

**NOTICE OF  
THE 34<sup>th</sup> ANNUAL GENERAL MEETING  
OF SHAREHOLDERS**

to be held in Kyoto, Japan

on June 22, 2007

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

**Nidec Corporation**

Kyoto, Japan



# Appendix to the Notice of the 34<sup>th</sup> Annual General Meeting of Shareholders

## Business Report for the 34<sup>th</sup> Fiscal Period (Fiscal year from April 1, 2006 to March 31, 2007)

### [1] Overview of the Business

#### 1. Business progress and results of the Business Group

##### (1) Overall Conditions

Fears of a slowdown in the growth of the U.S. economy did not materialize during the fiscal year ended March 31, 2007, and the global economy was healthy in every region. The Japanese economy broke out of its deflationary cycle and began to grow again. IT-related products continued to drive the growth of the global economy, and rising demand for resources also played a role. Despite the rising demand for IT-related products worldwide, including in emerging markets, prices of almost all products are declining, while prices for resources remain at the high levels established last fiscal year.

In the sectors that are the primary markets for the Nidec Group's products, such as personal computers, LCD televisions, mobile telephones, mobile terminals, and mobile music players, sales volumes remain healthy, and technological innovation and price competition continue to advance. Arising from these conditions are a shift to growth products or a change in their share, while quality issues resulting from the advance of technology and the acceleration of change are becoming social problems. Dealing with these problems was an issue throughout this very difficult fiscal year, during which it was necessary to rapidly institute management reforms in response to this business environment.

Notably, Nidec succeeded in improving the technological capabilities of its business segments in response to the slump in performance last fiscal year, implemented countermeasures in response to soaring materials prices, and improved overall consolidated performance amid expanding capital investment demand and quantitative growth in the worldwide IT digital market. As a result, consolidated revenues and operating income were higher than in the previous fiscal year, particularly in the small precision motor business, with net sales and operating income establishing new record highs. In the second half, the company entered into three M&A transactions undertaken to prepare for future growth in its businesses. However, the effect of these M&A actions on this fiscal year's performance was extremely slight.

##### (2) Sales per business

Net sales in **the small precision motor business** were ¥317,981 million, an increase of approximately ¥44,200 million (16.2%), in comparison with the previous fiscal year. The value of sales of spindle motors for hard disk drives rose approximately 20%, and sales volume also grew approximately 22%. Accordingly, the yen-denominated average sales price was held to a decline of approximately 1%. However, as the yen depreciated against the dollar during the fiscal year ended March 31, 2007 by more than 3% from its level the previous fiscal year, on a dollar basis the decline in average sales price was approximately 4% for the fiscal year. Last fiscal year's dollar-denominated decline in the average sales price was extremely small, and the rate of decline for this fiscal year was slightly higher. Reasons for this included a decline in sales volume and sales prices of 1.8 inch and smaller micro drives, together with a reduction in the sales prices of 3.5-inch hard drives of approximately 6% on a dollar basis. Sales of other DC motors (including those for DVDs) increased by approximately ¥8,000 million (12%) in comparison with the previous fiscal year. Nidec Corporation and its direct-line subsidiaries posted an increase in the value of sales of approximately 19% and in sales volume of approximately 15%. The reason that the increase in the value of sales was larger was stronger demand for multifunction equipment such as printers and other office equipment, and for home electronics and appliances, than in the optical disk drive segment. Net sales of brushless DC fans rose approximately ¥3,800 million (11%), while sales volume showed a larger increase of approximately 14%. This was driven by increased sales of fans for game consoles this fiscal year, as

well as recovery of the sales decline that was caused by expanded adoption of the JIT system in the previous fiscal year.

Net sales in **the mid-size motor business** jumped approximately ¥19,600 million (52%) to ¥57,389 million. Sales growth at Nidec Motors & Actuators resulting from M&A activities during fiscal 2006 accounted for approximately ¥9,100 million of this growth. In addition, sales of motors for power steering units, up 66%, accounted for approximately ¥2,900 million of it. Sales of motors for home appliances and others rose more than 20%.

**The machinery business** posted net sales of ¥82,944 million, reflecting growth of approximately ¥9,700 million (13.2%). In the first half of the fiscal year ended March 31, 2007, due to capital investment-related demand including demand for Nidec Sankyo's LCD-related robots and card readers, net sales were up approximately 29% in comparison to the first half of the previous fiscal year. This contributed to growth in revenues, but a sharp decline in demand for LCD-related robots caused sales to stay flat in the second half in comparison to the same period of the previous year. However, the sales of Nidec Copal, Nidec-Read, Nidec-Shimpo and Nidec-Kyori increased by over 20% in comparison to the same period of the previous fiscal year, respectively.

Net sales in **the electronic and optical components business** rose approximately ¥15,900 million (12.3%) to ¥144,651 million. Growth of approximately ¥13,100 million, or 65%, in sales of Nidec Copal's electronic and optical components, including camera shutters and plastic lens units for digital cameras and mobile telephones, played a particularly large role in the increase in sales in this business. Sales of Nidec Copal Electronics' electronics components also expanded, rising by ¥4,300 million, or 21%. The increase of Nidec Copal Electronics includes the increase from new M&A in connection with Fujisoku Corporation. Sales of Nidec Sankyo decreased by approximately 40%. This was mainly due that Nidec Sankyo turned in healthy sales of unit products for home electronics and appliances, but did not achieve adequate sales growth in new optical pick-up units and lens actuator products.

Net sales in **other businesses** were ¥26,702 million, up approximately ¥3,400 million (14.6%) year-on-year. The increase in net sales was due primarily to a ¥1,800 million increase in sales of pivot assemblies, and increases in sales of any other services.

## 2. Fund raising and capital investment

### (1) Fund raising

Fund raising during the FY2006 was only by borrowing from financial institutions.

We borrowed about 29.9 billion Yen for M&A.

### (2) Capital investment

Total amount of capital investment in the FY2006 was 40 billion and 610 million Yen.

It was mainly used to strengthen production capacity of factories located outside Japan including followings;

New factory for spindle motors for HDD (Nidec Electronics (Thailand) Co., Ltd. Rangsit Factory)

Additional production line for spindle motors for HDD (Nidec Philippines Corp.)

Expansion of production equipment for automobile parts (Nidec Tosok (Vietnam) Co., Ltd.).

It was also invested for equipment to develop new products and for energy saving/streamlining programs.

## 3. Assets and gain/loss of FY2006 and prior fiscal periods

### (1) Transition of assets and gain/loss of the Business Group

Category	FY2003/31 <sup>st</sup> Period (From Apr.2003 to March 2004)	FY2004/32 <sup>nd</sup> Period (From Apr.2004 to March 2005)	FY2005/33 <sup>rd</sup> Period (From Apr.2005 to March 2006)	FY2006/34 <sup>th</sup> Period (From Apr.2006 to March 2007)
Net sales (in millions of yen)	329,003	485,861	536,858	629,667
Operating profit (in millions of yen)	31,078	53,665	53,426	64,009

Net income (in millions of yen)	11,448	33,455	40,949	39,932
Net income per share (in yen)	176.20	479.74	285.47	276.03
Total assets (in millions of yen)	433,706	484,173	565,970	662,623
Capital stock (in millions of yen)	104,681	207,040	263,659	305,016
Capital stock per share (in yen)	1,607.93	2,906.37	1,823.12	2,107.40

- Notes:
- All amounts above less than ¥1 million Yen are rounded off from FY2004. The figures of FY2003 were truncated.
  - The Company prepares the consolidated financial documents in accordance with Article 444,4 of the Company Law from FY2006. The Company prepares the consolidated financial documents in accordance with Article 19,2 of "Law on Exemption of the Commercial Code relating to Audit, etc. of a Company Limited with liabilities by shares" for FY2004 and FY2005. Accordingly, the figures in FY2003 is based on the consolidated financial documents not audited by the board of corporate auditors and accounting auditors specified in Clause 3 of said Article.
  - The consolidated financial statement of FY2006 is prepared based on the accounting principle accepted in the United States (such as opinion by accounting principle council and standard documents by a financial accounting standards council) in accordance with Article 148,1 of the Corporate Accounting Rule. The consolidated financial statements of FY2004 and FY2005 are prepared based on the accounting principle accepted in the United States (such as opinion by accounting principle council and standard documents by a financial accounting standards council) in accordance with Article 179.1 of the Implementation Rules of the Commercial Code. The figures in FY2003 are based on the prior standards.
  - Net income per share in the current period is calculated in accordance with the number of outstanding shares averaged in the period and capital stock per share in accordance with the number of outstanding shares at the end of the period, respectively.
  - One ordinary share was split into two as of November 18, 2005. Net income per share and capital stock per share of FY2005 are calculated assuming that shares were split at the beginning of the year.
- In FY2003, due to bright trend brought by the recovery of the US economy and Chinese economy growing solidly, the net sales increased 10.2% and net income in the period increased 76.5% owing mainly to booming in other segments.
  - While the IT digital market expanded in FY2004 and surge of prices of oil and materials affected to the larger extent, our sales increased by 75.1% and net income of the fiscal year increased by 107.9% due to introduction of new technologies and new products in the market and improvement of the management of NIDEC Sankyo Company Limited.
  - In FY2005, thanks to the growth of the IT related devices and digital home electronics against the backdrop of the expansion of demand in BRICs, the net sales increased 10.5% and net income 22.4% in the period.
  - Refer to "I. Overview of the Business, 1. Business progress and results of the business group" for the situation in FY2006 (current period).

## (2) Transition of assets and profit/loss of the Company

Category	FY2003/31 <sup>st</sup> Period	FY2004/32 <sup>nd</sup> Period	FY2005/33 <sup>rd</sup> Period	FY2006/34 <sup>th</sup> Period
	(From Apr.2003 to March 2004)	(From Apr.2004 to March 2005)	(From Apr.2005 to March 2006)	(From Apr.2006 to March 2007)
Net sales (in millions of yen)	118,636	130,351	168,220	180,596
Recurring profit (in millions of yen)	4,785	13,468	24,544	25,206
Net income (in millions of yen)	2,695	12,425	19,866	15,170
Net income per share (in yen)	40.83	176.03	137.24	104.86
Total assets (in millions of yen)	217,141	261,575	303,032	357,785
Net assets (in millions of yen)	100,125	174,447	200,227	209,005
Net assets per share (in yen)	1,539.07	2,446.73	1,383.27	1,444.05

- Notes:
- All amounts above less than ¥1 million Yen are rounded off from FY2004. The figures in FY2003 were truncated.
  - Net income per share in the current period is calculated in accordance with the number of outstanding shares averaged in the period and net asset per share in accordance with the number of outstanding shares at the end of the period, respectively.
  - One ordinary share was split into two as of November 18, 2005. Net income per share and net assets value per share of FY2005 is calculated assuming that shares were split at the beginning of the year.

## 4. Business challenge

Nidec's primary markets, including those for IT devices, home information appliances, and electronics components, are showing a slight sign of market adjustments. While a forecast says that the industry will basically maintain a strong tone in both the markets of advanced nations such as the United States, Europe, and Japan and in emerging nations, the U.S. economy has some unstable elements, and there remains room for further global hikes in prices of oil and other raw materials. The rising interest rates worldwide, together with political instability and currency fluctuations in the Asian region, which is the center of the Nidec Group's manufacturing activity, may also risk corporate performance in the coming fiscal year. The shift to new products and technologies in the digital IT device segment is accelerating, and competitive product development is increasingly crucial.

Under such circumstances, we are going to address business challenges with a principle of "Be right, do not compromise, act quickly and pursue perfection." In specific, 1) Stronger strategy for M&A, 2) Promotion for in-house production of components for the improvement of profitability, 3) Promotion for stronger structure for technology development, and 4) Stronger management of the entire group.

## 5. Main business lines of the Business Group

We are manufacturing and selling mainly spindle motors for computer HDDs, and small precision motors used in computer peripherals, office automation equipments and home appliances and other equipments. We also manufacture and sell mid-size motors mounted in a car and for industry, FA related equipment and equipment for transmission and reducer, electronic and optical components, HDD pivot assemblies, automobile parts, music boxes, etc., and offer annexed services such as insurance and physical distribution.

Business lines	Description
Small precision motors	Small precision DC motor, small precision fan, vibrating motor, materials
Mid-size motors	For home appliance, industrial equipment, and automobile
Machinery	Transmission and reducer, FA related equipment
Electronic and Optical components	Electronic components, optical components
Others	Pivot assembly, music box, automobile parts, materials, annexed services

## 6. Main offices, factories and number of employees

### (1) Main offices and factories

<b>Corporate head office:</b>	Minami-ku, Kyoto
<b>Business branches and technical centers:</b>	Kyoto, Tokyo, Osaka, Nagoya, Kanagawa, Fukuoka, Shiga, Nagano, Tottori, Shizuoka
<b>Other subsidiaries and companies:</b>	
Nidec Electronics (Thailand) Co., Ltd.	Thailand
Nidec (Zhejiang) Corporation	China
Nidec (Dalian) Limited	China
Nidec Singapore PTE. Ltd.	Singapore
Nidec (H.K.) Co., Ltd.	Hong Kong
Nidec Philippines Corporation	The Philippines
Nidec Sankyo Corporation	Nagano
Nidec Copal Corporation	Tokyo
Nidec Tosok Corporation	Kanagawa
Nidec Copal Electronics Corporation	Tokyo
Nidec-Read Corporation	Kyoto
Nidec Shibaura Corporation	Fukui
Nidec-Shimpo Corporation	Kyoto
Nidec Nissin Corporation	Nagano

## (2) Employees

### (1) Employees of the Business Group

Category	Number of employees	Increase (decrease) over the previous year
Total	89,070	10,349

Notes: In addition to the employees above, 25,924 temporary workers are hired for the group.

### (2) Employees of the Company

Category	Number of employees	Increase (decrease) over the previous year	Average age	Average term of employment
Total	1,524	153	34.7	8.01

Notes: In addition to the employees above, 246 temporary workers are hired for the company.

## 7. Major consolidated companies

### (1) Main subsidiaries

Company name	Capital stock	Voting ratio	Principal business
Nidec Electronics (Thailand) Co., Ltd.	TB1,950,000 thousand	99.9 %	Manufacture and sales of small precision motors
Nidec (Zhejiang) Limited	US\$20,000 thousand	100.00 %	Manufacture and sales of small precision motors
Nidec (Dalian) Limited	US\$35,500 thousand	100.00 %	Manufacture of small precision motors and their components
Nidec Singapore Pte. Ltd.	US\$4,656 thousand	100.00 %	Sales of small precision motors and electronic products and components; and manufacture and sales of small precision motors and pivot assemblies
Nidec (H.K.) Co., Ltd.	HK\$800 thousand	99.9 %	Sales of small precision motors
Nidec Philippines Corporation	US\$39,207 thousand	99.9 %	Manufacture and sales of small precision motors and their components
Nidec Sankyo Corporation	¥35,270 million	63.7% * (1.9 %)	Manufacture and sale of machinery & tools for consumer electronics, housing equipment, IT peripherals, industries and others
Nidec Copal Corporation	¥11,080 million	See Notes 3 57.5 % * (1.3 %)	Manufacture and sales of optical equipment, electronics equipment, information equipment, etc.
Nidec Tosok Corporation	¥5,087 million	65.0 % * (1.6 %)	Manufacture and sales of automobile components, automatic measuring equipment and electronic equipment
Nidec Copal Electronics Corporation	¥2,362 million	59.2 % (0.0 %)	Manufacture and sales of electronic circuits components, pressure sensors, actuators, etc.
Nidec-Read Corporation	¥938 million	See Notes 4 65.5 % *(43.8 %)	Manufacture and sales of FA related equipment
Nidec Shibaura Corporation	¥2,000 million	100.00 %	Manufacture and sales of household and automobile motors, and others
Nidec-Shimpo Corporation	¥2,593 million	100.00 %	Manufacture and sales of power transmission drives, measuring devices and craftwork equipment
Nidec Nissin Corporation	¥1,058 million	84.8 % * (57.2 %)	Manufacture and sales of optical components

Notes: 1. The capital stocks are indicated upon rounding off at the nearest unit.

2. The parenthesis in the column of ratio of voting right indicates the ratio of the voting right held by subsidiaries of the Company.  
\* indicates totaled ratio of the voting right held by subsidiaries of the Company.

3. In addition to the indication of the voting right of Nidec Copal Corporation, there are 401 thousand shares (0.6% of the voting ratio) contributed by Nidec-Shimpo Corporation to The Sumitomo Trust & Banking Co., Ltd. for trust of retirement benefits.

4. In addition to the indication of the voting right of Nidec-Read Corporation, there are 515 thousand shares (7.36% of the voting ratio) contributed by the Company to The Sumitomo Trust & Banking Co., Ltd. for trust of retirement benefits.

## (2) Progress of corporate consolidation

1. The Company purchased 15,364 thousand shares of Nidec Sankyo Corporation at the price of 14,680 million Yen in the market.
2. The Company purchased 2,484 thousand shares of Nidec Copal Corporation at the price of 1,882 million Yen in the market.
3. Nidec Sankyo Vietnam Corp. increased its capital by US\$1,500 thousand on April 24, 2006, US\$1,000 thousand on May 10, 2006 and US\$1,000 thousand on June 5, 2006, and Nidec Sankyo Corporation paid full amount.
4. Nidec Vietnam Corporation increased its capital by US\$5,500 thousand on May 30, 2006, and the Company paid full amount.
5. Nidec Shibaura Corporation increased its capital by 1,000 million Yen on June 30, 2006, and the Company paid full amount.
6. Nidec Nissin (Dongguan) Corporation increased its capital by US\$500 thousand on April 25, 2006 and US\$315 thousand on May 9, 2006, and Nidec Nissin (H.K.) Co., Ltd. paid full amount.
7. Nidec Total Service Corporation increased its capital on June 30, 2006, and Nidec Sankyo Corporation paid 14 million Yen.
8. Nidec Logistics Corporation increased its shares allocated to third parties on July 31, 2006, and the Company has assumed 6,800 shares and paid 204 million Yen.
9. The Company purchased 16 thousand shares of Nidec Nemicon Corporation from its holding association and paid 32 million Yen.
10. Nidec Nissin Vietnam Corporation increased its capital by US\$5,000 thousand, and the Company paid US\$2,200 thousand on August 22, 2006 and Nidec Nissin Corporation paid US\$300 thousand on September 28, 2006.
11. Nidec Shibaura (Zhejiang) Co., Ltd. decreased its capital by US\$2,456 thousand on August 31, 2006.
12. The Company purchased 150 shares of Nidec Power Motor Corporation at the price of 8 million Yen from its retired officer on August 31, 2006 and purchased 45 shares at the price of 2 million Yen on February 28, 2007.
13. Nidec-Shimpo (H.K.) Co., Ltd. was established with capital of HK\$ 700 thousand on November 8, 2006, and Nidec-Shimpo Corporation, fully owned subsidiary of the Company, paid full amount.
14. Nidec Copal Electronics Corporation purchased 147,700 shares of Fujisoku Corporation at the price of 389 million Yen on November 8, 2006 in the market.
15. The Company purchased Motors & Actuators Business from Valeo S.A at EUR110,383 thousand, US\$270 thousand and 316 million Yen on December 27, 2006 and turned them into following fully owned subsidiaries: Nidec Motors & Actuators, Nidec Motors & Actuators (Germany), Nidec Motors & Actuators (Poland), Nidec Motors & Actuators (Spain), Nidec Motors & Actuators (USA) and Nidec Motors & Actuators (Mexico)
16. Nidec (Dongguan) Limited increased its capital by US\$5,000 thousand on December 31, 2006, and the Company paid US\$3,125 thousand and Nidec (Dalian) Limited paid US\$1,875 thousand.
17. The Company purchased 406,031 thousand shares and 150,000 warrants of Brilliant Manufacturing Limited at SG\$170,740 thousand and 2 million Yen, and made it the Company's subsidiary on February 23, 2007. In this connection, Japanese company name is applied.
18. Nidec Powermotor (Zhejiang) Corporation increased its capital on March 27, 2007, and the Company paid US\$1,560 thousand and Nidec Power Motor Corporation paid US\$2,340 thousand.
19. Nidec Sankyo Corporation sold part of shares of Sejin-Sankyo Control Devices Co., Ltd. on July 21, 2006 and is no more affiliate company of the Company.
20. Nidec Nissin Corporation sold all shares of Nidec Nissin Taiwan Corporation on March 30, 2007.
21. Nidec-Shimpo Canada Corp. was closed on June 11, 2006.

### (3) Results of corporate consolidation (disclosure of net sales and profit by consolidated figures)

There are 117 consolidated subsidiaries and 4 companies to which Share Holding Law is applicable. Results of the corporate consolidation are described in “I. Overview of the Business 1. Business progress and results of the Business Group”.

## 8. Major lenders

Lenders	Borrowings (in millions of yen)
The Kyoto Bank, Limited	21,840
Bank of Tokyo-Mitsubishi UFJ	22,787
Mizuho Corporate Bank, Ltd.	7,948
The Sumitomo Trust & Banking Company, Ltd.	5,051
The Shiga Bank, Limited	4,944
The Hachijuni Bank, Ltd.	4,500
The Dai-ichi Mutual Life Insurance Company	220
Nippon Life Insurance Company	200
Meiji Yasuda Life Insurance Company	180

## 9. The board of directors' exercise of right in deciding dividend of retained earnings and other items in accordance with stipulation in the Articles of Incorporation

Based on the stance that “shareholders own the Company,” we devote ourselves in maintaining high business performance to realize high share price. We also show a blueprint of the Company taking the change of the time into consideration. Such approach represents our basic policy to challenge for growth all the time. Regarding dividend to shareholders, with a long-term target of 30% of consolidated net income, we realize high dividend consistent with consolidated net income of the period while maintaining stable dividend payment. Since we continue to expand investment along with high demand for resources for M&A, we target 15% or so of consolidated net income for dividend (previously, it was 10%). For internal savings, we use it to strengthen management structure and to expand business to enhance profitability.

## 10. Other important matters related to status of Business Group

There is nothing to report in particular.

## [2] Shares

1. Number of shares authorized to be issued ..... 480,000,000 shares
2. Number of shares issued ..... 144,780,492 shares
3. Number of shareholders at the end of the period ..... 26,116
4. Major shareholders (top 10)

Name	Share ownership (in thousands of shares)
Shigenobu Nagamori	11,949

The Master Trust Bank of Japan, Ltd.	10,573
Japan Trustee Service Bank, Ltd.	9,510
S-N Kohsan Ltd.	8,867
State Street Bank & Trust Company	7,404
The Kyoto Bank, Ltd.	5,808
Dai-Ichi Life Insurance Company	4,601
Nippon Life Insurance Company	3,819
Trust & Custody Services Bank, Ltd.	3,248
Meiji Yasuda Life Insurance Company	3,231

Notes: A fraction of shares less than one thousand is truncated.

### [3] Matters related to warrant

#### 1. Outline of warrant owned by officers of the Company at the end of FY2006

Date of resolution for issuance	May 14, 2003
Number of warrant holders	
Directors	4
Corporate auditors	0
(excluding outside corporate auditors)	
Outside corporate auditors	0
Type of shares for warrant	Common shares
Number of shares for warrant	232,000 shares
Amount paid for warrant	3,675 Yen per share
Property to be capitalized in exercising warrant	219,089,600 Yen
Main conditions to exercise warrant	<p>a. Those who are to exercise warrant shall assume a post of a director, a corporate auditor or an employee of the Company or its subsidiary, or has an advisory contract with the Company or its subsidiary at the time of exercising warrant.</p> <p>b. In the case of death of a person who has warrant, his/her heir is not allowed to exercise warrant.</p> <p>c. Pawning warrant or other act of selling out warrant is prohibited.</p> <p>d. Other conditions are stipulated in the warrant granting contract concluded between the Company and a related director, a corporate auditor or an employee.</p>
Main means to obtain warrant	Stock option
Detail of advantageous conditions	Warrant is issued at free of charge to a director, a corporate auditor or an employee of the Company or its affiliate. Fair price at the issuance is 735,000 Yen per warrant.

#### 2. Other important matters related to warrant

##### Convertible bond

Date of resolution for issuance	September 30, 2004
Number of warrant holders	Non
Type of shares for warrant	Common shares
Number of shares for warrant	4,022,040 shares
Amount paid for warrant	6,914.40 Yen per share
Property to be capitalized in exercising warrant	0 Yen
Main conditions to exercise warrant	When the Company has lost benefit of term of convertible bond, warrant cannot be exercised either entirely or partially.

## [4] Matters related to officers of the Company

### 1. Directors and corporate auditors

Title	Name	Major responsibility or occupation
Chairman, President & CEO	Shigenobu Nagamori	
Executive Vice President, COO & Representative Director	Hiroshi Kobe	COO and controller of sales and marketing; In charge of Compliance Office, Risk Management Office, Motor Engineering Research Laboratory and SPM Quality control; Chairman, Nidec Korea Corporation; Chairman, Nidec Total Service Corporation
Executive Vice President	Yasunobu Toriyama	CFO and controller of administrative division; In charge of Investor Relations, Public Relations & Advertising, Accounting, Financial and System Processing
Executive Vice President	Kenji Sawamura	Controlling DCM & FAN Business; In charge of Shiga Technology Development, Tottori Technology Development; In charge of purchasing, ADF Quality Control and Molds Preparation; Chairman (CEO), Nidec America Corporation; Chairman (CEO), Nidec Electronics GmbH; Chairman, Nidec (Dalian) Limited; Chairman, Nidec Automobile Motor (Zhejiang) Corporation; Chairman, Nidec (Dongguan) Limited; Chairman, Nidec (New Territories) Co., Ltd. ; Chairman (CEO), Nidec Vietnam Corporation; Chairman, Nidec Shibaura Corporation; Chairman, Nidec Nemicon Corporation; Chairman, Nidec Powermotor Corporation
Executive Vice President	Jyuntaro Fujii	In charge of Corporate Strategy Office
Senior Managing Director	Yasuo Hamaguchi	Controlling SPM Operation; Chairman, Nidec Electronics (Thailand) Co., Ltd.; Chairman, Nidec Precision (Thailand) Co., Ltd.; Chairman, Nidec Hi-Tech Motor (Thailand) Co., Ltd.; Chairman, Nidec (Zhejiang) Corporation; Chairman, Nidec Philippines Corporation; Chairman, Nidec Precision Philippines Corporation
Managing Director	Seizaburo Kawaguchi	President, Nidec Electronics (Thailand) Co., Ltd.; President, Nidec Precision (Thailand) Co., Ltd.; President, Nidec Hi-Tech Motor (Thailand) Co., Ltd.
Managing Director	Tadaaki Hamada	In charge of Intellectual Property, Legal Affairs, Secretarial Office, Corporate Planning, General Affairs, Personnel and International Projects Administration
Senior Executive Director	Seiichi Hattori	Vice controller of marketing and sales; Chairman, Nidec Taiwan Corporation; Chairman and President, Nidec (HK) Co., LTD.; Chairman, Nidec (Shanghai) International Trading Co., Ltd.
Senior Executive Director	Tetsuo Inoue	In charge of Management of Affiliated Companies; General Manager, Management of Affiliated Companies
Senior Executive Director	Satoru Kaji	Vice Chairman and President, Nidec (Zhejiang) Corporation.; Controlling Nidec group industrial zone in Pinghu; Chairman, Nidec Total Service (Zhejiang) Corporation
Senior Executive Director	Takashi Iwata	In charge of Internal Audit and Management Advisory; Chairman, Security Export Control Committee
Senior Executive Director	Akira Kagata	In charge of technical division of SPM Operation; General Manager of Central Technical Laboratory and Process Engineering
Senior Executive Director	Kiyoyoshi Takegami	General Manager, Nagano Technical Center
Senior Executive Director	Toru Kodaki	In charge of Intellectual Property and Legal Affairs
Senior Corporate Auditor	Hideo Asahina	
Senior Corporate Auditor	Tadayoshi Sano	
Corporate Auditor	Tsutomu Katsuyama	
Corporate Auditor	Shiro Kuniya	
Corporate Auditor	Yoshiro Kitano	

Notes: 1. Messrs. Hideo Asahina, Tsutomu Katsuyama, Shiro Kuniya and Yoshiro Kitano, corporate auditors, are outside corporate auditors.

2. Mr. Hideo Asahina has been involved in financial services for a long period of time and possesses a great deal of expertise in financial and accounting affairs.
3. Mr. Tadayoshi Sano has been in charge of accounting of the Company for a long period of time and possesses a great deal of expertise in financial and accounting affairs.
4. Messrs. Tsutomu Katsuyama and Shiro Kuniya have a license of a lawyer and possess a great deal of expertise in Company Law.
5. Mr. Yoshiro Kitano has licenses as a certified public accountant and a certified tax accountant, and possesses a great deal of expertise in financial and accounting affairs.
6. Change in directors and corporate auditors during the period is as follows:

(1) Taking Position:

On the 33<sup>rd</sup> annual general meeting of shareholders held on June 22, 2006, 13 directors of Messrs. Shigenobu Nagamori, Hiroshi Kobe, Yasunobu Toriyama, Kenji Sawamura, Yasuo Hamaguchi, Seizaburo Kawaguchi, Tadaaki Hamada, Seiichi Hattori, Tetsuo Inoue, Satoru Kaji, Takashi Iwata, Akira Kagata, Kiyoyoshi Takegam were re-elected as directors, and Messrs. Jyuntaro Fujii and Toru Kodaki were newly elected and took office as directors. On the same day, Messrs. Shiro Kuniya and Yoshiro Kitano were newly elected and took office as corporate auditors.

(2) Retirement:

On the 33<sup>rd</sup> annual general meeting of shareholders held on June 22, 2006, Mr. Yoichi Ichikawa as a corporate auditor retired.

(3) Change in Positions and Responsibilities:

Following change was approved at the meeting of the board of directors held on June 22, 2006 and came into effect on the same day:

<b>Title</b>	<b>Name</b>	<b>Major responsibility or occupation</b>
Executive Vice President, COO & Representative Director	Hiroshi Kobe	COO and controller of sales and marketing; In charge of Compliance Office, Risk Management Office, Motor Engineering Research Laboratory and SPM Quality control; Chairman, Nidec Korea Corporation; Chairman, Nidec Total Service Corporation
Executive Vice President	Kenji Sawamura	Controlling DCM & FAN Business; In charge of Shiga Technology Development, Tottori Technology Development; In charge of purchasing, ADF Quality Control and Molds Preparation; Chairman (CEO), Nidec America Corporation; Chairman (CEO), Nidec Electronics GmbH; Chairman, Nidec (Dalian) Limited; Chairman, Nidec Automobile Motor (Zhejiang) Corporation; Chairman, Nidec (Dongguan) Limited; Chairman, Nidec (New Territories) Co., Ltd. ; Chairman (CEO), Nidec Vietnam Corporation; Chairman, Nidec Shibaura Corporation; Chairman, Nidec Nemicon Corporation; Chairman, Nidec Powermotor Corporation
Executive Vice President	Jyuntaro Fujii	In charge of Corporate Strategy Office; General Manager of Corporate Strategy Office
Managing Director	Tadaaki Hamada	In charge of Intellectual Property, Legal Affairs, Secretarial Office, Corporate Planning, General Affairs, Personnel and International Projects Administration
Senior Executive Director	Seiichi Hattori	Vice controller of marketing and sales; Chairman, Nidec Taiwan Corporation; Chairman and President, Nidec (HK) Co., LTD.; Chairman, Nidec (Shanghai) International Trading Co., Ltd.
Senior Executive Director	Toru Kodaki	In charge of Intellectual Property and Legal Affairs

Following change was approved at the meeting of the board of directors held on July 8, 2006 and came into effect on July 21, 2006:

<b>Title</b>	<b>Name</b>	<b>Major responsibility or occupation</b>
Executive Vice President	Jyuntaro Fujii	In charge of Corporate Strategy Office

Following change was approved at the meeting of the board of directors held on July 27, 2006 and came into effect on August 1, 2006:

<b>Title</b>	<b>Name</b>	<b>Major responsibility or occupation</b>
Senior Executive Director	Akira Kagata	In charge of technical division of SPM Operation; General Manager of Central Technical Laboratory and Process Engineering

Following change was approved at the meeting of the board of directors held on October 27, 2006 and came into effect on November 1, 2006:

<b>Title</b>	<b>Name</b>	<b>Major responsibility or occupation</b>
Senior Executive Director	Takashi Iwata	In charge of Internal Audit and Management Advisory; Chairman, Security Export Control Committee

Following change was approved at the meeting of the board of directors held on November 29, 2006 and came into effect on December 1, 2006:

Title	Name	Major responsibility or occupation
Senior Executive Director	Kiyoyoshi Takegami	General Manager, Nagano Technical Center

Following change was approved at the meeting of the board of directors held on December 25, 2006 and came into effect on December 27, 2006:

Title	Name	Major responsibility or occupation
Executive Vice President	Kenji Sawamura	Controlling DCM & FAN Business; In charge of Shiga Technology Development, Tottori Technology Development; In charge of purchasing, ADF Quality Control and Molds Preparation; Chairman (CEO), Nidec America Corporation; Chairman (CEO), Nidec Electronics GmbH; Chairman, Nidec (Dalian) Limited; Chairman, Nidec Automobile Motor (Zhejiang) Corporation; Chairman, Nidec (Dongguan) Limited; Chairman, Nidec (New Territories) Co., Ltd. ; Chairman (CEO), Nidec Vietnam Corporation; Chairman, Nidec Shibaura Corporation; Chairman, Nidec Nemicon Corporation; Chairman, Nidec Powermotor Corporation

Following change was approved at the meeting of the board of directors held on February 26, 2007 and came into effect on the same day:

Title	Name	Major responsibility or occupation
Senior Managing Director	Yasuo Hamaguchi	Controlling SPM Operation; Chairman, Nidec Electronics (Thailand) Co., Ltd.; Chairman, Nidec Precision (Thailand) Co., Ltd.; Chairman, Nidec Hi-Tech Motor (Thailand) Co., Ltd.; Chairman, Nidec (Zhejiang) Corporation; Chairman, Nidec Philippines Corporation; Chairman, Nidec Precision Philippines Corporation

Following change was approved at the meeting of the board of directors held on March 28, 2007 and came into effect on April 1, 2007:

Title	Name	Major responsibility or occupation
Executive Vice President, COO & Representative Director	Hiroshi Kobe	COO; In charge of Compliance Office, Risk Management Office, Motor Engineering Research Laboratory and SPM Quality control; Chairman, Nidec Korea Corporation; Chairman, Nidec Total Service Corporation
Managing Director	Seizaburo Kawaguchi	Controlling sales and marketing, In charge of SPM purchasing
Managing Director	Tadaaki Hamada	In charge of Intellectual Property, Legal Affairs, Secretarial Office, Corporate Planning, General Affairs, Personnel, International Projects Administration and Management of Overseas Affiliated Companies
Senior Executive Director	Satoru Kaji	Vice Controller of SPM Operation

## 2. Board members' compensation

Category	Number of people	Amount of compensation	Remarks
Directors	15	495 million Yen	
Corporate Auditors	6	45 million Yen	Among this, 32 million Yen for 5 outside corporate auditors
Total	21	540 million Yen	

Notes: 1. Compensation mentioned above includes board members' bonus of 180 million Yen (172 million Yen for directors and 8 million Yen for Corporate Auditors) to be proposed at the 34<sup>th</sup> annual general meeting of shareholders.

2. Employees' bonus of 15 million yen of directors who also assume employee's duty is not included.

## 3. Important concurrent office of outside officers

Category	Name	Name of concurrent office	Detail
Outside Corporate Auditors	Tsutomu Katsuyama	Tsutomu Katsuyama Law Firm	Managing owner
	Shiro Kuniya	OH-Ebashi LPC & Partners	Senior partner
	Yoshiro Kitano	Yoshiro Kitano Certified Public Accountant Office	Managing owner

Note: Mr. Yoshiro Kitano is also an outside corporate auditor of Nintendo Co., Ltd. and Iwai Securities Co., Ltd.

#### 4. Main performance of outside officers

Category	Name	Detail of concurrent office
Senior Corporate Auditor	Hideo Asahina	Mr. Hideo Asahina attended almost all meetings of board of directors and all meetings of board of corporate auditors held in FY 2006 and made a statement from the view of a specialist in corporate management.
Corporate Auditor	Tsutomu Katsuyama	Mr. Tsutomu Katsuyama attended 80% of all meetings of board of directors and all meetings of board of corporate auditors held in FY 2006 and made a statement mainly from the view as a lawyer.
Corporate Auditor	Shiro Kuniya	Mr. Shiro Kuniya attended 80% of all meetings of board of directors and 80% of all meetings of board of corporate auditors held in FY 2006 and made a statement mainly from the view as a lawyer.
Corporate Auditor	Yoshiro Kitano	Mr. Yoshiro Kitano attended 90% of all meetings of board of directors and almost all meetings of board of corporate auditors held in FY 2006 and made a statement mainly from the view as an accountant and tax accountant.

#### [5] Matters related to accounting auditors

##### 1. Name of an accounting auditor

###### (1) Accounting auditor

ChuoAoyama PricewaterhouseCoopers (resigned on July 1, 2006)

###### (2) Temporary accounting auditor

Umeyama Accounting Firm (took office on July 20, 2006 and resigned on September 27, 2006)

Misuzu Audit Corporation (took office on September 1, 2006)

Notes: 1. Our accounting auditor, ChuoAoyama PricewaterhouseCoopers (changed its name to Misuzu Audit Corporation on September 1, 2006), lost its license as an accounting auditor on July 1, 2006 and resigned its post as our accounting auditor on the same day after receiving administrative punishment from Financial Services Agency on May 10, 2006. In order to keep providing auditing service to the Company, Misuzu Audit Corporation was elected as a temporary accounting auditor on September 1, 2006.

2. Since our accounting auditor ChuoAoyama PricewaterhouseCoopers (currently called Misuzu Audit Corporation) lost its license as an accounting auditor on July 1, 2006 after receiving administrative punishment from Financial Services Agency on May 10, 2006, Umeyama Accounting Firm was elected as a temporary accounting auditor on July 20, 2006 in order to avoid vacancy of an accounting auditor at the Company. Umeyama Accounting Firm resigned on September 27, 2006.

##### 2. Matters related to business suspension order given to an accounting auditor for the past two years

###### (1) Punished subject

ChuoAoyama PricewaterhouseCoopers (changed its name to Misuzu Audit Corporation on September 1, 2006), (Address: 3-2-5 Kasumigaseki Building, Kasumigaseki, Chiyoda-ku, Tokyo, Japan)

###### (2) Detail of punishment

Suspension of partial business for two months (from July 1, 2006 to August 31, 2006)

[Suspended service]

Securities Exchange Law audit and Company Law (Law of exemption of Commercial Code) audit that includes audit pursuant to Company Law (Law of exemption of Commercial Code) in accordance with regulations. Partial audit service, however, is excluded.

###### (3) Reasons for punishment

In spite of the fact that each financial document of securities reports of Kanebo, Ltd issued on March of 1999, 2000, 2001, 2002 and 2003 contained false representation, ChuoAoyama PricewaterhouseCoopers intentionally proved that those documents are free from false representation.

##### 3. Amount of compensation for accounting auditors

Category	Misuzu Audit Corporation	Umeyama Accounting Firm
(1) Total amount of compensation that shall be paid by the Company	202 million Yen	1 million Yen
(2) Total amount of money and other financial benefit that shall be paid by the Company and its subsidiaries	536 million Yen	4 million Yen

Notes: 1. Since an agreement between the Company and an accounting auditor does not divide the compensation for the audit under Company Law from the one for the audit under Securities Exchange Law and it is impossible to divide it actually, the amount in (1) above indicates the total amount of those audits.

2. Among important subsidiaries of the Company, Nidec Electronics (Thailand) Co., Ltd., Nidec (Dalian) Limited and Nidec Philippines Corporation are audited (limited to stipulated items in Company Law and Securities Exchange Law including equivalent regulations applied outside Japan) by a certified public accountant or an audit corporation (including a person or an organization that possesses an equivalent license outside Japan) other than our accounting auditor.

#### 4. Policy in determining dismissal or no re-election

When it is found that an accounting auditor violated or infringed stipulation in Company Law or other regulations, the board of corporate auditors deliberate on whether or not to dismiss/do not re-elect an accounting auditor in question based on the fact. When dismissal or no re-election is deemed reasonable, then, the board of corporate auditors request the board of directors to submit to the next general meeting of shareholders a proposal of "dismissal or no re-election of an accounting auditor" following regulations of the board of corporate auditors, then the board of directors deliberate on it.

### [6] Structure to secure appropriateness of business

On September, 2004, the Company established "Nidec Policy Manual" to reflect the basic policy of internal control of the Company and its affiliated companies. Since then, we work on maintaining and improving appropriateness of its internal control in financial reporting to meet the requirements of Article 404 of Sarbanes Oxley Act by strengthening the function of Internal Audit & Management Advisory Department and their performance. Following are items adopted by the board of directors to establish a structure to secure appropriateness of business in accordance with Company Law and Detailed Enforcement Regulations of Company Law;

#### 1. Structure to secure appropriateness of performance of duties of directors and employees in accordance with regulations and the Articles of Incorporation

Following compliance structure shall be established to comply with rules and regulations, in-house rules, standards, social ethical norms and others in order to obtain social credibility as well as to establish conscience of the Company by enhancing ethical awareness of officers and employees;

- (1) Compliance rules are formulated aiming at stipulating basic policy, organization and its operation in order to establish compliance structure and enhance its awareness through appropriate performance of officers and employees in accordance with regulations, and continuous verification and improvement of its process.
- (2) The Company creates Compliance Committee under the board of directors. Based on the annual policy created by the committee, heads of each office, plant and department make an annual plan and execute it for thorough promotion of ethical performance in its understanding, implementation and reporting, while Compliance Office supports this effort and compiles progress report, and Internal Audit & Management Advisory Department audits the progress of establishing the structure.
- (3) As a part of promotion of compliance activity, compliance education and training are implemented when Personnel Department holds employee training. In addition, Seven Compliance Rules are established as ethical norms and are promoted thoroughly in each office, plant and department.
- (4) In order to promote compliance thoroughly, the whistle-blowing system is established for the protection of whistle-blowers.
- (5) Any non-compliance activities are informed or reported to Compliance Office, which investigates and prevents recurrence. In particular, extra attention is paid to preventing reoccurrence of irregularities by the management, employees or the third party that might lead to fictitious description in financial reports. Any case of non-compliance is deliberated on and its reprimand is determined in Committee of Discipline and the board of directors.

## **2. Structure to store and manage information related to performance of duties of directors**

Documents related to performance of duty of directors shall be well organized and stored by deciding storage period following separately stipulated "Document Rule," and shall always be accessible to corporate auditors.

## **3. Rules and structure for risk management against losses**

- (1) The Company formulates "Risk Management Rule," and creates Risk Management Committee and Risk Management Office. Risk Management Committee is placed under the board of directors and formulates its annual policy. Based on it, heads of each office, plant and department make an annual plan and execute it for thorough promotion of risk management in its understanding, implementation and reporting, while Risk Management Office supports this effort and compiles progress report, and Internal Audit & Management Advisory Department audits the progress of establishing the structure.
- (2) In addition to "Risk Management Rule," that stipulates matters related to daily risk management, "Crisis Management Rule" is formulated separately to deal with actual crisis.

## **4. Structure to secure effectiveness of performance of directors' duties**

- (1) The Business Group creates a mid-term business plan to realize a long-term vision established with numerical or quantitative targets, and uses it as a base for annual business plan. In creating a mid-term business plan, feasibility of the plan, consistency with the long-term vision, and challenges and risks in achieving a target shall be well considered before finalizing it. In accordance with the change or development of the market condition, it shall be reviewed on a regular basis.
- (2) Request for Management Approval (Ringi) Rule is formulated, that stipulates applicable matters for approval and its procedure, in order to enhance managerial efficiency and transparency by clarifying criteria for business judgment and relationship between applied matter and its necessary authority.
- (3) Each department, under its responsibility, shall collect necessary and sufficient information, and share it with relevant departments according to its kind without delay. When the information is quite critical, it shall be reported or shared at a daily Risk Management Meeting at the earliest manner and its meeting minutes shall be distributed to each department so that it can be utilized in performing daily duty. When necessary, it also shall be discussed or shared in a meeting of the board of management directors or in a management meeting.

## **5. Structure to secure appropriateness of duty of a corporation and its business group that comprises a parent company and subsidiary(s)**

- (1) Officers of the Company also serve as an officer of a group company and attend a management meeting of a group company to share the policy and information within the group and communicate directions and requests effectively. They also strengthen ties between each group company and its supervising departments, namely, Management of Affiliated Companies, Management of Overseas Affiliated Companies and International Projects Administration.
- (2) In order to realize corporate governance of the entire group, each department of the Company instructs and supports the establishment of the internal control system of the entire group, while manages and audits its business operation to monitor its legality, appropriateness and effectiveness.
- (3) Internal Audit & Management Advisory Department audits the Company and its group companies, instructs improvement of operation and supports/advises its implementation.

## **6. Employees' support for a corporate auditor upon his/her request and their independence from a director**

- (1) In accordance with a request from the board of corporate auditors, Internal Audit & Management Advisory Department audits items requested by an auditor and reports its results to the board of corporate auditors.
- (2) In this case, a support is provided under the supervision of the corporate auditor. A director shall not give inappropriate restriction at the time of reporting.

## **7. Structure to report from a director/an employee to a corporate auditor, and other related matters in reporting to an auditor**

A director or an employee shall report to the board of corporate auditors not only regulated matters but also items that might give critical impact on the entire company, as well as status of internal audit, status of the usage of the whistle-blowing system and its detail. The way of reporting shall be discussed and determined between the board of directors and the board of corporate auditors.

## 8. Other structures to secure effectiveness of audit conducted by a corporate auditor

- (1) Corporate auditors exchange opinions with the management.
- (2) Corporate auditors summarize their monthly activities into an audit report and submit it to the board of directors.
- (3) Corporate auditors visit each company and audit 3Q6S and other items.

### Consolidated Balance Sheet

March 31, 2007

<b>Assets</b>	(in million of yen)
<b>Current Assets *1</b> .....	<b><u>338,662</u></b>
Cash and Cash equivalents .....	88,784
Trade notes receivable .....	17,318
Trade accounts receivable .....	147,014
Inventories .....	64,308
Other current assets .....	21,238
<b>Investment and Advances *1</b> .....	<b><u>23,999</u></b>
Marketable securities and Other securities investments .....	21,805
Investment in and Advances to affiliates .....	2,194
<b>Tangible fixed assets *2</b> .....	<b><u>207,242</u></b>
Land .....	38,289
Buildings .....	103,325
Machinery and equipment .....	258,970
Construction in progress .....	13,717
Less-Accumulated depreciation<deduction> .....	(207,059)
<b>Goodwill</b> .....	<b><u>67,780</u></b>
<b>Other non-current assets</b> .....	<b><u>24,940</u></b>
<b>Total assets</b> .....	<b><u><u>662,623</u></u></b>

Notes: 1. Allowance for bad debt .....	¥2,163 million
2. Collateralized assets and liabilities related to collateral:	
(1) Collateralized assets	
Land .....	¥330 million
Buildings .....	¥277 million
(2) Liabilities related to collateral	
Long term borrowing to be repaid within a year .....	¥33 million
Long term borrowing .....	¥8 million
3. Guaranteed obligation	
Home mortgage for employees .....	¥296 million

March 31, 2007

<b>Liabilities, minority shareholders' interest and shareholder' equity</b>		(in million of yen)
<b>Current liabilities *2</b> .....		<b><u>235,369</u></b>
Short-term borrowings .....		78,848
Current portion of long-term debt .....		3,216
Trade notes payable and accounts payable .....		117,665
Other current liabilities .....		35,640
<b>Long-term liabilities *2</b> .....		<b><u>55,785</u></b>
Long-term liabilities .....		31,560
Outstanding retirement and pension costs .....		13,013
Other fixed liabilities .....		11,212
<b>Total liabilities</b> .....		<b><u>291,154</u></b>
<b>Minority interest in consolidated subsidiaries</b> .....		<b><u>66,453</u></b>
<b>Common stock</b> .....		<b>65,868</b>
<b>Additional paid-in capital</b> .....		<b>68,469</b>
<b>Retained earnings</b> .....		<b>160,480</b>
<b>Accumulated other comprehensive loss(Δ loss)</b> .....		<b>10,461</b>
Foreign currency translation adjustments .....		6,874
Unrealized gains on securities (after modification upon reclassification) .....		3,324
Minimum pension liability adjustment .....		263
<b>Treasury stock, at cost</b> .....		<b><u>(262)</u></b>
<b>Total shareholders' equity</b> .....		<b><u>305,016</u></b>
<b>Total liabilities and shareholders' equity</b> .....		<b><u><u>662,623</u></u></b>

## Consolidated Statement of Income

from April 1, 2006 to March 31, 2007  
(in million of yen)

<b>Net sales</b> .....	<b>629,667</b>
Cost of products sold .....	486,627
Selling, general and administrative expenses .....	46,276
Research and development expenses .....	32,755
<b>Operation expenses</b> .....	<b>565,658</b>
<b>Operating income</b> .....	<b>64,009</b>
<b>Other Income (expense)</b> .....	<b>1,586</b>
Interest and Dividend income .....	2,565
Interest expenses .....	(2,022)
Foreign exchange gain (loss), net .....	1,757
Gain (loss) from marketable securities, net .....	943
Gain (loss) from derivative instruments, net .....	(11)
Other, net .....	(1,646)
<b>Income before provision for income taxes</b> .....	<b>65,595</b>
Provision for income taxes .....	(17,460)
<b>Income before minority interest and equity in earnings of affiliated companies</b> .....	<b>48,135</b>
Minority interest in income (loss) of consolidated subsidiaries .....	8,130
Equity in net (income)/loss of affiliated companies .....	73
<b>Net income</b> .....	<b>39,932</b>

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS)

Yen in millions

	Common stock		Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total
	Shares	Amount					
Balance at March 31, 2006.....	144,661,292	¥65,649	¥68,240	¥126,334	¥3,673	¥(237)	¥263,659
Comprehensive income:							
Net income .....							
Other comprehensive income (loss):				39,932			39,932
Foreign currency translation adjustments.....					6,949		6,949
Unrealized gains on securities, net of reclassification adjustment.....					(539)		(539)
Minimum pension liability adjustment.....					(25)		(25)
Total comprehensive income .....							46,317
Adjustment to initially apply SFAS No. 158, net of tax .....					403		403
Total .....							46,720
Dividends paid.....				(5,786)			(5,786)
Exercise of stock option .....	119,200	219	234				453
Issuance cost of new stock .....			(5)				(5)
Purchase of treasury stock.....						(25)	(25)
Balance at March 31, 2007.....	144,780,492	¥65,868	¥68,469	¥160,480	¥10,461	¥(262)	¥305,016

Notes: 1. Type of shares issued as of the end of FY2006:

Common shares                      144,780,492 shares

2. Dividend of retained earnings

(1) Dividend payment

Date of resolution	Type of shares	Amount of dividend payment	Dividend per share	Record date	Effective date
Ordinary general meeting of shareholders held on June 22, 2006	Common shares	2,892 million Yen	20 Yen	March 31, 2006	June 23, 2006
Board of directors meeting on October 27, 2006	Common shares	2,893 million Yen	20 Yen	September 30, 2006	December 8, 2006

(2) Dividend payment, which was recorded in FY2006 but does not come into effect until FY2007, is scheduled to be proposed as follows;

Date of resolution	Type of shares	Amount of dividend payment	Source of dividends	Dividend per share	Record date	Effective date
May 26, 2007 at the board of directors meeting	Common shares	3,618 million Yen	Retained earnings	25 Yen	March 31, 2007	June 8, 2007

3. Type of shares targeted for warrant and their numbers as of the end of FY2006 (Warrant whose first day of the period to execute the right has yet to come is excluded.)

Date of resolution	Type of shares	Number of shares
May 14, 2003	Common shares	232,000 shares
September 30, 2003	Common shares	4,022,040 shares

## 1. Important matters basic to preparation of consolidated financial documents

1. Scope of consolidation:	
Number of consolidated subsidiaries .....	117
Main consolidated subsidiaries	
Nidec Electronics (Thailand) Co., Ltd., Nidec (Zhejiang) Limited, Nidec (Dalian) Limited, Nidec Singapore Pte. Ltd., Nidec (H.K.) Co., Ltd., Nidec Philippines Corporation, Nidec Sankyo Corporation, Nidec Copal Corporation, Nidec Tosok Corporation, Nidec Copal Electronics Corporation, Nidec-Read Corporation, Nidec Shibaura Corporation, Nidec-Shimpo Corporation and Nidec Nissin Corporation	
2. Matters on application of equity method:	
Number of companies to which the equity method applies .....	4
Copal Yamada Corporation, Nidec Development Philippines Corporation, NTN-Nidec (Zhejiang) Corporation and NTN-Nidec (Thailand)Co., Ltd.	
3. Change of scope of consolidation	
Increase of consolidated subsidiaries: .....	25
Main consolidated subsidiaries of increase	
14 subsidiaries including Brilliant Manufacturing Limited, 7 subsidiaries including Nidec Motors and Actuators and Fujisoku Corporation	
Among 25 consolidates of increase, 14 subsidiaries including Brilliant Manufacturing Limited, 7 subsidiaries including Nidec Motors and Actuators and Fujisoku Corporation were added to consolidation by newly acquiring majority of voting rights of each in FY2006.	
Decrease of consolidated subsidiaries: .....	2
4. Change of scope of application of equity method	
Decrease of companies to which an equity method is applied : .....	1
5. Important accounting policy	
(1) Standard for creation of consolidated financial documents	
The consolidated financial documents of the Company are prepared in accordance with Article 148.1. of the Corporate Accounting Rule adhering to the accounting standards on the basis of terminology, form and method that deem fair and appropriate in the United States. In this connection, part of items and notes required by the accounting standard generally accepted as fair and appropriate in the United States have been omitted in accordance with the same article.	
(2) Valuation of inventory assets and its criteria	
The lower-of-cost-or-market method by the average method is mainly applied.	
(3) Valuation of securities and its criteria	
Equity securities categorized as available-for-sale securities are valued with fair value, and fluctuation of gain/loss of unrealized valuation is indicated in accumulated other comprehensive gain (loss) after tax effect is calculated in the capital section. Realized gain/loss on sale is computed by the average historical cost basis and is indicated in gain/loss.	
(4) Depreciation of tangible fixed assets	
Depreciation is mainly based on an age-life method. However, part of the assets is based on the straight-line method.	
(5) Goodwill and other intangible assets	
In accordance with SFAS 142, "Goodwill and other intangible assets," goodwill and other intangible assets, economic life of which cannot be fixed, are not amortized but valued by the impairment test, at least, once a year. Intangible assets, economic life of which can be fixed, are amortized based on the straight-line method over the period of their economic life.	
(6) Leasing accounting	
SFAS 13 "Accounting processing of leasing" is applied.	
(7) Corporate taxes, etc.	
Accounting for income taxes pursuant to asset and debt method is applied. We realize that affect to asset and debt of deferred taxes is loss and profit in the consolidated accounting year including the date of enactment of law on change of tax rates.	
(8) Accounting for allowance	
Allowance for doubtful accounts	
To reserve for loss on doubtful accounts such as trade receivables and loans, etc., general allowances are provided using a rate determined by past bad debts experience and also specific allowances are provided for the estimated amounts considered to be uncollectible after reviewing individual collectibility of certain doubtful accounts.	
Outstanding retirement and pension costs	
In accordance with SFAS 87 "Employers' Accounting Pensions" and SFAS 158 "Employers' Accounting for Defined Benefit Pension and Other Post-retirement Plans," to provide for employee retirement benefits, allowance for retirement benefits is recorded based on the fair value of retirement benefit obligations and related pension assets of the current consolidated fiscal year end.	
Actuarial differences are amortized over the period of the average remaining service years of the employees only when	

the outstanding amount at the beginning of the fiscal year exceeds the designated amount, which is 10 % of the fair value of either projected benefit obligation or pension assets, whichever is larger. Prior service cost is amortized based on the average remaining service years of the employees.

Change of the important items that are basic for creating consolidated financial documents

Application of the accounting standard in terms of outstanding retirement and pension costs

SFAS 158 "Employers' Accounting for Defined Benefit Pension and Other Post-retirement Plans," is applied since March 31, 2007. In accordance with this, actuarial differences and prior service, both of which were not recognized before, are recognized in the consolidated balance sheet. With this change, outstanding retirement and pension costs are reduced by 722 million yen and accumulated other comprehensive gain (loss), after tax effect is calculated, is increased by 403 million yen.

(9) Derivative transaction

Based on SFAS No. 138 "Accounting for Certain Derivative Instruments and Certain Hedging Activities --- revised from SFAS 133," partially modified SFAS 133 "Accounting for Derivative Instruments and Hedging Activities" is applied.

(10)

Consumption tax and local consumption tax

Those taxes are excluded from the financial documents.

**2. Notes to information per share**

1. Capital stock	2,107.40 Yen
2. Net income	276.03 Yen

**3. Important subsequent events**

TOB of Japan Servo Co., Ltd.

In the meeting held on March 13, 2007, the board of directors of the Company resolved to purchase shares of Japan Servo Co., Ltd. (listed at the Second Section of the Tokyo Stock Exchange: code number 6585, hereinafter mentioned as "Japan Servo") through TOB. TOB process started from March 14, 2007 and ended on April 23, 2007.

As a result of TOB, Japan Servo Co., Ltd. has become a subsidiary of the Company and added to its consolidation.

1. Purpose of acquisition

We judged that by combining Japan Servo's unique technology and analysis capability of small precision motors and Nidec's ability in technological development, production engineering and marketing in our comprehensive small motor business, not only we could pursue high synergy effect, but also we would expect further business expansion by making the most of advantageous aspects of each business.

2. Company profile of Japan Servo

(1) Name:	Japan Servo Co., Ltd.
(2) Address of the head office:	Kanda Motoshiro-cho 7, Chiyoda-ku, Tokyo, JAPAN
(3) Business line:	Manufacturing and sales of motors and motor-applied products
(4) Capital:	2,547 million Yen (as of September 30, 2006)

3. TOB period

From March 14 (Wednesday), 2007 to April 23 (Monday), 2007 (28 business days)

4. Buying price

260 Yen per share

5. Total amount paid for the acquisition

4,733 million Yen

6. Result of the acquisition

(1) Number of purchased shares

Type of shares	Number of shares when converted into shares
Shares	18,203,000 shares
Warrant	-
Warrant bonds	-
Depository shares	-
Total	18,203,000 shares

(2) Number of voting rights and voting ratio

Number of voting rights owned by the Company	18,204 (voting ratio: 51.77%)
Total number of voting rights of Japan Servo	35,162

(Note.1) Total number of voting rights are as of September 30, 2006 shown on the 72<sup>nd</sup> Mid-term Report submitted by Japan Servo on December 21, 2006.

(Note.2) Number of voting rights owned by the Company includes one voting right obtained before acquiring Japan Servo.

(Note.3) Voting ratio below the 3<sup>rd</sup> place of decimal points is rounded off.

7. Financial resources procured for the acquisition

Fund on hand and borrowing from banks

\*All amounts less than ¥1million is rounded off.

# Certified copy of auditing report on consolidated financial documents by accounting auditors

## AUDITING REPORT BY INDEPENDENT AUDITORS

May 18, 2007

To: Messrs. Board of Directors  
Nidec Corporation

Misuzu Audit Corporation

Yukihiro Matsunaga, C.P.A. (Seal)  
Designated member Executive member

Hirokaze Hanai, C.P.A. (Seal)  
Designated member Executive member

Akihiro Kajita, C.P.A. (Seal)  
Designated member Executive member

The auditing firm audited the consolidated financial documents of Nidec Corporation in the 34<sup>th</sup> business year from April 1, 2006 through March 31, 2007, that is, consolidated balance sheet, consolidated statement of income, consolidated statements of shareholders' equity and comprehensive income, and their notes in accordance with Article 444.4 of the Company Law. The responsibilities of preparation of these consolidated financial documents lie to the executives of the Company and the responsibilities of the accounting firm are to express the opinion on the consolidated financial documents from the independent position.

The auditing firm conducted the audit in accordance with the auditing standard generally accepted as fair and reasonable in Japan. The auditing standard demands the auditing firm to secure the reasonable guarantee whether there is any false representation in the consolidated financial documents. The audit was performed on a basis of trial examination that includes review of the representation of the consolidated financial documents as a whole including review of the accounting policy and method of application adopted by the executives as well as estimation by the executives. The accounting firm judges that it has obtained the reasonable basis to express the opinion as a result of the audit.

As a result of the audit, the auditing firm judges that the consolidated financial documents represents correctly the situation of properties and loss and profit of the Business Group that is comprised of Nidec Corporation and its consolidated subsidiaries, etc in accordance with the corporate accounting standard (refer to notes 5.1 of "Important matters basic to preparation of consolidated financial documents"), generally accepted as fair and reasonable in the United States, based on the stipulation of Article 148.1 of Corporate Accounting Rule.

### Additional information

As mentioned in notes "**3. Important subsequent events**" (P21), Japan Servo Co., Ltd. was acquired by the Company through TOB and became its consolidated subsidiary as of April 27, 2007.

There exists no stake to be described between the Company and the accounting firm or executive members in accordance with the provisions of the Law on Certified Public Accountant.

# Certified copy of auditing report on consolidated financial documents by Board of Corporate Auditors

## Audit Report

Based on audit reports created and submitted by corporate auditors in connection with consolidated financial documents (consolidated balance sheet, consolidated Statement of income, consolidated statements of changes in net assets and their notes) during the 34<sup>th</sup> business year from April 1, 2006 to March 31, 2007, we, the board of corporate auditors, prepared audit report as follows after due deliberation and discussion:

1. Auditing method by corporate auditors and the board of corporate auditors, and its detail

Having decided the audit policy and the audit plan, the board of corporate auditors was reported from corporate auditors about the progress and result of auditing. In addition, we were reported from directors and the temporary accounting auditor regarding the performance of their duties, and requested their explanation when necessary.

Following the audit policy and the audit plan of this term created by the board of corporate auditors, each corporate auditor was reported from directors and employees about the consolidated financial documents and requested further explanation when necessary. Also, Corporate auditors inspected and verified whether the temporary accounting auditor was able to implement appropriate audit while maintaining its independent position, were reported from the temporary accounting auditor about performance of their duty, and requested further explanation when necessary. Corporate auditors were notified by the temporary accounting auditor that in accordance with "Quality management standard in terms of audit" (issued by Business Accounting Council on October 28, 2005), the "system" stipulated in "System to secure appropriateness of performance of duty" (item included in Article 159 of Accounting Calculation Rule) has been established, and requested further explanation when necessary. Based on those methods, we audited FY2006 consolidated financial documents.

2. Audit results

We judge that the audit method and its result by Misuzu Audit Corporation, the temporary accounting auditor, was appropriate.

May 24, 2007

Board of Corporate Auditors of Nidec Corporation

Hideo Asahina (Seal)

Tadayoshi Sano (Seal)

Senior Corporate Auditor

Senior Corporate Auditor

Tsutomu Katsuyama (Seal)

Shiro Kuniya (Seal)

Corporate Auditor

Corporate Auditor

Yoshiro Kitano (Seal)

Corporate Auditor

Note: Hideo Asahina, senior corporate auditor and Tsutomu Katsuyama, Shiro Kuniya and Yoshiro Kitano, corporate auditors, are outside corporate auditors as specified in Article 2.16 and Article 335.3 of Company Law.

## Balance Sheet

March 31, 2007

### Assets

(in million of yen)

<b>Current Assets</b> .....	<b>125,211</b>
Cash and bank deposits .....	12,567
Notes receivable *6 .....	868
Accounts receivable *1 .....	46,388
Finished products .....	5,034
Raw materials .....	130
Work in process .....	206
Supplies .....	122
Deferred income tax .....	2,115
Short-term loans to affiliates *1.5 .....	51,831
Other receivables *1 .....	6,914
Other current assets *1 .....	617
Allowance for doubtful accounts .....	(1,581)
<b>Fixed assets</b> .....	<b>232,574</b>
<b>Tangible assets *2</b> .....	<b>22,055</b>
Buildings .....	9,519
Structures .....	235
Machinery and equipment .....	1,050
Vehicles and delivery equipment .....	5
Tools, furniture and fixtures .....	1,567
Land *3 .....	9,484
Construction in progress .....	195
<b>Intangible assets</b> .....	<b>145</b>
Patents .....	1
Software .....	102
Other intangible assets .....	42
<b>Investments and other assets</b> .....	<b>210,374</b>
Investment in securities .....	5,833
Investments in subsidiaries .....	171,754
Investments other than capital stock .....	3
Investments in equity of subsidiaries, other than capital stock .....	27,953
Long-term loans to subsidiaries *1 .....	2,482
Bankruptcy and claims others .....	492
Long-term prepaid expenses *1 .....	290
Deferred income taxes .....	1,823
Other investments *1 .....	270
Allowance for doubtful accounts .....	(526)
<b>Total assets</b> .....	<b>357,785</b>

#### Notes:

1. Short-term receivables from subsidiaries ..... ¥87,208 million  
Short-term payables to subsidiaries ..... ¥35,401 million  
Long-term receivables from subsidiaries ..... ¥2,806 million  
Long-term payable to subsidiaries ..... ¥57 million
2. Accumulated depreciation of tangible fixed assets ..... ¥14,226 million  
The accumulated depreciation mentioned above includes 193 million Yen of accumulated impairment loss of tangible fixed assets.
3. 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 ..... ¥2,740 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).

March 31, 2007

(in million of yen)

## Liabilities

<b>Current liabilities</b> .....	<b>119,110</b>
Notes payable .....	73
Accounts payable *1 .....	28,938
Short-term borrowings .....	67,071
Current portion of long-term debt .....	600
Accrued liabilities *1 .....	3,510
Accrued expenses .....	672
Income taxes payable .....	4,508
CMS deposit received *1.5 .....	11,235
Accrued bonuses to employees .....	1,375
Accrued bonuses to officers .....	180
Notes payable for construction .....	43
Other current liabilities *1 .....	905
<b>Non-current liabilities</b> .....	<b>29,670</b>
Corporate Bonds .....	27,251
Accrued severance and benefit costs *4 .....	1,263
Other current non-current liabilities *1 .....	1,156
<b>Total liabilities</b> .....	<b>148,780</b>

## Net assets

<b>Capital stock</b> .....	<b>208,115</b>
<b>Common stock</b> .....	<b>65,868</b>
<b>Additional paid-in capital</b> .....	<b>70,089</b>
Capital reserve .....	70,089
<b>Retained earnings</b> .....	<b>72,420</b>
Legal reserve .....	721
Other retained earnings .....	71,699
Reserve for general purpose .....	56,150
Retained earnings carried forward .....	15,549
<b>Treasury stock</b> .....	<b>(262)</b>
<b>Total valuation and translation adjustments</b> .....	<b>890</b>
<b>Valuation difference on available-for-sale securities</b> .....	<b>1,529</b>
<b>Land revaluation reserve *3</b> .....	<b>(639)</b>
<b>Total net assets</b> .....	<b>209,005</b>
<b>Total liabilities and net assets</b> .....	<b>357,785</b>

4. Amount of pension assets in retirement benefits trust offsetting provisions for employees' retirement benefits. .... ¥1,018 million

5. Loan commitment

We have concluded the basic contract related to Group CMS with 14 subsidiaries to set the ceiling on loan. Following are unrealized possible loans based on the contract at the fiscal year end:

Total amount of loan ceiling .....	¥38,293 million
Outstanding loans .....	¥27,864 million
Difference (unrealized possible loans) .....	¥10,429 million

6. Notes receivables expired at the end of the fiscal year

Notes receivables expired at the end of the fiscal year are recorded as being processed on the clearance day. Since banks were closed for the holiday on the fiscal end, following amount is included in the term-end balance:

Notes receivables .....	¥74 million
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## Statement of Income

from April 1, 2006 to March 31, 2007

(in million of yen)

Net sales *1 .....	180,596
Cost of sales *2 .....	(153,973)
<b>Gross income on sales</b> .....	<b>26,623</b>
Selling, general and administrative expenses .....	(15,382)
<b>Operating income</b> .....	<b>11,241</b>
<b>Non-operating income</b>	
Interest income *3 .....	1,873
Dividend income *3 .....	12,337
Foreign exchange gain, net .....	1,062
Other *3 .....	1,032
<b>Non-operating expenses</b>	
Interest expenses *3 .....	(1,025)
Trade discount .....	(356)
Transfer to allowance for doubtful accounts .....	(698)
Other *3 .....	(260)
<b>Recurring profit</b> .....	<b>25,206</b>
<b>Non-recurring profit</b>	
Gain on sale of fixed assets *3 .....	4
Gain on sale of marketable securities .....	589
<b>Extraordinary losses</b>	
Loss on disposal of property, plant and equipment .....	(54)
Loss from write-down of securities .....	(3)
Loss from write-down of shares of affiliated companies .....	(1,118)
Loss from support for affiliated companies *4 .....	(947)
Delinquency/additional tax on corporate tax of the previous year .....	(308)
Impairment loss .....	(37)
<b>Income before income taxes</b> .....	<b>23,332</b>
Income, residential and business taxes .....	(5,996)
Corporate tax of the previous year .....	(2,850)
Adjustment of corporate tax and others .....	684
<b>Net income</b> .....	<b>15,170</b>

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Notes: 1. Sales to subsidiaries .....	¥91,129 million
2. Purchases from subsidiaries .....	¥139,671 million
3. Turnover with subsidiaries other than sales and purchases .....	¥38,428 million
4. Loss due to support for subsidiaries	
This loss resulted from loan forgiveness to Nidec Power Motor Corporation for CMS short-term loan.	

## Statements of Shareholders' Equity

	Yen in millions						
	Shareholders' Equity						
	Additional paid-in capital		Retained earnings			Treasury stock	Total Shareholders' Equity
	Common stock	Capital reserve	Legal reserve	Reserve for general purpose	Other retained earning Earned surplus carried forward		
Balance at March 31, 2006 .....	¥65,649	¥69,870	¥721	¥41,650	¥20,804	¥(237)	¥198,457
Issuance of new shares .....	219	219					438
Cash dividends (Note) .....					(2,892)		(2,892)
Cash dividends .....					(2,893)		(2,893)
Officers bonuses (Note).....					(180)		(180)
Savings of reserve for general purpose (Note) .....				14,500	(14,500)		-
Net income.....					15,170		15,170
Purchase of treasury stocks .....						(25)	(25)
Net increase / decrease during the term under review except in Shareholders' Equity.....					40		40
Total increase / decrease during the term under review .....	219	219		14,500	(5,255)	(25)	9,658
Balance at March 31,, 2007 .....	¥65,868	¥70,089	¥721	¥56,150	¥15,549	¥(262)	¥208,115

	Yen in millions		
	Valuation and Translation Adjustments		
	Net unrealized loss on securities	Land revaluation reserve	Total Net Asset
Balance at March 31, 2006 .....	¥2,369	¥(599)	¥200,227
Issuance of new shares .....			438
Cash dividends (Note) .....			(2,892)
Cash dividends .....			(2,893)
Officers bonuses (Note).....			(180)
Savings of reserve for general purpose (Note) .....			-
Net income.....			15,170
Purchase of treasury stocks .....			(25)
Net increase / decrease during the term under review except in Shareholders' Equity.....	(840)	(40)	(840)
Total increase / decrease during the term under review .....	(840)	(40)	8,778
Balance at March 31, 2007 .....	¥1,529	¥(639)	¥209,005

Note: Appropriation Retained Earnings under the resolutions at the annual general meeting of shareholders on June, 2006.

Note: Type of repurchased shares and its number as of the end of FY2006:

Common shares ..... 44,966 shares

## 1. Significant accounting policies

### 1. Securities:

Investments in subsidiaries and affiliates ..... Valuation at cost, with cost determined by the moving average method

Other securities with fair value:

Stated at fair value based on market price at end of the period year ended March 31, 2007. (Both unrealized gains and losses are reported as net unrealized loss 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.

### 2. Derivatives ..... Stated at fair value

### 3. Inventories:

Finished goods, materials, work in progress:

Stated at the lower of cost or market method with cost determined using the moving average method.

Supplies:

Stated at the lower of cost or market method with cost determined using the last purchase price method or replacement cost.

### 4. Method of depreciation of fixed assets:

(1) Tangible fixed assets ..... Declining balance method

Stated based on the declining-balance method except for buildings purchased after April 1, 1998, for which the straight-line method is applied. Major economic lives of tangible fixed assets are as follows:

Buildings and structures 3 to 50 years

Machinery 2 to 9 years

(2) Intangible fixed assets ..... Straight-line method

Amortization of software for internal use is computed on the straight-line method over the expected useful life (mainly 5 years).

### 5. Deferred assets:

Stock issuance cost ..... The entire cost is recorded as expenses when payment took place.

### 6. Policy for significant provisions:

(1) Allowances for doubtful accounts:

Appropriate allowances are made for general receivables based on the historical rate of credit loss experienced, but

Specific doubtful accounts are investigated on an individual basis, and the amount of estimated losses are provided.

(2) Accrued bonuses to employees:

Nidec Corporation provided accrued bonuses to employees based on the estimated amount for payment.

(3) Accrued bonuses to officers:

Nidec Corporation provided accrued bonuses to officers based on the estimated amount for payment.

(4) Provision for employees' retirement benefits:

To provide for employee retirement benefits, allowance for retirement benefits is recorded based on the projected retirement benefit obligations and related pension assets of the current consolidated fiscal year end.

Prior service cost is to be charged to expenses divided by determined years (5 years) within average remaining service years of the employees when incurred.

Actuarial differences are to be charged to expenses from the following fiscal year divided by determined years (5 years) within average remaining service years of the employees when incurred.

### 7. Leases:

Financial leases other than those that are deemed to transfer the ownership of the leased assets to the lessees are accounted for by a method similar to that applicable to operating leases.

### 8. Hedge accounting:

(1) Hedge accounting policy including deferred hedge

Assets and liabilities denominated in foreign currencies with foreign currency forward contracts are translated at forward contract rates.

- (2) Method and object of hedge
- (a) Method of hedge ..... Forward exchange contracts
- (b) Object of hedge ..... One that is exposed to fluctuations with a risk of loss and the fluctuations are not reflected on valuation, or one whose exposure to fluctuations is avoided as cash flow is fixed. (foreign currency receivables)
- (3) Hedge policy  
In order to reduce market risk exposures from fluctuations in foreign exchange rate and interest rates, Nidec Corporation has a comprehensive and flexible stance towards hedging.
- (4) Evaluating effectiveness of hedging activities  
With regard to forward exchange contracts, Nidec avoided evaluating the effectiveness as the denominated currency, the notional amount and the contract period are almost the same.

9. Accounting procedure of consumption taxes:

Consumption taxes are excluded from financial documents.

10. Application of consolidated tax payment system:

The consolidated tax payment system is applied.

11. Change of accounting policy:

“Accounting standard related to bonus to officers”

From FY2006, we started to apply the “accounting standard related to bonus to officers” (Corporate Accounting Standard No.4 issued on November 29, 2005). As a result, operating income, recurring income and income before income taxes are decreased by 180 million Yen respectively.

“Accounting standard related to net assets indication on the balance sheet”

From FY2006, we started to apply the “accounting standard related to net assets indication on the balance sheet” (Corporate Accounting Standard No.5 issued on December 9, 2005) and the “guideline in applying the accounting standard related to net assets indication on the balance sheet” (Corporate Accounting Standard Application Guideline No.8. issued on December 9, 2005). The amount equivalent to the total of shareholders’ equity found in the previous balance sheet is 209,005 million Yen.

“Accounting standard related to financial instruments”

From FY2006, we started to apply the “accounting standard related to financial instruments” (Corporate Accounting Standard No.10 issued on August 11, 2006 and the “how to treat accounting of deferred assets temporarily” (Practical Application Report No.19 issued on August 11, 2006). In this connection, “discount on bonds” listed as non-current liabilities are included in corporate bonds from FY2006. As a result, bond is increased by 251 million Yen compared to the figure found in the previous accounting.

**2. Notes to Accounting for income tax**

**Details for deferred tax assets and liabilities**

**Japanese yen (millions)**

**Deferred tax assets (current):**

Disallowed provisions for bad debts	¥658
Disallowed provisions for bonus	702
Disallowed unpaid business tax	423
Write-down for inventories	41
Disallowed accrued amount expense	119
Allowed deferred credit	246
Others	47
Subtotal	2,236
Valuation allowance	(121)
Total	2,115
Deferred tax assets, net (current)	2,115

**Deferred tax assets (non-current):**

Valuation loss on investment securities	88
Disallowed depreciation	219
Disallowed loss on retirement of fixed assets	322
Accrued for retirement benefit to employees	530
Accrued retirement benefit to directors	34
Foreign tax credit to be unused	1,294
Allowed long-term deferred credit	410
Impairment loss of fixed assets	164
Loss on write-down of investments in affiliates	458
Others	10
Subtotal	3,529
Valuation allowance	(656)
Total	2,873
<b>Deferred tax liabilities (non-current):</b>	
Unrealized gains (losses) on securities, net of reclassification adjustment	1,050
Total	1,050
Deferred tax assets, net (non-current)	¥1,823

### 3. Notes related to fixed lease assets

1. Amount equivalent to depreciation of possessed assets at the end of FY2006: 972 million Yen
2. Amount equivalent to accumulated depreciation at the end of FY2006: 541 million Yen
3. Amount equivalent to unexpired lease at the end of FY2006: 431 million Yen

### 4. Notes related to business with people or organizations concerned

FY2006 (from April 1, 2006 to March 31, 2007)

(1) Officers and main individual shareholders

Category	Company name	Voting ratio (possessing/being possessed)	Relationship		Detail of business	Business amount (¥Million Yen)	Account title	Balance at the end of term (¥ million)
			Concurrent office of officers	Actual relationship				
Company whose majority voting right is owned by an officer of the Company or his/her relatives based on their calculation	SN Kosan (trade and industry)	Mr. Shigenobu Nagamori, an officer of the Company, indirectly possesses 99.9% of voting ratio.  (being possessed) 6.1%	1	Service trading	Service trading	3	Accrued liability	0
Company whose majority voting right is owned by an officer of the Company or his/her relative based on their calculation	Hamaguchi Denki Seisakusho (Electric Manufacturing)	Mr. Yasuo Hamaguchi, an officer of the Company, directly possesses 40.0% and his relative directly possesses 44.0% of voting right.  (being possessed) 0.0%	0	Purchase of components and sales of products of the Company	Purchase of components	24	Account receivable	10
					Sales of products	7	Accrued liability	3

## (2) Subsidiaries and others

Category	Company name	Voting ratio (possessing/ being possessed)	Relationship		Detail of business	Business amount (¥Million Yen)	Account title	Balance at the end of term (¥ million)
			Concurrent office of officers	Actual relationship				
Subsidiary	Nidec (Dalian) Limited	Direct 100.0%	2	Purchase of products from Nidec (Dalian) Limited	Purchase of motors	44,257	Account payable Amount invested	6,377 4,080
Subsidiary	Nidec Sankyo Corporation	Direct 61.6% Indirect 1.9%	4	Receiving deposits	CMS trading (receiving deposits)	8,676	Deposits received	8,676
Subsidiary	Nidec Philippines Corporation	Direct 99.9%	3	Purchase of products from Nidec Philippines Corporation	Purchase of motors Loan of fund Repayment of fund	42,819 679 2,196	Short-term loan Account payable	5,666 4,748
Subsidiary	Nidec Electronics (Thailand) Co., Ltd.	Direct 99.9%	3	Purchase of products from Nidec Electronics (Thailand) Co., Ltd.	Purchase of motors Dividend received	19,146 6,471	Shares Account payable	6,667 5,221
Subsidiary	Nidec Copal Corporation	Direct 56.1% Indirect 1.3%	4	Loan of fund	CMS trading (loan of fund)	1,823	Short-term loan	5,023
Subsidiary	Nidec Singapore PTE. Ltd.	Direct 100.0%	3	Sales of products of the Company	Sales of motors	31,452	Account receivable	8,354
Subsidiary	Nidec (H.K.) Co., Ltd.	Direct 99.9%	2	Sales of products of the Company	Sales of motors	17,413	Account receivable	5,185
Subsidiary	Nidec-Shimpo Corporation	Direct 100.0%	4	Loan of fund	Loan of fund Repayment of fund CMS trading (loan of fund)	85 2,082 685	Short-term loan	6,918
Subsidiary	Nidec Shibaura Corporation	Direct 100.0%	5	Loan of fund	Loan of fund Repayment of fund CMS trading (repayment of fund)	184 676 508	Short-term loan	8,376
Subsidiary	Nidec Taiwan Corporation	Direct 100.0%	2	Sales of products of the Company	Sales of motors	12,015	Account receivable	4,225
Subsidiary	Nidec (Zhejiang) Corporation	Direct 100.0%	4	Loan of fund	Loan of fund Repayment of fund	1,488 384	Short-term loan	4,722

Subsidiary	Nidec Tosok Corporation	Direct 63.3% Indirect 1.6%	4	Loan of fund	CMS trading (loan of fund)	1,560	Short-term loan	1,560
Subsidiary	Nidec Electronics GmbH	Direct 100.0%	1	Sales of products of the Company	Sales of motors	7,516	Account receivable	4,262
Subsidiary	Nidec Subic Philippines Corporation	Direct 99.9% Indirect 25.2%	2	Loan of fund	Loan of fund Repayment of fund	2,605 573	Short-term loan	3,742
Subsidiary	Nidec Power Motor Corporation	Direct 92.2%	4	Loan of fund	Loan of fund Repayment of fund CMS trading (Repayment of fund)	15 378 131	Short-term loan	4,754
Subsidiary	Nidec Motor and Actuators (USA)	Direct 100.0%	0	Loan of fund	Loan of fund	4,122	Short-term loan	4,122
Subsidiary	Nidec-Kyori Corporation	Direct 100.0%	2	Loan of fund	CMS trading (Repayment of fund)	419	Short-term loan	81
Subsidiary	Nidec Machinery Corporation	Direct 60.0%	3	Loan of fund	CMS trading (loan of fund)	866	Short-term loan	866

Notes: 1. Business amount does not include consumption taxes but balance at the end of the term includes consumption taxes.

2. Terms & conditions and policy to decide them

Business terms and conditions with the companies mentioned above were decided based on Purchase Management Rule and Sales Management Rule of the Company, in the same way with other suppliers.

3. Interest rate of loans applied to the companies mentioned above was rationally determined based on the contract that takes market interest rate into consideration.

4. The Company applies CMS (Cash Management System). In order to clarify the status of CMS trading, all the figures related to CMS are indicated on net basis.

#### 5. Notes related to information per share

Net asset value per share 1,444.05 Yen

FY 2006 net income per share 104.86 Yen

#### 6. Important subsequent events

TOB of Japan Servo Co., Ltd.

In the meeting held on March 13, 2007, the board of directors of the Company resolved to purchase shares of Japan Servo Co., Ltd. (listed at the Second Section of the Tokyo Stock Exchange: code number 6585, hereinafter mentioned as "Japan Servo") through TOB. TOB process started from March 14, 2007 and ended on April 23, 2007.

As a result of TOB, Japan Servo Co., Ltd. has become a subsidiary of the Company and added to its consolidation.

##### 1. Purpose of acquisition

We judged that by combining Japan Servo's unique technology and analysis capability of small precision motors and Nidec's ability in technological development, production engineering and marketing in our comprehensive small motor business, not only we could pursue high synergy effect, but also we would expect further business expansion by making the most of advantageous aspects of each business.

2. Company profile of Japan Servo

(1) Name:	Japan Servo Co., Ltd.
(2) Address of the head office:	Kanda Motohiro-cho 7, Chiyoda-ku, Tokyo, JAPAN
(3) Business line:	Manufacturing and sales of motors and motor-applied products
(4) Capital:	2,547 million Yen (as of September 30, 2006)

3. TOB period

From March 14 (Wednesday), 2007 to April 23 (Monday), 2007 (28 business days)

4. Buying price

260 Yen per share

5. Total amount paid for the acquisition

4,733 million Yen

6. Result of the acquisition

(1) Number of purchased shares

Type of shares	Number of shares when converted into shares
Shares	18,203,000 shares
Warrant	-
Warrant bonds	-
Depository shares	-
Total	18,203,000 shares

(2) Number of voting rights and voting ratio

Number of voting rights owned by the Company	18,204 (voting ratio: 51.77%)
Total number of voting rights of Japan Servo	35,162

(Note.1) Total number of voting rights are as of September 30, 2006 shown on the 72<sup>nd</sup> Mid-term Report submitted by Japan Servo on December 21, 2006.

(Note.2) Number of voting rights owned by the Company includes one voting right obtained before acquiring Japan Servo.

(Note.3) Voting ratio below the 3<sup>rd</sup> place of decimal points is rounded off.

7. Financial resources procured for the acquisition

Fund on hand and borrowing from banks

\*All amounts less than ¥1million is rounded off.

## Certified copy of auditing report by accounting auditors

### AUDITING REPORT BY INDEPENDENT AUDITORS

May 18, 2007

Messrs. Board of Directors  
Nidec Corporation

ChuoAoyama PricewaterhouseCoopers

Yukihiro Matsunaga, C.P.A. (Seal)  
Designated member Executive member

Hirokaze Hanai, C.P.A. (Seal)  
Designated member Executive member

Akihiro Kajita, C.P.A. (Seal)  
Designated member Executive member

The auditing firm audited the consolidated financial documents of Nidec Corporation in the 34<sup>th</sup> business year from April 1, 2006 through March 31, 2007, that is, balance sheet, statement of income, statements of shareholders' equity, their notes and attachments in accordance with Article 436.2.1 of the Company Law. The responsibilities of preparation of these consolidated financial documents and their attachments lie to the executives of the Company and the responsibilities of the accounting firm are to express the opinion on the financial documents and their attachments from the independent position.

The auditing firm conducted the audit in accordance with the auditing standard generally accepted as fair and reasonable in Japan. The auditing standard demands the auditing firm to secure the reasonable guarantee whether there is any false representation in the financial documents and their attachments. The audit was performed on a basis of trial examination that includes review of the representation of the financial documents and their attachments as a whole including review of the accounting policy and method of application adopted by the executives as well as estimation by the executives. The accounting firm judges that it has obtained the reasonable basis to express the opinion as a result of the audit.

As a result of the audit, the auditing firm judges that the financial documents and their attachments represent correctly the situation of properties and loss and profit of the Company in accordance with the corporate accounting standard generally accepted as fair and reasonable in Japan.

#### Additional information

As mentioned in notes "**6. Important subsequent events**" (p32), Japan Servo Co., Ltd. was acquired by the Company through TOB and became a consolidated subsidiary.

There exists no stake to be described between the Company and the accounting firm or executive members in accordance with the provisions of the Law on Certified Public Accountant.

# Certified copy of auditing report by Board of Corporate Auditors

## Audit Report

Based on audit reports created and submitted by corporate auditors in connection with performance of the office of the directors during the 34<sup>th</sup> business year from April 1, 2006 to March 31, 2007, we, the board of corporate auditors, prepared audit report as follows after due deliberation and discussion:

1. Auditing method by corporate auditors and the board of corporate auditors, and its detail

Having decided the audit policy and the audit plan, the board of corporate auditors was reported from corporate auditors about the progress and result of auditing. In addition, we were reported from directors and the temporary accounting auditor regarding the performance of their duties, and requested their explanation when necessary.

Complying with the audit standard for auditors formulated by the board of corporate auditors, and following the audit policy and the audit plan of this term, each corporate auditor communicated with directors, the audit department and employees and attempted to collect information and improve the audit environment. They also attended the meetings of board of directors and other important meetings, were reported from directors and employees about performance of their duties, requested further explanation when necessary, inspected the important documents for authorized decisions and surveyed the business and financial situation at the head office and major offices. Further more, corporate auditors inspected and verified the system (Internal control system), which was supposed to be established based on Article 100.1 and 100.3 of Company Law Implementation Rule "Resolution and its detail by the board of directors in terms of the establishment of the system" that are needed to secure the appropriateness of performance of directors' duties as well as a corporation. As for subsidiaries, corporate auditors attempted to communicate and exchange information with directors and corporate auditors of each subsidiary and requested a report when necessary. Based on those methods, we audited FY2006 business reports and their attached statements.

Meanwhile, corporate auditors inspected and verified whether the temporary accounting auditor was able to implement appropriate audit while maintaining its independent position, were reported from the temporary accounting auditor about performance of their duty, and requested further explanation when necessary. Corporate auditors were notified by the temporary accounting auditor that in accordance with "Quality management standard in terms of audit" (issued by Business Accounting Council on October 28, 2005), the "system" stipulated in "System to secure appropriateness of performance of duty" (item included in Article 159 of Accounting Calculation Rule) has been established, and requested further explanation when necessary. Based on those methods, we audited FY2006 financial documents (balance sheet, statement of income, statements of shareholders' equity and their notes).

2. Audit results

(1) Audit result on business reports

1. We judge that the business reports and its attachments correctly indicate the situation of the Company in accordance with laws and regulations, and the Article of Incorporation.
2. We judge that there is no illegal act on performance of the duties of the directors or no substantial fact that shows violation of laws and regulations or the Articles of Incorporation.
3. We judge that detail of resolution authorized by the board of directors regarding the internal control system is appropriate. In addition, there is no matter to be pointed out in connection with performance of duty by directors regarding the internal control system.

(2) Audit result on financial documents and its attachments

We judge that the audit method and its result by Misuzu Audit Corporation, the temporary accounting auditor, was appropriate.

May 24, 2007

Board of Corporate Auditors of Nidec Corporation  
Hideo Asahina (Seal)                      Tadayoshi Sano (Seal)  
Senior Corporate Auditor              Senior Corporate Auditor  
Tsutomu Katsuyama (Seal)              Shiro Kuniya (Seal)  
Corporate Auditor                      Corporate Auditor  
Yoshiro Kitano (Seal)  
Corporate Auditor

Note: Hideo Asahina, senior corporate auditor and Tsutomu Katsuyama, Shiro Kuniya and Yoshiro Kitano, corporate auditors, are outside corporate auditors as specified in Article 2.16 and Article 335.3 of Company Law.

## Documents for reference for the general meeting of shareholders

### Proposal No. 1: To amend partly the Articles of Incorporation

#### 1. Reasons for the Amendments

Taking the current status of the business of the Company into consideration, Article 2 (Purpose) is changed to add main business purposes of subsidiaries as business purposes of the Company for internal control and future business expansion as well as to improve expression and contents of business purposes currently stipulated in the Articles of Incorporation.

#### 2. Details of modification

Part of the current Articles of Incorporation is modified as follows:

(The underlined indicate the modified wordings)

Present Articles of Incorporation	Proposed amendment
<p><b>Chapter 1. General Provisions</b></p> <p>(Purpose) Article 2. The Company operates to run following businesses:</p> <p>(1) <u>Manufacture and sales of electric machines and equipment</u></p> <p>(2) <u>Manufacture and sales of various electronic components and mechanical components</u></p> <p>(3) <u>Manufacture and sales of industrial robots and other factory automation equipment</u></p> <p>(4) <u>Manufacture and sales of speed control equipment, craftwork equipment and measuring equipment</u></p> <p>(5) <u>Manufacture and sales of forge rolling machines</u></p> <p>(6) <u>Sales and manufacture of precision press products</u></p> <p>(7) <u>Manufacture and sales of dies</u></p> <p>(8) <u>Manufacture and sales of other machines and equipment</u></p> <p>(9) <u>Agent business for damage insurance and business related to life insurance policy</u></p> <p>(10) <u>Sales/purchase, lease, brokering and management of real estate</u></p> <p>(11) <u>Sales of books, office supplies, educational equipment, educational materials and communication</u></p>	<p><b>Chapter 1. General Provisions</b></p> <p>(Purpose) Article 2. The Company operates to run following businesses :</p> <p>(1) <u>Manufacture and sales of electric equipment, electric machines, electric devices and others</u></p> <p>(2) <u>Manufacture and sales of electronic equipment, various electronic components and others</u></p> <p>(3) <u>Manufacture and sales of precision equipment, precision machines, related components and others</u></p> <p>(4) <u>Manufacture and sales of optical equipment, optical machines, related components and others</u></p> <p>(5) <u>Manufacture and sales of industrial equipment, industrial robots and others</u></p> <p>(6) <u>Manufacture and sales of measuring equipment, control equipment, precision measuring equipment and others</u></p> <p>(7) <u>Manufacture and sales of forge rolling machines, precision press products, dies and others</u></p> <p>(8) <u>Manufacture and sales of components and others for cars and other transport equipment</u></p> <p>(9) <u>Manufacture and sales of office equipment, communication machines/devices and others</u></p> <p>(10) <u>Manufacture and sales of medical equipment, medical machines/devices and others</u></p> <p>(11) <u>Manufacture and sales of production/assembly machines and others of semiconductors, integrated circuits, boards and micro circuits</u></p> <p>(12) <u>Manufacture and sales of various sensors, their applied products and others</u></p> <p>(13) <u>Manufacture and sales of other machines, equipment and components</u></p> <p>(14) <u>Development, sales and maintenance service of software and other information equipment</u></p> <p>(15) <u>Development, manufacture, sales and maintenance service of various visual and communication systems and others</u></p> <p>(16) <u>Agent business for damage insurance and life insurance policy business</u></p> <p>(17) <u>Sales/purchase, lease, brokering and management business of movable property and real estate</u></p> <p>(18) <u>Sales of books, educational materials and office supplies</u></p>

Present Articles of Incorporation	Proposed amendment
<u>machines/equipment</u> (12) <u>T</u> ravel agent business and advertising business (13) <u>A</u> ny business accompanying or related to items mentioned above	(19) <u>T</u> ravel agent business and advertising business (20) <u>A</u> ny business accompanying or related to items mentioned above

## Proposal No. 2: To elect sixteen directors

The term of office of all directors (14) expires upon conclusion of this general meeting.

In this connection, we kindly ask dear shareholders to permit to appoint 16 directors with increased two directors in order to strengthen the management staff in preparation for the expansion of our business.

Candidate directors are as follows:

Name and date of birth	Positions held in Nidec and subsidiaries	Ownership of the Corporation's shares
(1) Shigenobu Nagamori Aug. 28, 1944	July 1973 Founded the Corporation Chairman, President & CEO of the Company (Present position) Positions held in Nidec and subsidiaries Chairman & CEO, Nidec Sankyo Corporation Chairman, Nidec-Shimpo Corporation Chairman, Nidec-Kyori Corporation Chairman, Nidec Logistics Corporation Chairman, Nidec Machinery Corporation Chairman, Nidec Nissin Corporation Chairman, Nidec System Engineering (Zhejiang) Corporation	11,949,364 shares
(2) Hiroshi Kobe Mar. 28, 1949	July 1973 joined the Company Nov. 1984 Senior Executive Director Nov. 1991 Managing Director of the Company, controlling Sales and Marketing Apr. 1994 General Manager, Sales and Marketing Oct. 1994 General Manager, Domestic Business 2 Apr. 1996 Senior Managing Director, controlling overall business operations Apr. 2000 Executive Vice-President of the Company, Controlling Sales and Marketing Apr. 2002 Controlling SPM Business Apr. 2004 In charge of Compliance Office, Risk Management Office (Present position) Apr. 2005 COO (Present position) In charge of Motor Engineering Research Laboratory (Present position) Sept. 2005 In charge of SPM Quality control (Present position) June 2006 Executive Vice President, COO & Representative Director (Present position) Positions held in Nidec and subsidiaries Chairman, Nidec Korea Corporation Chairman, Nidec Total Service Corporation	235,924 shares
(3) Yasunobu Toriyama Sep. 18, 1938	Mar. 1984 Director, Engineering, Kouyou Seiko Co., Ltd. Apr. 1991 Joined the Company, Executive Director May 1991 General Manager, Accounting June 1991 Senior Executive Director Apr. 1994 Deputy General Manager, Corporate Administration Apr. 1996 Managing Director, General Manager, Corporate Administration June 1997 Senior Managing Director Apr. 2000 Controlling Corporate Administration (Present position) Apr. 2002 Executive Vice-President (Present position) June 2004 In charge of Investor Relations, Public Relations &	15,574 shares

Name and date of birth	Positions held in Nidec and subsidiaries	Ownership of the Corporation's shares
	Advertising, Accounting, Financing and System Processing (Present position) Apr. 2005 CFO (Present position)	
(4) Kenji Sawamura Feb. 15, 1942	Nov. 1989 Director, Corporate Planning, Nissan Motor Co., Ltd. Jan. 1991 General Manager, Oppama Plant, Nissan Motor Co., Ltd. June 1993 Senior Executive Director, Nissan Motor Co., Ltd. June 1997 Managing Director, Nissan Motor Co., Ltd. Oct. 1998 Joined the Company, Executive Director July 1999 Vice President, Nidec (Dalian) Limited June 2000 Senior Executive Director of the Company June 2001 Deputy Chairman and President, Nidec (Dalian) Limited Oct. 2001 Controlling DCM Apr. 2002 Senior Managing Director Controlling LDCM Business Apr. 2003 Controlling DCM Business (Present position) May 2003 In charge of Purchasing (Present position) In charge of Corporate Quality Control Oct. 2003 Controlling Fan Business, in charge of Shiga Technical Center, Tottori Technical Center and Molds Preparation (Present position) Sept. 2005 In charge of ADF Quality Control (Present position) June 2006 Executive Vice-President of the Company (Present position) Positions held in Nidec and subsidiaries Chairman & CEO, Nidec Electronics GmbH Chairman, Nidec (Dalian) Limited Chairman, NIDEC Automobile Motor (Zhejiang) Corporation Chairman, Nidec (Dongguan) Limited Chairman, Nidec (New Territories) Co., Ltd Chairman, Nidec Shibaura Corporation Chairman, Nidec Nidec Nemicon Corporation Chairman, Nidec Powermoter Corporation	8,000 shares
(5) Jyuntaro Fujii Feb. 20, 1945	June 1996 Branch manager, Kyoto Branch, The Bank of Tokyo-Mitsubishi, Ltd June 1998 President of London Securities of said bank (Tokyo Mitsubishi International Plc) May 2000 Managing director of said bank June 2001 President and director, Tokyo Mitsubishi Securities Ltd. Sep. 2002 Vice president and director, Mitsubishi Securities Ltd. June 2005 President and director of Diamond Business Consulting Co., Ltd. Jan. 2006 Vice president and director of Mitsubishi UFJ Research & Consulting Co., Ltd. Jun. 2006 Joined the Company, Executive Vice-President, In charge of Corporate Strategy Office (Present position)	2,081 shares
(6) Yasuo Hamaguchi Sept. 27, 1949	Apr. 1974 Joined the Company Oct. 1985 Executive Director Oct. 1992 President of Nidec Electronics (Thailand) Co., Ltd. June 1993 Senior Executive Director June 1998 Managing Director Deputy General Manager, Overseas Operations June 1999 General Manager, Overseas Operations Apr. 2000 Controlling SPM Business Apr. 2002 Senior Managing Director (Present position) Controlling SPM production Apr. 2003 Controlling SPM Business, (Present position) May 2003 General Manager, Mineyama Precision Machining Center Positions held in Nidec and subsidiaries Chairman, Nidec Electronics (Thailand) Co., Ltd. Chairman, Nidec (Zhejiang) Corporation	261,870 shares

Name and date of birth	Positions held in Nidec and subsidiaries	Ownership of the Corporation's shares
	Chairman, Nidec Philippines Corporation	
(7) Seizaburo Kawaguchi Oct. 27, 1953	Sep. 1983 Joined the Company Oct. 1985 General Manager, Singapore Representative Office Mar. 1989 President, Nidec Singapore Pte, Ltd. Apr. 1997 Executive Director June 2000 Senior Executive Director Apr. 2004 Managing Director (Present position) Apr. 2007 Controlling Sales and Marketing, In charge of SPM Purchasing (Present position)	21,461 shares
(8) Tadaaki Hamada Aug. 14, 1948	Jan. 1996 Manager, Tsukishima Branch, The Mitsubishi Bank Limited Oct. 1997 Manager, Oshiage Branch, The Bank of Tokyo-Mitsubishi, Ltd. Feb. 2000 Joined the Company as Executive Director Mar. 2000 General Manager, Corporate Planning Aug. 2001 Deputy President, Nidec America Corporation Apr. 2003 General Manager, International Projects Administration June 2004 Senior Executive Director, In charge of Corporate Planning and International Projects Administration (Present position) In charge of Intellectual Property and Legal Affairs Apr. 2005 Managing Director (Present position) In charge of Secretarial Office, General Affairs and Personnel (Present position) June 2006 Controlling Intellectual Property and Legal Affairs (Present position) Apr. 2007 In charge of Management of Overseas Affiliated Companies (Present position) May 2007 General Manager, Corporate Planning (Present position)	1,469 shares
(9) Seiichi Hattori Dec. 30, 1953	Apr. 1977 Joined the Company Oct. 1990 General Manager, Tokyo Branch Oct. 1996 Director, Sales Apr. 1998 Executive Director June 1999 Senior Executive Director (Present position) Apr. 2002 In charge of Domestic Sales Apr. 2005 In charge of Sales (Present position) Positions held in Nidec and subsidiaries Chairman, Nidec Taiwan Corporation Chairman and President, Nidec (HK) Co., LTD. Chairman, Nidec (Shanghai) International Trading Co., Ltd.	20,594 shares
(10) Tetsuo Inoue June 22, 1948	Oct. 1992 Manager, Senbayashi Branch, The Sumitomo Bank Limited Oct. 1994 Manager, Wakayama Branch The Sumitomo Bank Limited Jan. 1997 General Manger, Corporation Business (Osaka) Department, The Sumitomo Bank Limited Dec. 1999 Joined the Company as Executive Director; General Manager, Management of Affiliated Companies (Present position). June 2002 Senior Executive Director (Present position) In charge of Management of Affiliated Companies. (Present position)	2,800 shares
(11) Takashi Iwata Apr. 9, 1947	Mar. 1982 Manager, Accounting and General Affairs, Matsushita Electronic Components Corporation of America Apr. 1992 Manager, Accounting of Head Office, Matsushita Electric Industrial Co., Ltd. Apr. 2003 Group Manager, Accounting Group, Freezing and Air-Conditioning Business Matsushita Electric Industrial Co., Ltd. Dec. 2003 Joined the Company as Executive Director Apr. 2004 General Manager, Internal Audit and Management Advisory June 2004 Senior Executive Director (Present position) In charge of Internal Audit and Management Advisory (Present position)	2,509 shares
(12) Akira Kagata March 7, 1943	Apr. 1995 Manager, Manufacturing at Optical Disc Business Dept., Matsushita Electric Industrial Co., Ltd.	1,067 shares

Name and date of birth	Positions held in Nidec and subsidiaries	Ownership of the Corporation's shares
	Jan. 1997 Manager, Planning at Quality Headquarters, Matsushita Electric Industrial Co., Ltd. Apr. 1999 Commissioner at Production Technology Headquarters, Matsushita Electric Industrial Co., Ltd. Mar. 2002 Joined the Company Apr. 2002 General Manager, Process technology Apr. 2003 Executive Director Apr. 2004 General Manager, Central Technical Laboratory (Present position) Apr. 2005 General Manager, Mineyama Precision Machine Processing Center June 2005 Senior Executive Director (Present position) In charge of technical division of SPM Operation (Present position) Aug. 2006 General Manager, Central Technical Laboratory Process Engineering (Present position)	
(13) Kiyoyoshi Takegami Dec. 28, 1954	Apr. 1978 Joined the Company Apr. 1991 General Manager, Development Dept. , Shiga Office Nov. 1991 General Manager, SPM Development Dept. , Shiga Office Apr. 1994 Deputy President of Nidec Electornics (Thailand) Co., Ltd. July 1999 Director Corporate Officer Vice-President of Nidec Electornics (Thailand) Co., Ltd. Apr. 2000 Executive Director Apr. 2003 General Manager, Nagano Technical Center (Present position) June 2004 Senior Executive Director (Present position) Apr. 2005 General Manager, Development Engineering and Quality Assurance at Nagano Technical Center July 2005 General Manager, Nagano Technical Center Quality Assurance	47,000 shares
(14) Toru Kodaki Sept. 13, 1949	Apr. 1972 Ministry, Finance July 1990 Senior economist, the World Bank June 1996 Manager, Fukuoka Financial branch office Jan. 1998 Director, Inter-American Development Bank Aug. 2001 Director of Agriculture, Forestry and Fisheries Credit Foundation Oct. 2003 Director of The Japan Foundation, independent administrative agency June 2006 Joined the Company, Senior Executive Director, In charge of Intellectual Property and Legal Affairs (Present position)	40 shares
(15) Norimasa Goto* Mar. 1, 1947	Feb. 2000 Joined the Company Apr. 2000 Deputy General Manager, Shiga Technical Center General Manager, No.3 Project Support Oct. 2003 General Manager, Shiga Technical Center Apr. 2005 Vice President, Nidec (Dalian) Limited Apr. 2006 Chairman & President, Nidec (Dalian) Limited (Present position) July 2006 Vice Chairman, Nidec (Dongguan) Limited (Present position)	-
(16) Osamu Narumiya* Aug. 6, 1951	Apr. 1976 Ministry of International Trade and Industry Apr. 1987 First Secretary, Japanese Embassy in Singapore May 2005 Manager, Information Processing Administration Division, Minister's Secretariat July 2002 Deputy Director-General, Trade Policy Bureau, Ministry of Economy, Trade and Industry Sep. 2003 Director, Japan Keirin Association June 2004 Senior Director, National Federation of Small Business Associations (Present position)	-

Notes: 1. None of the candidates of directors mentioned above has special stake in the Company.

2. \* indicates a new candidate.

### Proposal No. 3: To elect three corporate auditors

The term of office of Mr. Hideo Asahina, Mr. Tadayoshi Sano and Mr. Tsutomu Katsuyama as corporate auditors expires upon conclusion of this general meeting. In this connection, we ask to appoint three corporate auditors newly. The candidate corporate auditors are as follows:

This Agenda was consented by the Board of Auditors.

Name and date of birth	Positions held in Nidec and subsidiaries	Ownership of the Corporation's shares
(1) Hideo Asahina Mar. 28, 1938	June 1985 Director, Kobe Customs of Ministry of Finance June 1986 Deputy Director-General, International Finance Bureau, Ministry of Finance Oct. 1988 Director, Japan Finance Corporation for Municipal Enterprises June 1991 President, Osaka Securities Finance Company, Ltd. July 1996 Director, Commemorative Organization for the Japan World Exposition '70 June 2003 Corporate Auditor of the Company (Present position)	847 shares
(2) Ryoji Takahashi* Apr. 22, 1941	Mar. 1994 Joined the Company Apr. 1994 General Manager, General Affairs Oct. 1998 General Manager, Intellectual Property and Legal May 2003 In charge of Compliance Office and Risk Management Office (Present position)	9,938 shares
(3) Susumu Oono* Nov. 12, 1948	Apr. 1974 Prosecutor, Osaka District Public Prosecutor's Office Apr. 1983 On loan to Foreign Ministry First Secretary, Japanese Embassy in People's Republic of China Apr. 1988 Prosecutor, Osaka District Public Prosecutor's Office Apr. 1995 Deputy General Manager, Osaka District Public Prosecutor's Office Criminal Investigation Department July 1996 General Manager, Kyoto District Public Prosecutor's Office Criminal Investigation Department Apr. 1998 General Manager, Osaka District Public Prosecutor's Office General Affairs May 1999 Licensed as a lawyer, Established Susumu Oono Law Firm (Present position) Positions held in other companies June 2004 Auditor, GemCEREY CORPORATION (Present position)	-

Notes: 1. None of the candidate corporate auditors mentioned above has special stake in the Company.

2. \* indicates a new candidate.

3. Mr. Hideo Asahina and Mr. Susumu Oono are candidate outside corporate auditors.

4. Following are reasons to recommend Mr. Hideo Asahina and Mr. Susumu Oono as outside corporate auditors:

- (1) We would like Mr. Hideo Asahina, who currently serves as a corporate auditor of the Company, to give the board of directors valuable advice based on his experience as an incumbent outside corporate auditor, as well as conduct an unbiased audit on managerial decisions to check their appropriateness. He has been an corporate auditor of the Company for the past four years.
- (2) We would like Mr. Susumu Oono, an outstanding lawyer, to secure soundness of corporate management, enforce corporate governance and audit business and affairs to check their appropriateness based on his experience and insight as a lawyer. Though he has never been involved in corporate management directly, it is quite reasonable to judge that he is competent enough to perform his duty as an outside auditor with reasons mentioned above.

### Proposal No. 4: To elect an accounting auditor

Misuzu Audit Corporation (former ChuoAoyama PricewaterhouseCoopers), our previous accounting auditor, lost its license as an accounting auditor while it suspended its operation from July 1<sup>st</sup> to August 31<sup>st</sup> 2006 following the business suspension order issued by Financial Services Agency. Accordingly, the board of corporate auditors of the Company selected a temporary accounting auditor in the board of corporate auditors' meeting held on July 20<sup>th</sup>, 2006 to keep providing auditing service to the Company.

We ask to appoint an accounting auditor newly in this general meeting. The candidate accounting auditor is as follows:  
This Agenda was consented by the Board of Auditors.

Name of audit corporation	Kyoto Audit Corporation
Address	8 Nagigata-boko, Shijo Karasuma Higashi-hairu Shimogyo Ward, Kyoto City, Kyoto JAPAN
Corporate profile	(Foundation) March 2007 (Capital) 10 million Yen (Number of employees) certified public accountants: 5

### **Proposal No. 5: bonus payment to officers for the 34<sup>th</sup> fiscal period**

Considering the performance of the Company of the current fiscal period along with other factors totally, we would like to pay 171 million Yen in total to 15 incumbent directors and 9 million Yen in total to 5 incumbent corporate auditors. We would like to ask the board of directors and the board of corporate auditors to discuss and decide the allocation to each director and corporate auditor respectively.

### **Proposal No. 6: To change the limitation of compensation for directors and auditors**

At the 32<sup>nd</sup> general meeting of shareholders held on June 23<sup>rd</sup>, 2005, the limitation of compensation for directors and corporate auditors of the Company was determined to “400 million Yen a year” and “60 million Yen a year” respectively, and this limitation has been applied up to today. However, considering the change of various factors including economic climate and enforcement of Company Law that stipulates that director’ bonus shall be included in their compensation, we would like to increase the limitation to “1 billion Yen a year” for directors and “100 million Yen a year” for corporate auditors.

In the case of directors entrusted employee’s duty, we would like to exclude payment for the part of employee’s duty out of the compensation, as we have always done.

The number of directors and corporate auditors, currently 14 and 5 respectively (no outside directors), changes to 16 and 5 (no outside directors) when Proposal No.2 is approved as drafted.

## Procedure for voting by electro-magnetic means

If you exercise the voting right on the Internet website, please note the followings.

1. You can exercise the voting right on Internet only by using the following website for exercise of the voting right designated by the Company. You can also exercise the right from your mobile phone.  
[URL of web site for exercise of the voting right] <http://www.webdk.net>  
\* If you read the [QR code] indicated right from your mobile phone with bar code reading function, you can access to the web site for exercise of the voting right. For details of how to operate, please refer to the instruction manual of your mobile phone.
2. If you exercise the voting right on Internet website, please register “for” or “against” the Proposals in accordance with the guide on the screen, using the code and password for exercise of the voting right specified in the enclosed sheet of exercise of the voting right.
3. If you exercise the right both in writing and by Internet, the exercise by Internet is treated as the exercise of the right.
4. If you exercise the right more than once by Internet or both by personal computer and by mobile phone redundantly, the last one is treated as valid exercise of the right.
5. Access charge payable to an Internet provider and telecommunications charge to a telecommunications carrier is to be paid by you when you use the web site for exercise of the voting right.

## System environment for exercise of voting right by electro-magnetic means

The following system environment is required for the web site for exercise of voting right:

1. Capable to access to Internet;
2. If you exercise the voting right by personal computer, Microsoft® Internet Explorer 5.5 or more or Netscape 6.2 or more are available as Internet browser software. The Internet browser software above is available in a hardware environment.
3. If you exercise the voting right by mobile phone, the type with 128bitSSL telecommunications (encrypted telecommunications) is available.  
For the purpose of security, the web site corresponds to types only that are capable of 128bitSSL telecommunications (encrypted telecommunications). You can not use other type accordingly.

(Microsoft is a registered trademark of US Microsoft Corporation in the United States and other countries. Netscape is a registered trademark of Netscape Communications Corporation in the United States and other countries.)

### Regarding Electronic Proxy Voting Platform (ICJ Platform)

If you are a nominee shareholder of management and trust banks (including a standing proxy) and applied for Electronic Proxy Voting Platform (ICJ Platform) in advance operated by ICJ, a joint venture of Tokyo Stock Exchange, Inc. and other companies, you can exercise a voting right by electro-magnetic means using either website of the Company or ICJ Platform.