Motor Corporation
Nidec-Kyori Corporation
Nidec Machinery Corporation
Nidec Total Service Corporation
Nidec Copal (Vietnam) Co., Ltd.
Nidec Tosok (Vietnam) Co., Ltd.
Nidec Copal Philippines Corporation
Nidec Shibaura (Zhejiang) Co., Ltd.
Nidec Copal (Malaysia) Sdn. Bhd.
Nidec System Engineering (Zhejiang) Corporation
Nidec Logistics Corporation
* Nissin Kohki Co., Ltd.
* Tokyo Pigeon Co., Ltd.
NTN-Nidec (Zhejiang) Corporation

Name Changes to be effective October 1, 2005

* Sankyo Seiki Mfg. Co., Ltd. → Nidec Sankyo Corporation
Nissin Kohki Co., Ltd. → Nidec Nissin Corporation
Tokyo Pigeon Co., Ltd. → Nidec Pigeon Corporation



Disclaimer:

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 markets around the world. These forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "may," "will," "expect," "anticipate," "estimate," "plan" or similar words. These statements discuss future expectations, identify strategies, contain projections of results of operations or of our financial condition, or state other forward-looking information. Known and unknown risks, uncertainties and other factors could cause the actual results to differ materially from those contained in any forward-looking statement. We cannot promise that our expectations expressed in these forward-looking statements will turn out to be correct. Our actual results could be materially different from and worse than our expectations as a result of certain factors, including, but not limited to (i) our ability to design, develop, mass produce and win acceptance of our products, particularly those that use the new fluid dynamic bearing motor technology, which are offered in highly competitive markets characterized by continual new product introductions and rapid technological development, (ii) general economic conditions in the computer, information technology and related product markets, particularly levels of consumer spending, (iii) 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, (iv) our ability to acquire and successfully integrate companies with complementary technologies and product lines, and (v) adverse changes in laws, regulations or economic policies in any of the countries where we have manufacturing operations, especially China.

