

## **NEWS RELEASE**



### **FOR IMMEDIATE RELEASE**

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## **INTERIM FINANCIAL STATEMENTS (JAPANESE GAAP)**

**(JAPANESE GAAP) RESULTS FOR THE NINE MONTHS ENDED DECEMBER  
31, 2001**

**(FROM APRIL 1, 2001 TO DECEMBER 31, 2001)**

**CONSOLIDATED**

Released on February 6, 2002

## **NIDEC CORPORATION**

Date of Board of Directors' meeting for interim financial results: February 6, 2002

Stock Listings: Tokyo Stock Exchange, Osaka Securities Exchange and the New York Stock Exchange

Head Office: Kyoto, Japan

### 1. Selected Consolidated Financial Performance

(1) Selected Consolidated Financial Performance (from October 1, 2001 to December 31, 2001)  
(Japanese GAAP / Unaudited)

	Japanese yen (Millions except per share amounts)		
	Three months ended December 31,		Percent change
	2001	2000	
Net sales	¥70,705	¥76,345	92.6%
Operating income	4,262	5,463	78.0%
Recurring profit	6,349	6,351	100.0%
Net income before income taxes	4,047	6,920	58.5%
Net income	2,878	3,531	81.5%
Net income per share (non-diluted)	45.29	55.64	81.4%
Average number of shares issued and outstanding	63,556,714	63,473,218	

(2) Selected Consolidated Financial Performance (from April 1, 2001 to December 31, 2001)  
(Japanese GAAP / Unaudited)

	Japanese yen (Millions except per share amounts)		
	Nine months ended December 31,		Percent change
	2001	2000	
Net sales	¥205,880	¥174,525	118.0%
Operating income	10,453	12,370	84.5%
Recurring profit	11,390	12,936	88.0%
Net income before income taxes	6,899	12,551	55.0%
Net income	3,892	7,102	54.8%
Net income per share (non-diluted)	61.24	118.49	51.7%
Average number of shares issued and outstanding	63,553,404	59,944,024	

### (3) Consolidated Financial Position

	December 31,		March 31,
	2001	2000	2001
Total assets	¥291,086	¥307,047	¥305,677
Shareholders' equity	85,724	78,399	82,175
Shareholders' equity to total assets	29.5%	25.5%	26.9%
Shareholders' equity per share	¥1,348.75	¥1,235.14	¥1,293.10

Note:

Number of shares issued and outstanding (consolidated):

63,558,906 shares at December 31, 2001

63,474,286 shares at December 31, 2000

63,549,001 shares at March 31, 2001

(4) Scope of Consolidation and Application of Equity Method

Number of consolidated subsidiaries: 48

Number of affiliates accounted for by the equity method: 5

(5) Change in Scope of Consolidation and Application of Equity Method

Number of companies newly consolidated: 3

Number of companies excluded from consolidation: 3

Number of companies newly accounted for by the equity method: 1

Number of companies excluded from accounting by the equity method: 1

## **2. BUSINESS RESULTS**

### **Consolidated Results**

Total consolidated net sales for the three-month period ended December 31, 2001 amounted to ¥70,705 million, a 7.4% or approximately ¥5,600 million decrease from the same period of the previous year. As the scope of major consolidated companies has not changed since the three-month period ended December 31, 2000, it is possible to compare the financial results of this quarter and the same period of the previous year. Although net sales of motors during the three months ended December 31, 2001 has increased substantially compared with same period of the previous year, net sales of machinery and power supplies and other equipment and related components have significantly decreased due to deterioration in the equipment related investment market. Although the motor business, including mid-size motors, reached a record high with an increase of ¥7,105 million, or approximately 16%, over the three months ended December 31, 2000, net sales of machinery and power supplies and products in the other segments declined ¥12,744 million, or approximately 39%, compared with the same period of the previous year. The decrease in net sales of machinery and power supplies and products in the other segment offset the increase in net sales of the motor business.

Net sales of small precision motors amounted to ¥42,538 million, an approximately 20.5% increase over the three months ended December 31, 2000. The increase in unit sales of HDD spindle motors was approximately 12%, and net sales significantly increased more than 29% compared with the same period of the previous year. The primary reasons for this increase were the approximately 12.5% depreciation of the Yen against the U.S. dollar and the expansion of unit sales of HDD spindle motors with fluid dynamic bearings (FDB), the average price of which is higher than those with conventional ball bearings. During the third quarter ended December 31, 2001, the average price of HDD spindle motors measured in Japanese yen increased approximately 15.8%. The increase primary results from the

approximately 3% increase in the average price based on U.S. dollars and the effect of the approximately 12.5% yen depreciation against the U.S. dollar. Net sales of HDD spindle motors with fluid dynamic bearings accounted for approximately 35% of total sales of HDD spindle motors for the three months ended December 31, 2001. Net sales of other DC motors increased approximately 15%, and also unit sales increased approximately 32% compared with the same period of the previous year. This increase results from the approximate 38% increase in sales quantities of DC motors used in DVD drives, CD-R drives and CD-Read/Write drives, and an increase of approximately 26% in net sales compared with the same period of the previous year. Net sales of fan motors increased approximately 14.3% compared with the same period of the previous year due to additional demand into new markets. This is mainly due to increased demand for new products such as fan motors for game consoles and MPUs.

Net sales of mid-size motors slightly decreased by approximately 1.4% to ¥8,359 million compared with same period of the previous year. Although net sales of motors for automobiles increased approximately ¥1,500 million, the decrease of Nidec Power Motor's industrial equipment motors caused overall sales to remain flat.

Net sales of machinery and power supplies decreased 53%, or approximately ¥7,960 million, compared with same period of the previous year, to ¥7,023 million. As for this business segment, the sharp drop of investment demand for semiconductor machinery, manufacturing equipment for electronic components, and other general machinery and equipment within Japan and overseas had a major negative impact on net sales of our affiliated companies. In addition to withdrawing from the domestic power supply business, as a result of sluggish investing activities, the net sales of our power supply business in the United States decreased by over 80% compared with the same period of the previous year.

Net sales of products in the other segment amounted to ¥12,785 million, which represents a decline by approximately 27%, or ¥4,790 million, compared with the three-month period ended December 31, 2000. The decline was lower than that of the machinery and power supplies segment due to different performance by each product. Compared with same period of the previous year, Nidec Singapore's pivot assemblies declined slightly while Nidec Copal Electronic's various electronic components declined by over 25%, Nidec Tosok's automobile parts declined by about 12% and Nidec Copal's precision components declined by approximately 40%.

Operating income for this quarter decreased approximately ¥1,200 million, or 22%, compared with same period of the previous year, to ¥4,262 million, reflecting the same decline as net sales. In spite of the fact that the small precision motors segment achieved an approximately 43%, or ¥1,388 million, increase from the same period of the previous year, to ¥4,605 million, on the other hand, both the machinery and power supplies and other segments deteriorated substantially. Operating income of the small precision motors business reached a record high with an increase of 30%, or approximately ¥1,052 million, compared with previous the quarter ended September 30, 2001. During this quarter amortization of consolidation difference had increased by ¥210 million compared with the same period of the previous year and amounted to approximately ¥940 million. Without deducting of this amortization, operating income would have been ¥5,204 million.

The following summarizes the primary elements that contributed to an approximately ¥1,200 million decline in operating income during the three months ended December 31, 2001.

1. Increase in R&D and production start up costs for FDB motors and mid-size motors used in automobiles: (¥30) million
  2. Increase in amortization of consolidation differences: (¥210) million
  3. Decrease in production and sales of power supplies: (¥170) million
  4. Decrease in production and sales of machinery and components:( ¥2,900) million  
(including products by Nidec Copal, Nidec Copal Electronics, Nidec Tosok, Nidec Shimpo, Nidec-Read, Nidec Kyori and Nidec Nemicon )
  5. Positive effects of a weak yen: ¥570 million
  6. Increase in production and sales of motors: ¥1,540 million
- Total (¥1,200) million

Recurring profit remained relatively flat at ¥6,349 million compared with the same period of the previous year. This was the result of gains in other income offsetting the ¥1,200 million decrease in operating income. The increases in other income was due to approximately ¥1,070 million in foreign exchange gain. Recurring profit before amortization of consolidation differences increased by approximately ¥210 million to ¥7,291 million as compared with the same period of the previous year.

Net income decreased by approximately ¥653 million, or 18.5%, to ¥2,878 million as compared with the same period of the previous year. Net income before amortization of consolidation differences decreased by ¥440 million, or 10.3%, to approximately ¥3,819

million as compared with ¥4,259 million during the same period of the previous year.

Although income before income tax decreased by approximately ¥2,870 million due to an increase in extraordinary loss as compared with the same period of the previous year, net income decreased by ¥650 million due to an approximately ¥1,300 million reduction in tax payments and an approximately ¥900 million decrease in income from minority interest. We also incurred devaluation losses from investment securities (mainly from shares of banks) of approximately ¥1,600 million during third quarter of this year which was not offset by any gain from derivatives. We recognized gain from derivatives of approximately ¥1,300 million during the same period of the previous year. The decrease in tax payments was due to the expansion of profits at our overseas' subsidiaries and decreased income at our Japanese subsidiaries (which are subject to higher tax rates ).

**Forward Looking Statements:**

This presentation, and the answers to your questions, will contain forward-looking statements, including statements relating to the current environment and forecasted growth in the HDD motor, system equipment and other motor, machinery and components industries, projected sales, the launch of new products by Nidec, Nidec's plans to reduce its cost structure, the strategy of expanding Nidec's access to new markets, expansion and/or allocation of Nidec's manufacturing facilities, market outlook and the return on growth and profitability. The forward-looking statements are based on management's assumptions and beliefs in light of the information currently available. Certain risks, uncertainties and other factors could cause actual results to differ materially from those discussed in the forward-looking statements. Such factors include, but are not limited to: changes in general economic conditions, fluctuation of currency exchange rates, overall supply and customer demand in the above-mentioned industries; pricing trends and other competitive factors; changes in customer order patterns; success in new product development including fluid dynamic bearing motors; successful development and sale of mid-size motors for power steering; business conditions and growth in the above-mentioned industries and the personal and enterprise computing industry, semi-conductor industry and auto industry; demand for digital home appliances; technological and market changes; Nidec's acquisition strategy; and manufacturing and sourcing risks. Nidec undertakes no obligation to update forward-looking statements to reflect events or circumstances that occur after the date hereof.

### 3. CONSOLIDATED FINANCIAL STATEMENTS

#### 1) Consolidated Balance Sheets

##### Assets

	Japanese yen (Millions)							
	December 31		December 31		Amount change	September 30		
	2001		2000			2001		
	Amount	%	Amount	%	Amount	%		
Current assets:								
Cash and bank deposits	¥43,594		¥46,048		(¥2,454)	¥38,131		
Notes and accounts receivable	76,600		82,260		(5,660)	77,658		
Marketable securities	660		7,019		(6,359)	2,433		
Inventories	28,115		38,583		(10,468)	29,070		
Deferred income taxes	1,725		2,259		(534)	2,103		
Other current assets	7,088		8,211		(1,123)	5,710		
Allowance for doubtful accounts	(424)		(617)		193	(360)		
Total current assets	157,360	54.1	183,765	59.8	(26,405)	154,747	54.6	
Fixed assets:								
Tangible assets	105,306	36.2	91,546	29.8	13,760	98,903	34.9	
Buildings and structures	29,359		28,317		1,042	28,556		
Machinery and vehicles	31,897		24,998		6,899	29,612		
Tools, furniture and fixtures	10,726		7,448		3,278	9,093		
Land	26,691		26,668		23	26,585		
Construction in progress	6,631		4,114		2,517	5,055		
Intangible assets	13,222	4.5	13,988	4.6	(766)	13,961	4.9	
Goodwill	412		584		(172)	440		
Difference between net assets of consolidated subsidiaries and investment cost	12,111		12,749		(638)	12,863		
Others	698		654		44	657		
Investments and other assets	15,174	5.2	17,588	5.7	(2,414)	15,757	5.6	
Investment securities	8,785		10,816		(2,031)	9,768		
Others	3,174		3,584		(410)	3,199		
Deferred income taxes	3,973		3,915		58	3,551		
Allowance for doubtful accounts	(759)		(728)		(31)	(761)		
Total fixed assets	133,703	45.9	123,123	40.1	10,580	128,623	45.4	
Deferred charges	22	0.0	158	0.1	(136)	21	0.0	
Total assets	¥291,086	100.0	¥307,047	100.0	(¥15,961)	¥283,392	100.0	

**Liabilities and Shareholders' Equity**

	Japanese yen (Millions)							
	December 31		December 31		Amount change	September 30		
	2001		2000			2001		
	Amount	%	Amount	%		Amount	%	
Current liabilities:								
Notes and accounts payable	¥47,296		¥67,602		(¥20,306)	¥47,913		
Short-term borrowings	59,801		56,496		3,305	57,718		
Current portion of long-term debt	2,774		3,266		(492)	4,484		
Income taxes payable	1,450		6,505		(5,055)	1,695		
Deferred income taxes	636		309		327	189		
Accrued bonus to employees	2,174		1,527		647	3,289		
Other current liabilities	15,016		13,924		1,092	14,450		
Total current liabilities	<b>129,150</b>	<b>44.4</b>	149,632	48.7	(20,482)	129,743	45.8	
Non-current liabilities:								
Convertible bonds	24,165		24,324		(159)	24,177		
Long-term debt	6,547		7,348		(801)	3,541		
Deferred income taxes	1,316		4,174		(2,858)	1,310		
Accrued severance and benefit costs	7,668		7,022		646	7,798		
Accrued retirement benefit to directors	1,203		895		308	1,164		
Others	1,201		779		422	1,207		
Total non-current liabilities	<b>42,103</b>	<b>14.4</b>	44,544	14.5	(2,441)	39,200	13.8	
Total liabilities	<b>171,254</b>	<b>58.8</b>	194,176	63.2	(22,922)	168,943	59.6	
Minority interests	34,107	11.7	34,471	11.2	(364)	34,025	12.0	
Shareholders' equity:								
Common stock	26,464	9.1	26,385	8.6	79	26,458	9.3	
Additional paid-in capital	26,329	9.0	26,250	8.5	79	26,323	9.3	
Land revaluation reserve	(700)	(0.2)	(700)	(0.2)	0	(700)	(0.2)	
Retained earnings	36,566	12.6	31,648	10.3	4,918	34,645	12.2	
Net unrealized loss on securities	(774)	(0.3)	(791)	(0.2)	17	(896)	(0.3)	
Foreign currency translation adjustment	(2,158)	(0.7)	(4,388)	(1.4)	2,230	(5,405)	(1.9)	
Treasury stock	(1)	(0.0)	(4)	(0.0)	3	(0)	(0.0)	
Total shareholders' equity	<b>85,724</b>	<b>29.5</b>	78,399	25.5	7,325	80,424	28.4	
Total liabilities and shareholders' equity	<b>¥291,086</b>	<b>100.0</b>	¥307,047	100.0	(¥15,961)	¥283,392	100.0	

Note: As of December 31, 2001 As of December 31, 2000 As of September 30, 2001  
Treasury stock 305 shares 77 shares 47 shares

## 2) Consolidated Statements of Income

Japanese yen (Millions)

	From October 1 to December 31				From April 1 to December 31			
	2001		2000		2001		2000	
	Amount	%	Amount	%	Amount	%	Amount	%
Net sales	<b>¥70,705</b>	100.0	¥76,345	100.0	<b>¥205,880</b>	100.0	¥174,525	100.0
Cost of sales	<b>57,454</b>	81.3	62,134	81.4	<b>168,672</b>	81.9	142,329	81.6
Gross profit	<b>13,251</b>	18.7	14,210	18.6	<b>37,207</b>	18.1	32,195	18.4
Selling, general and administrative expenses	<b>8,989</b>	12.7	8,747	11.4	<b>26,754</b>	13.0	19,824	11.3
Selling, general and administrative expenses	<b>8,047</b>		8,019		<b>24,160</b>		18,898	
Amortization of consolidation difference	<b>941</b>		727		<b>2,593</b>		926	
Operating income	<b>4,262</b>	6.0	5,463	7.2	<b>10,453</b>	5.1	12,370	7.1
Other income	<b>2,112</b>	3.0	1,475	1.9	<b>3,389</b>	1.6	2,500	1.4
Interest receipt	<b>102</b>		196		<b>452</b>		563	
Dividend income	<b>12</b>		41		<b>126</b>		90	
Gain on sale of investment securities	-		0		<b>6</b>		45	
Amortization of consolidation difference	<b>61</b>		40		<b>162</b>		89	
Equity in earnings (losses) of affiliates	-		(65)		-		72	
Foreign currency transaction gains, net	<b>1,807</b>		968		<b>1,807</b>		968	
Other	<b>128</b>		294		<b>834</b>		670	
Other expenses	<b>25</b>	0.0	587	0.8	<b>2,451</b>	1.2	1,933	1.1
Interest expenses	<b>311</b>		403		<b>1,062</b>		1,067	
Foreign currency transaction loss	<b>(683)</b>		(455)		-		-	
Equity in loss of affiliates	<b>32</b>		-		<b>189</b>		-	
Other	<b>365</b>		639		<b>1,200</b>		866	
Recurring profit	<b>6,349</b>	9.0	6,351	8.3	<b>11,390</b>	5.6	12,936	7.4
Extraordinary gains (loss)	<b>(8)</b>	(0.0)	(1)	(0.0)	<b>146</b>	0.1	5,483	3.1
Gain on sale of fixed assets	<b>18</b>		12		<b>18</b>		24	
Gain on sale of investment securities	<b>(1)</b>		-		<b>56</b>		2,325	
Equity in earnings (losses) of affiliates	<b>0</b>		-		<b>0</b>		1,115	
Gain on securities transferred to pension trust	-		-		-		1,905	
Other, net	<b>(25)</b>		(14)		<b>70</b>		111	
Extraordinary gains (losses)	<b>2,293</b>	3.3	(569)	(0.8)	<b>4,637</b>	2.2	5,868	3.3
Loss on disposal of property, plant and equipment	<b>130</b>		48		<b>384</b>		209	
Loss on write-down of investment securities	<b>1,667</b>		-		<b>2,583</b>		-	
Amortization of net transition obligation	<b>361</b>		563		<b>1,091</b>		4,026	
Loss on restructuring business	-		-		<b>349</b>		-	
Other	<b>133</b>		(1,181)		<b>227</b>		1,632	
Income before income taxes and minority interests	<b>4,047</b>	5.7	6,920	9.1	<b>6,899</b>	3.4	12,551	7.2
Income taxes (Current)	<b>1,128</b>	1.6	2,864	3.8	<b>2,795</b>	1.4	4,782	2.7
Income taxes (Deferred)	<b>18</b>	0.0	(433)	(0.6)	<b>(592)</b>	(0.3)	(929)	(0.5)
Minority interests in subsidiaries	<b>23</b>	0.0	957	1.3	<b>805</b>	0.4	1,595	0.9
Net income	<b>2,878</b>	4.1	3,531	4.6	<b>3,892</b>	1.9	7,102	4.1

### 3) BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Scope of consolidation:

(1) Number of consolidated subsidiaries: 48

Major consolidated subsidiaries:

Nidec-Shimpo Corporation, Nidec Tosok Corporation, Nidec Copal Corporation, Nidec Copal Electronics Corporation, Nidec-Read Corporation, Nidec America Corporation, Nidec Singapore Pte. Ltd., Nidec Electronics (Thailand) Co., Ltd., Nidec Philippines Corporation, Nidec (Dalian) Limited

Number of companies newly consolidated: 3

Nidec-Read Taiwan Corporation, Nidec Precision Philippines Corporation,  
Nidec Copal (Zhenjiang) Co.,Ltd.

Number of companies excluded from consolidation: 3

Nidec Precision (Dalian) Limited, Shibaura Seiko Corporation  
Nidec Tosok Engineering Corporation

(2) Major non-consolidated subsidiaries:

Globa Service Inc.

Reason excluded from consolidation:

Non-consolidated subsidiaries, which are either small in scale or do not have a significant impact on total assets, net sales, net income or retained earnings (proportional to ownership), are not included in the consolidated financial statements.

#### 2. Application of the equity method:

(1) Number of affiliates accounted for by the equity method: 5

Major affiliates: Nidec Development Philippines Corporation, Nidec Johnson Electric Corporation, Nidec Johnson Electric (Hong Kong) Limited, Orientec Corporation, Advance -Probe Co.,Ltd.

Included in equity-method affiliates: Advance -Probe Co.,Ltd.

Excluded from equity-method affiliates: Koyo Nidec (Dalian) Precision Bearings Co., Ltd.

Despite Nidec's majority of voting rights in Nidec Johnson Electric Corporation, Nidec has no controlling rights over the company's decision-making process due to the existence of a contract concerning significant financial, sales and business policies decisions. The company is thus accounted for by the equity method.

(2) Non-consolidated subsidiaries (Globa Service and nine others), that do not have a significant impact on interim consolidated net income and retained earnings and that are immaterial as a whole, are not accounted for by the equity method.

#### 3. Matters concerning closing dates of consolidated subsidiaries:

The closing date of Copal Optical and Electronic Machinery (Shanghai) Co., Ltd. and two other

consolidated subsidiaries is September 30, and the closing date for Nidec Power Motor Corporation is December 20. The third quarter financial statements as of each company's closing date are used for the consolidation. Any significant transactions that occur between the closing dates is adjusted for consolidation.

#### 4. Items regarding accounting standards

##### (1) Valuation method of major assets

###### Securities

Held-to-maturity securities: Amortized cost method

Other securities with fair value: Stated at fair value based on market price at end of the period (nine months ended December 31, 2001) . (Both unrealized gains and losses are reported as net unrealized losses on securities. The cost of other securities sold is computed using the moving average method.)

Other securities not practicable to fair value: Stated at cost determined using the moving average method

Derivatives: Stated at fair value

###### Inventories

Seventeen consolidated companies, including Nidec Corporation, Nidec Singapore Pte. Ltd., Nidec Electronics (Thailand) Co., Ltd. and Nidec (Dalian)Limited: Stated lower of cost or market method with cost determined using the moving average method

Seventeen consolidated subsidiaries, including Nidec Copal Corporation, Nidec Copal Electronics Corporation, Nidec Shibaura Corporation: Stated at the lower of cost or market method with cost determined using the average method

Six consolidated subsidiaries, including Nidec-Shimpo Corporation and Nidec America Corporation: Stated at the lower of cost or market method with cost determined using the first-in, first-out method

Nidec Power Motor Corporation and three other consolidated subsidiaries: Stated at the lower of cost or market method with cost determined using the specific identification method

Nidec Tosok Corporation: Stated at the lower of cost or market method with cost determined using the average method or specific identification method

Nidec Taiwan Corporation and one other consolidated subsidiary: Stated at the lower of cost or market method with cost determined using the weighted average method

Nidec Total Service Corporation: Stated at the lower of cost or market method with cost determined using the last purchase price method

##### (2) Method of depreciation of major depreciable assets

###### Tangible fixed assets

Nidec Corporation and its domestic subsidiaries are computed based on the declining-balance method except for buildings purchased after April 1, 1998 for which the straight-line method is applied. Overseas consolidated subsidiaries are principally computed based on the straight-line method.

#### Intangible fixed assets

Amortization of intangible fixed assets are computed based on the straight-line method. With respect to software for internal use, amortization is computed on the straight-line method on expected useful period (mainly 5 years).

#### (3) Policy for significant provisions

##### Allowances for doubtful accounts

Appropriate allowances are made for general receivables based on the historical loss experience, but specific doubtful accounts are investigated on an individual basis, and the amount of estimated losses are provided.

Accrued bonuses for employees: Nidec Corporation and its domestic subsidiaries provided accrued bonuses to employees based on the estimated amount for payment.

Provision for employees' retirement benefits: Provision for employees' retirement and severance benefits are stated based on the projected benefit obligation and pension assets at the end of the period.

##### Provision for retirement allowances for directors and corporate auditors

Provision for retirement allowances for directors and corporate auditors of Nidec and certain of its domestic consolidated subsidiaries is stated based on regulations and internal rules for the amount necessary at the end of the period.

#### (4) Translation of foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the exchange rate on September 30, 2001, with the resulting difference included in gains or losses. Assets and liabilities of off-shore subsidiaries are also translated at the exchange rate on September 30, 2001, with revenue and expenses translated at the average rate during the six-month period. The resulting difference is included in minority interests and foreign currency translation adjustment in shareholders' equity.

#### (5) Leases

With respect to Nidec Corporation and its domestic consolidated subsidiaries, financial leases other than those in which it can be recognized that ownership rights are transferred to the lessee are accounted for by a method similar to that applicable to operating leases. With regard to overseas subsidiaries, leases are accounted for by capital leases.

#### (6) Derivatives and hedging activities

Hedge accounting policy: Assets and liabilities denominated in foreign currencies with foreign currency forward contracts are translated at forward contract rates. Nidec Copal Electronics Corporation accounts for interest swaps as hedge, using allowed treatment under certain conditions.

##### Method and object of hedge

##### (a) Method of hedge

Forward exchange contracts, interest swaps

(b) Object of hedge

Nidec manages its exposure to fluctuations in fair value and the fixed cash flow, such as foreign currency receivables and borrowings with floating interest rates.

Hedge policy: In order to reduce market risk exposures from fluctuations in foreign exchange rate and interest rates, Nidec has a comprehensive and flexible stance towards hedging. Nidec Copal Electronics Corporation utilizes interest swaps of variable rate into fixed rate obligations to reduce the increase of floating interest rates on borrowed money..

Evaluation of effectiveness of hedge accounting: Regarding assets from currency fluctuations, Nidec omits the verification of efficiency if the denominated currency, the notional amount and the contract period are the same. Nidec Copal Electronics Corporation verifies the correlation by fluctuation rates between gains and losses on floating interest rates of borrowed money (object of hedge) and gains and losses on floating interest rates of receivables in interest swap transactions (method of hedge) to evaluate the effectiveness of the hedge accounting.

(7) Accounting for consumption taxes:

Computed by the net of tax method.

## 5. BUSINESS SEGMENT INFORMATION

### 1) Business Segment Information (For three months)

Japanese yen (Millions)							
Three months ended December 31, 2001							
	Small precision motors	Mid-size motors	Machinery and power supplies	Other	Total	Eliminations/ Corporate	Consolidated
Net sales:							
Customers	¥42,538	¥8,359	¥7,023	¥12,785	¥70,705	-	¥70,705
Intersegment	26	4	2,042	161	2,234	(¥2,234)	-
Total	42,564	8,364	9,065	12,946	72,940	(2,234)	70,705
Operating expenses	37,958	8,221	9,360	12,282	67,822	(1,379)	66,443
Operating income	¥4,605	¥142	(¥294)	¥664	¥5,117	(¥855)	¥4,262

Japanese yen (Millions)							
Three months ended December 31, 2000							
	Small precision motors	Mid-size motors	Machinery and power supplies	Other	Total	Eliminations/ Corporate	Consolidated
Net sales:							
Customers	¥35,314	¥8,478	¥14,981	¥17,571	¥76,345	-	¥76,345
Intersegment	70	15	1,170	563	1,821	(¥1,821)	-
Total	35,385	8,494	16,152	18,135	78,167	(1,821)	76,345
Operating expenses	32,167	8,516	15,280	16,192	72,157	(1,275)	70,881
Operating income	¥3,217	(¥22)	¥871	¥1,942	¥6,009	(¥545)	¥5,463

### 2) Business Segment Information (For nine months)

Japanese yen (Millions)							
Nine months ended December 31, 2001							
	Small precision motors	Mid-size motors	Machinery and power supplies	Other	Total	Eliminations/ Corporate	Consolidated
Net sales:							
Customers	¥111,143	¥26,668	¥25,856	¥42,211	¥205,880	-	¥205,880
Intersegment	45	35	7,430	454	7,965	(¥7,965)	-
Total	111,189	26,703	33,286	42,665	213,845	(7,965)	205,880
Operating expenses	100,653	26,635	33,242	40,288	200,819	(5,392)	195,426
Operating income	¥10,536	¥68	¥44	¥2,377	¥13,026	(¥2,572)	¥10,453

Japanese yen (Millions)							
Nine months ended December 31, 2000							
	Small precision motors	Mid-size motors	Machinery and power supplies	Other	Total	Eliminations/ Corporate	Consolidated
Net sales:							
Customers	¥96,533	¥15,653	¥34,357	¥27,980	¥174,525	-	¥174,525
Intersegment	116	26	2,172	683	2,999	(¥2,999)	-
Total	96,650	15,679	36,529	28,664	177,524	(2,999)	174,525
Operating expenses	86,372	16,247	34,350	26,473	163,443	(1,288)	162,154
Operating income	¥10,277	(¥567)	¥2,179	¥2,190	¥14,080	(¥1,710)	¥12,370

Japanese yen (Millions)							
Year ended March 31, 2001							
	Small precision motors	Mid-size motors	Machinery and power supplies	Other	Total	Eliminations/Corporate	Consolidated
Net sales:							
Customers	¥130,485	¥24,134	¥50,412	¥44,205	¥249,238	-	¥249,238
Intersegment	3,040	213	4,763	4,440	12,458	(¥12,458)	-
Total	133,525	24,348	55,176	48,646	261,697	(12,458)	249,238
Operating expenses	120,903	25,568	52,280	44,443	243,195	(9,989)	233,205
Operating income	¥12,622	(¥1,219)	¥2,895	¥4,203	¥18,502	(¥2,468)	¥16,033

Notes:

1. Segments are classified based on similarities in product type, product attributes, and production and sales methods.

2. Major products of each business segment:

- (1) Small precision motors: Small precision DC motors (including spindle motors for HDDs), small precision fans, vibration motors, brush motors
- (2) Mid-size motors: Motors for home appliances, automobiles and industrial use
- (3) Machinery and power supplies: High-speed press machines, semiconductor production equipment, precision equipment, FA equipment, adaptors, power transmission equipment

\* The business segment classification "Power supplies and machinery" in use until the end of the first half ended September 30, 2001 has been changed to "Machinery and power supplies" as "Machinery" is now the main business of the segment. For convenience, "Machinery and power supplies" has also been used as the classification for the six months ended September 30, 2000 and for the year ended March 31, 2001 when comparisons are made.

(4) Other: Pivot assemblies, automobile components, electronic components, service etc

### 3. Unallocated operating expenses included in Eliminations/Corporate (Consolidated)

	Japanese yen (Millions)			Expenses derived from the over-head department of the parent company's administration and accounting divisions
	Nine months ended December 31,		Year ended March 31,	
	2001	2000	2001	
Amount of unallocated expenses included in Eliminations/Corporate	¥2,042	¥1,700	¥2,350	

### 3) Geographic Segment Information

Japanese yen (Millions)							
Nine months ended December 31, 2001							
	Japan	North America	Asia	Other	Total	Eliminations/ Corporate	Consolidated
Net sales:							
Customers	¥130,543	¥7,713	¥63,597	¥4,024	¥205,880	-	¥205,880
Intersegment	53,962	792	78,791	12	133,559	(¥133,559)	-
Total	184,506	8,506	142,389	4,037	339,439	(133,559)	205,880
Operating expenses	178,601	8,838	135,193	3,951	326,584	(131,158)	195,426
Operating income	¥5,904	(¥332)	¥7,196	¥86	¥12,854	(¥2,400)	¥10,453

Japanese yen (Millions)							
Nine months ended December 31, 2000							
	Japan	North America	Asia	Other	Total	Eliminations/ Corporate	Consolidated
Net sales:							
Customers	¥103,097	¥9,222	¥56,660	¥5,543	¥174,525	-	¥174,525
Intersegment	38,394	778	48,229	98	87,502	(¥87,502)	-
Total	141,492	10,001	104,890	5,642	262,027	(87,502)	174,525
Operating expenses	134,655	9,637	97,348	5,478	247,118	(84,963)	162,154
Operating income	¥6,837	¥364	¥7,542	¥164	¥14,909	(¥2,539)	¥12,370

Japanese yen (Millions)							
Year ended March 31, 2001							
	Japan	North America	Asia	Other	Total	Eliminations/ Corporate	Consolidated
Net sales:							
Customers	¥153,304	¥12,633	¥76,135	¥7,165	¥249,238	-	¥249,238
Intersegment	54,314	1,245	77,934	286	133,780	(¥133,780)	-
Total	207,618	13,878	154,069	7,451	383,019	(133,780)	249,238
Operating expenses	198,819	13,928	144,471	7,225	364,444	(131,239)	233,205
Operating income	¥8,799	(¥49)	¥9,597	¥226	¥18,574	(¥2,541)	¥16,033

#### Notes:

- Regions are based on geographic vicinity.
- Main countries or region pertaining to each classification:
  - North America: United States
  - Asia: Singapore, Thailand, China, Philippines
  - Other: Europe
- Unallocated operating expenses included in Eliminations/Corporate (Consolidated)

	Japanese yen (Millions)		
	Nine months ended December 31		Year ended
	2001	2000	March 31, 2001
Amount of unallocated expenses included in Eliminations/Corporate	¥2,042	¥1,700	¥2,350

Expenses incurred from the over head department of the parent company's administration and accounting divisions