Securities Code 6971

THE NEW VALUE FRONTIER

KYOCERA

Internet Disclosure Items for Notice of the 62nd Ordinary General Meeting of Shareholders

Notes to Consolidated Financial Statements
Notes to Financial Statements
(April 1, 2015 to March 31, 2016)

KYOCERA Corporation

Of the Accompanying Documents for the Notice of the 62nd Ordinary General Meeting of Shareholders, the "Notes to Consolidated Financial Statements" and "Notes to Financial Statements" are available to shareholders on the Company's website (http://global.kyocera.com/ir/s_info.html) pursuant to the provisions of laws and regulations as well as the Articles of Incorporation of the Company.

The "Notes to Consolidated Financial Statements" and "Notes to Financial Statements" are a part of the Consolidated Financial Statements and Financial Statements that were audited by Audit & Supervisory Board Members and the Accounting Auditor in preparing the Audit Reports.

Please note that this is an English translation of the Japanese original of the Internet Disclosure Items for the Notice of the 62nd Ordinary General Meeting of Shareholders of KYOCERA Corporation distributed to shareholders in Japan. The translation is prepared solely for the reference and convenience of foreign shareholders. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Notes to Consolidated Financial Statements

1. Basis of Preparation of Consolidated Financial Statements

(1) Scope of Consolidation

Number of Consolidated Subsidiaries: 222

Major Consolidated Subsidiaries: Kyocera Document Solutions Inc., AVX Corporation and Kyocera International, Inc.

A Non-Consolidated Subsidiary: Kyoto Purple Sanga Co., Ltd.

This subsidiary is excluded from the scope of consolidation because its total assets, net sales, net income attributable to shareholders of Kyocera Corporation and retained earnings, etc. are immaterial, as such, they do not hinder a rational judgment of financial position and results of operations of Kyocera when excluded from the scope of consolidation.

(2) Scope of Application of the Equity Method

Number of Non-Consolidated Subsidiaries and Affiliates Accounted for by the Equity Method: 12

Major Affiliate Accounted for by the Equity Method: Kagoshima Mega Solar Power Corporation

(3) Changes in Scope of Consolidation

Number of Increase: 18

Number of Decrease: 10

(4) Changes in Scope of Application of the Equity Method

Number of Increase: 2

Number of Decrease: 1

(5) Summary of Significant Accounting Principles

(i) Standards of Preparation of Consolidated Financial Statements

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America pursuant to the provisions of paragraph 1 of Article 120-3 of the Ordinance on Accounting of Companies of Japan. Certain disclosure and footnotes required under principles generally accepted in the United States are omitted pursuant to the provisions of paragraph 1 of Article 120 that is applied mutatis mutandis in paragraph 3 of Article 120-3.

(ii) Valuation of Inventories

Kyocera has adopted the Financial Accounting Standards Board (FASB)'s Accounting Standards Codification (ASC) 330, "Inventory." Inventories are stated at the lower of cost or market. The remaining balance of raw materials to be purchased under the long term purchase agreements are also stated at the lower of cost and net realizable value. For finished goods and work in process, cost is mainly determined by the average method. For raw materials and supplies, cost is mainly determined by the first-in, first-out method. Kyocera recognizes estimated write-down of inventories for excess, slow-moving and obsolete inventories.

(iii) Valuation of Securities

Kyocera has adopted ASC 320, "Debt and Equity Securities." Available-for-sale securities are recorded at fair value, with unrealized gains and losses excluded from income and recorded in "accumulated other comprehensive income," net of tax. Held-to-maturity securities are recorded at amortized cost. Non-marketable equity securities are recorded using the cost method based on ASC325, "Investments – Other".

(iv) Depreciation Method for Property, Plant and Equipment

Kyocera has adopted ASC 360, "Property, Plant and Equipment." Depreciation is accounted mainly by the declining balance method on estimated useful lives.

(v) Goodwill and Other Intangible Assets

Kyocera has adopted ASC 350, "Intangibles – Goodwill and Other." Goodwill and intangible assets with indefinite useful lives, rather than being amortized, are tested for impairment at least annually, and also following any events and changes in circumstances that might lead to impairment. Intangible assets with definite useful lives are amortized straight line over their respective estimated useful lives to their estimated residual values, and reviewed for impairment which are accounted for under ASC 360, "Property, Plant and Equipment" whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

(vi) Accounting for Allowances and Accruals

Allowances for Doubtful Accounts:

Kyocera maintains allowances for doubtful accounts related to trade notes receivable, trade accounts receivable and finance receivables for estimated losses resulting from customers' inability to make timely payments including interest on finance receivables. Kyocera's estimates are based on various factors, including the length of past due payments, historical experience and current business environments. In circumstances where it is aware of a specific customer's inability to meet its financial obligations, a specific allowance against these amounts is provided, considering the fair value of assets pledged by the customer as collateral.

Allowances for Sales Returns:

Kyocera records an estimated sales return allowance at the time of sales based on historical return experience.

(vii) Accrued Pension and Severance Liabilities

Kyocera has adopted ASC 715, "Compensation – Retirement Benefits." Kyocera recognizes the overfunded or underfunded status of its defined benefit postretirement plans as an asset or liability, as the case may be, in the consolidated balance sheet and recognizes changes in funded status during the year as changes in comprehensive income for such year. Prior service cost is amortized by the straight-line method over the average remaining service period of employees. Actuarial gain or loss is recognized by amortizing a portion in excess of 10% of the greater of the projected benefit obligations or the market-related value of plan assets by the straight-line method over the average remaining service period of employees.

(6) Recently Adopted Accounting Standards

On April 1, 2015, Kyocera adopted Accounting Standards Update (ASU) No. 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity." This accounting standard changes the requirements for reporting discontinued operations in ASC 205-20, "Presentation of Financial Statements – Discontinued Operations." A disposal of a component of an entity or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results. This accounting standard also requires an entity to provide disclosures about a disposal of an individually significant component of an entity that does not qualify for discontinued operations presentation in the financial statements. The adoption of this accounting standard did not have a material impact on Kyocera's consolidated results of operations and financial condition.

In July 2015, the FASB issued ASU No. 2015-11, "Simplifying the Measurement of Inventory." This accounting standard requires an entity to measure inventory at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. From fiscal 2016, Kyocera early adopted this accounting standard. The adoption of this accounting standard did not have a material impact on Kyocera's consolidated results of operations and financial condition.

In December 2015, the FASB issued ASU No. 2015-17, "Balance Sheet Classification of Deferred Taxes." To simplify the presentation of deferred income taxes, this accounting standard changes require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. From fiscal 2016, Kyocera early adopted this accounting standard. For the adoption of this accounting standard, Kyocera did not adjust prior period's financial statement retrospectively.

2. Notes to Consolidated Balance Sheets

(Yen in millions)

(1) Allowances for Doubtful Accounts Related to Assets

Other Current Assets	¥ 130
Other Long-term Investments	34
Other Assets	2,065

(2) Accumulated Other Comprehensive Income

Net Unrealized Gains on Securities	¥517,190
Net Unrealized Losses on Derivative Financial Instruments	(488)
Pension Adjustments	(42,648)
Foreign Currency Translation Adjustments	(4,251)

(3) Assets Pledged as Collateral

Property, Plant and Equipment	¥ 2,922
Long-term Investments in Debt and Equity Securities	118
Other Long-term Investments	1,781

*1 "Property, Plant and Equipment" and "Long-term Investments in Debt and Equity Securities" are pledged against "Short-term Borrowings", "Current Portion of Long-term Debts" and "Long-term Debts" in a total amount of ¥4,829 million.

*2 "Other Long-term Investments" is pledged against the loan for business finance of "Affiliates Accounted for by the Equity Method" in a total amount of ¥19,490 million.

3. Notes to Consolidated Statement of Equity

(1) Total Number of Shares Issued

	(Shares in thousands)			
Class of Shares	March 31, 2015	Increase	Decrease	March 31, 2016
Common Stock	377,619	—	—	377,619

(2) Distribution of Surplus

(i) Dividends Paid

Resolution	Class of Shares	Aggregate Amount	Per Share Amount	Record Date	Effective Date
The Ordinary General Meeting of Shareholders held on June 24, 2015	Common Stock	¥22,012 million	¥60	March 31, 2015	June 25, 2015
The Board of Directors Meeting held on October 29, 2015	Common Stock	¥18,343 million	¥50	September 30, 2015	December 7, 2015

(ii) Dividends for which the Record Date Falls in the Year ended March 31, 2016 with an Effective Date in the Year Ended March 31, 2017

Resolution	Class of Shares	Source of Dividend	Aggregate Amount	Per Share Amount	Record Date	Effective Date
The Ordinary General Meeting of Shareholders to be held on June 24, 2016	Common Stock	Retained Earnings	¥18,343 million	¥50	March 31, 2016	June 27, 2016

4. Notes to Financial Instruments

(1) Notes to Financial Instruments

Kyocera refrains from making any speculative transactions and always maintains a high level of capital liquidity to ensure the utmost stability in its fund management. Operating receivables such as notes receivable and accounts receivable are exposed to customer credit risk. Kyocera seeks to reduce this risk in accordance with its credit management policies. Kyocera is exposed to market risk, including changes in foreign currency exchange rates, interest rates and equity prices. In order to hedge against these risks, Kyocera uses derivative financial instruments. Kyocera does not hold or issue derivative financial instruments for trading purposes.

Kyocera mainly enters into foreign currency forward contracts and interest rate swaps. Kyocera regularly assesses these market risks based on policies and procedures established to protect against the adverse effects of these risks and other potential exposures, primarily by reference to the market value of financial instruments.

Kyocera has marketable equity securities, debt securities and non-marketable equity securities. Kyocera is currently a major shareholder of KDDI Corporation. As of March 31, 2016, the fair value of the shares of KDDI Corporation of which Kyocera owns was ¥1,007,299 million.

(2) Fair Value of Financial Instruments

The fair values of financial instruments as of March 31, 2016 and methods and assumption used to estimate such fair values were as follows:

	(Yen in millions)		
	Carrying Amount	Fair Value	Difference
Assets (a)			
Short-term Investments in Debt Securities and Equity Securities	¥ 101,566	¥ 101,644	¥ 78
Long-term Investments in Debt and Equity Securities	1,131,403	1,130,951	(452)
Other Long-term Investments (excluding Investment in and Advances to Affiliates and Unconsolidated Subsidiaries)	14,125	14,125	—
Total	¥ 1,247,094	¥ 1,246,720	¥ (374)
Liabilities (b)			
Long-term Debt (including due within one Year)	¥ 27,631	¥ 27,631	—
Total	¥ 27,631	¥ 27,631	—
Derivatives (c) (Note)			
Derivatives Designated as Hedging Instruments	¥ 29	¥ 29	—
Derivatives Not Designated as Hedging Instruments	4,626	4,626	—
Total	¥ 4,655	¥ 4,655	—

Note: Assets and liabilities of derivative transactions are recorded in net amount. Liabilities are presented by (   ).

(a) For investments with active markets, fair value is estimated based on quoted market prices. For non-marketable equity securities, it is not practicable to estimate fair value of non-marketable equity securities because of the lack of market price and difficulty in estimating fair value without incurring excessive cost. In addition, Kyocera did not identify any events or changes in circumstances that may have had a significant adverse effect on these investments. The aggregate carrying amount of the investments included in the above table as of March 31, 2016 was ¥13,514 million.

(b) Fair value is estimated by discounting cash flows, using current interest rates for instruments with similar terms and remaining maturities at the end of the fiscal year.

(c) Fair value is estimated based on quotes from financial institutions at the end of the fiscal year.

Cash and cash equivalents, other short-term investments, trade notes receivable, trade accounts receivable, short-term borrowings, and trade notes and accounts payable, and other notes and accounts payable approximate fair value because of the short maturity of these instruments.

5. Notes to per Share Information

(1) Kyocera Corporation Shareholders' Equity per Share		¥6,226.58
(2) Earnings per Share Attributable to Shareholders of Kyocera Corporation	Basic	¥ 297.24
	Diluted	¥ 297.24

6. Note to Significant Subsequent Event

Kyocera Corporation and Nihon Inter Electronics Corporation ("NIEC"; collectively, together with Kyocera Corporation, the "Companies") hereby give the following notice as they have passed a resolution at each of their respective board of directors' meetings held on May 16, 2016 to merge under an absorption-type merger in which Kyocera Corporation is the surviving company and NIEC is the merged company and entered into a Merger Agreement (the "Merger Agreement") by and between the Companies. The Companies plan to conduct the Merger with August 1, 2016 being the effective date. Kyocera Corporation will not obtain an approval from its shareholders meeting due to reliance on the procedures for a short form merger pursuant to Article 796, Paragraph 2 of the Companies Act (Act No.86 of 2005, including any amendments thereafter; the same shall apply hereinafter). NIEC will obtain an approval for the execution of the Merger Agreement at its ordinary shareholders meeting scheduled to be held on June 16, 2016.

Before the effective date of the Merger (scheduled to be August 1, 2016), NIEC's ordinary shares will be delisted from the second division of the Tokyo Stock Exchange, Inc. as of July 27, 2016, with July 26, 2016 being the final transaction date.

7. Other Notes

(1) Gains on Sales of Property, Plant and Equipment, Net

Kyocera recognized ¥12,039 million in gains on sales of property, plant and equipment, net which was deducted from selling, general and administrative expenses in Consolidated Statements of Income in fiscal 2016. This amount is mainly included in "Others" in Reporting Segment.

(2) Losses on Impairment in Property, Plant and Equipment, Intangible Assets Subject to Amortization and Goodwill

Kyocera recognized ¥17,957 million of losses on impairment in total of property, plant and equipment, intangible assets subject to amortization and goodwill in the liquid crystal displays business ("Reporting Unit") included in the Electronic Devices Group due to the deterioration of the profitability in this business.

	Location	(Yen in millions)
Property, Plant and Equipment	Selling, general and administrative expenses	¥ 1,148
Intangible Assets Subject to Amortization	Selling, general and administrative expenses	2,666
Goodwill	Loss on impairment of goodwill	14,143
Total		¥17,957

The fair value of the Reporting Unit with a basis for the loss on impairment of goodwill as described above was determined using the discounted cash flows method (income approach). In the case that carrying amounts of property, plant and equipment and intangible assets subject to amortization are considered unrecoverable and exceed their fair value, its exceeded amount is recognized as the impairment loss. The fair value is determined using the expected discounted cash flows gained from them directly.

(3) Changes to the Amount of Deferred Tax Assets and Liabilities in Accordance with the Revision of the Corporate Tax Rate

In accordance with the law "Partial Amendment of the Income Tax Act, etc." (Law No.15 of 2016) and "Partial Amendment of the Local Tax Act, etc."(Law No.13 of 2016) enacted on March 29, 2016 by the Diet of Japan, revised corporation tax rate will be imposed from the annual reporting periods commencing on and after April 1, 2016. As a result of such amendments, the effective Japanese statutory corporate tax rate of 33% previously applied for calculation of the amount of deferred tax assets and deferred tax liabilities has been reduced to 31% with respect to temporary differences to be realized during the annual reporting periods commencing on April 1, 2016, and 32% previously has been reduced to 30% with respect to temporary differences to be realized during the annual reporting periods commencing on and after April 1, 2017, respectively. Kyocera recognized reversal income taxes in the amount of ¥17,638 million due to revaluation of deferred tax assets and liabilities in line with the revision of the corporate tax rate.

(4) Litigation of Long-term Purchase Agreements

Between 2005 and 2008, Kyocera entered into four long-term purchase agreements ("the LTAs"), principally governed by Michigan law, with Hemlock Semiconductor Corporation and its subsidiary Hemlock Semiconductor, LLC. (collectively, "Hemlock") for the supply of polysilicon material for use in its solar energy business. As of March 31, 2016, there is a remaining balance of ¥175,677 million of polysilicon material to be purchased under the LTAs by December 31, 2020, of which ¥47,694 million is prepaid.

A significant divergence between the market price of polysilicon material and the fixed contract price arose after the LTAs were signed. Because the Chinese government provided subsidies to Chinese polysilicon and solar panel producers, Chinese companies produced polysilicon material and solar panels at a significantly lower price compared to other market participants. As a result, other polysilicon producers reduced their prices, resulting in a significant decrease in polysilicon material and the distortion of the world market for polysilicon. The U.S. government also placed anti-dumping duties on solar panels imported from China. This situation has been prolonged and has had an adverse effect on Kyocera's profit margin on products of the solar energy business. In light of these unprecedented circumstances, Kyocera entered into discussions with Hemlock to modify the contract terms including its price and quantity.

However, on April 1, 2015, Hemlock filed a law suit against Kyocera in the United States District Court Eastern District of Michigan claiming damages for the alleged anticipatory repudiation of the LTAs by Kyocera. On April 3, 2015, Kyocera sued Hemlock before the Tokyo District Court contending that the LTAs are illegal and unenforceable because of Hemlock's alleged abuse of a superior position which is prohibited under Japanese Antitrust Law.

The legal proceedings in Michigan and Japan are in process, and accordingly, Kyocera has not ordered the polysilicon material for the amount stated under the LTAs during the year ended December 31, 2015 ("the 2015 amount"), which is ¥26,934 million in total. As the LTAs contain take or pay provisions which purport to require

Kyocera to pay for quantities of polysilicon material even if they do not take immediate delivery, Hemlock issued an invoice for the amount equal to the difference between the 2015 amount and applicable advanced payment. Kyocera did not purchase before February 15, 2016, the due date for payment of this invoice; therefore, Hemlock issued the default notice. Kyocera contends that the LTAs are illegal and unenforceable under Japanese Antitrust Law and even if they are enforceable, Kyocera has the right to cure a default by purchasing the 2015 amount within a certain period from the issuance of the default notice. The cure period expires on August 14, 2016. Taking into consideration these conditions, Kyocera has accounted for its rights and obligations under the LTAs, and has recorded ¥26,934 million as other current asset for the 2015 amount and ¥20,639 million as other account payable for the amount equal to the difference between the 2015 amount and applicable advanced payment. While Kyocera contends it has a right to cure the default by purchasing the 2015 amount within the cure period, depending on the legal proceedings, its rights under the LTAs may be uncertain and it may result in a write off of the other current asset.

Kyocera considered the polysilicon material of the 2015 amount in its analysis based on lower of cost and net realizable value approach taking into consideration the anticipated selling price of the applicable solar products and concluded no loss was incurred as of March 31, 2016. In addition, Kyocera evaluated whether the obligation to purchase polysilicon material through 2020, assuming delivery, was an adverse obligation or not, and concluded that no loss was incurred as of March 31, 2016.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

(1) Standards and Methods of Valuation of Assets

Held-to-Maturity Securities:	Amortized cost method (straight-line method)
Investments in Subsidiaries and Affiliates:	Cost determined by the moving average method
Other Securities:	
Marketable:	Based on market price as of the balance sheet date (unrealized gains and losses on such securities are reported in net assets, and cost is determined by the moving average method)
Non-marketable:	Cost determined by the moving average method
Derivative Financial Instruments:	Mark-to-market method
Inventories:	Cost determined based on acquisition costs with adjustment by write-down taking into consideration decline of profitability
Finished Goods, Merchandise and Work-in-process:	Cost of finished goods and work in process is mainly determined by the average cost method. Cost of merchandise is determined mainly by the last purchase method.
Raw Materials and Supplies:	Raw materials and supplies, except those for telecommunications equipment, are valued at cost, with cost being determined by the last purchase method. Raw materials for telecommunications equipment are valued at cost, with cost being determined by the first-in, first-out method.

(2) Depreciation of Non-current Assets

Tangible Fixed Assets (except for Leased Assets):	Depreciation is computed at rates based on the estimated useful lives of assets using the declining-balance method. The principal estimated useful lives are as follows: Buildings and structures: 2 years – 33 years Machinery and equipment, and tools, furniture and fixtures: 2 years – 10 years
Intangible Fixed Assets (except for Leased Assets):	Amortization is computed using the straight-line method. Software for internal use is calculated based on the usable period of two years.
Leased Assets:	Straight-line method, using lease periods as the estimated useful lives of such assets.

(3) Accounting for Allowances and Accruals

Allowances for Doubtful Accounts:	In anticipation of uncollectible accounts receivable, Kyocera Corporation provides allowances for doubtful accounts, for general accounts receivable, based on the past actual ratio of losses on bad debts; and, for certain specific doubtful accounts receivable, based on estimates of uncollectible amounts pursuant to analysis of individual receivables.
Accrued Bonuses for Employees:	In order to prepare for bonuses to employees, accrued bonuses are provided based on the amounts expected to be paid, which are determined based on actual payments made in the previous fiscal year.
Accrued Bonuses for Directors:	In order to prepare for bonuses to Directors, accrued bonuses are provided based on the amounts expected to be paid.
Warranty Reserves:	Warranty reserves are provided to prepare for the cost of after sales service for telecommunications equipment and applied ceramic products based upon the amounts expected to be paid, which are determined taking into account actual payments made in the past, etc.
Allowances for Sales Returns:	Allowances for sales returns are provided to prepare for losses from write-off of products as a result of product returns based on the past actual return ratio of unaccepted products multiplied by the amount of the uninspected products at the end of the fiscal year.
Accrued Pension and Severance Costs:	In order to prepare for provision of retirement benefits to employees, accrued pension and severance costs are recognized based on projected benefit obligations and plan assets as of the balance sheet date. Unrecognized prior year service cost is amortized over the estimated average remaining service period of employees using the straight-line method. Actuarial gains or losses are amortized over the estimated average remaining service period of employees using the straight-line method following the year in which they are incurred. The exceeding amounts are provided as prepaid pension and severance expenses since plan assets exceeded projected benefit obligations as of the balance sheet date.

(4) Other Significant Policies

Consumption Taxes:	Consumption taxes withheld upon sale and consumption taxes paid for purchases of goods and services are not included in the amounts of the respective revenue and cost or expense items in the accompanying statements of income.

2. Notes to Balance Sheets:

(1) Assets Pledged as Collateral and Secured Liabilities

1. Assets Pledged as Collateral

Investments in subsidiaries and affiliates: ¥2,125 million

2. Secured Liabilities

Loan from financial institutions to Kagoshima Mega Solar Power Corporation: ¥19,490 million

* All investor of Kagoshima Mega Solar Power Corporation pledge their investments as collateral for this loan.

(2) Accumulated Depreciation of Tangible Fixed Assets: ¥463,063 million

(3) Guarantee Obligations

Keep-well Letters and Guidance for Management:

Keep-well Letter Requested Party	Amount Covered	Subject of Keep-well Letter
Kyocera Realty Development Co., Ltd.	¥307 million	Guidance for repayment of loans from financial institutions
Kyoto Purple Sanga Co., Ltd.	400 million	Guidance for repayment of loans from financial institutions
Total	¥707 million	

(4) Receivables from Subsidiaries and Affiliates, and Payables to Subsidiaries and Affiliates (except Amounts Separately Presented)

Current Receivables	¥110,169 million
Long-term Receivables	36,759 million
Current Payables	73,339 million
Long-term Payables	25 million

3. Notes to Statements of Income:

Transactions with Subsidiaries and Affiliates:

Operational Transactions:	
Net Sales	¥301,145 million
Purchases	70,469 million
Selling, General and Administrative Expenses	4,196 million
Non Operational Transactions	37,166 million

4. Notes to Statement of Changes in Net Assets

Number and Class of Treasury Shares as of March 31, 2016

Common Stock	10,762,000 shares

5. Notes to Accounting for Effects of Income Taxes

(1) The Main Components of the Deferred Tax Assets and Deferred Tax Liabilities

	(Yen in millions)
(i) Current:	
Deferred Tax Assets:	
Accrued Bonuses	¥ 4,365
Write-down of Inventories	4,028
Other Payables and Accrued Expenses	3,249
Temporary and Prepaid Payment	2,344
Warranty Reserves	251
Others	2,404
Total Deferred Tax Assets	16,641
Deferred Tax Liabilities:	
Reserve for Special Depreciation	(146)
Total Deferred Tax Liabilities	(146)
Deferred Tax Assets, Net	¥ 16,495
(ii) Non-current:	
Deferred Tax Assets:	
Depreciation and Amortization	¥ 15,766
Loss on Impairment of Investments in Subsidiaries and Affiliates	12,169
Adjustment to Book Value of Investments in Subsidiaries	4,696
Warranty Reserves	410
Others	2,162
Sub-total of Deferred Tax Assets	35,203
Valuation Allowances	(16,883)
Total Deferred Tax Assets	18,320
Deferred Tax Liabilities:	
Net Unrealized Gain on Other Securities	(302,496)
Prepaid Pension and Severance Expenses	(2,670)
Reserve for Special Depreciation	(459)
Others	(41)
Total Deferred Tax Liabilities	(305,666)
Deferred Tax Liabilities, Net	¥(287,346)

(2) Changes to the Amount of Deferred Tax Assets and Liabilities in Accordance with the Revision of the Corporate Tax Rate

In accordance with the law “Partial Amendment of the Income Tax Act, etc.” (Law No.15 of 2016) and “Partial Amendment of the Local Tax Act, etc.”(Law No.13 of 2016) enacted on March 29, 2016 by the Diet of Japan, revised corporation tax rate will be imposed from the annual reporting periods commencing on and after April 1, 2016. As a result of such amendments, the effective Japanese statutory corporate tax rate of 32% previously applied for calculation of the amount of deferred tax assets and deferred tax liabilities has been reduced to 31% with respect to temporary differences to be realized during the annual reporting periods commencing on April 1, 2016, and 32% previously has been reduced to 30% with respect to temporary differences to be realized during the annual reporting periods commencing on and after April 1, 2017, respectively. As a result of such amendments, the net amount of deferred tax liabilities of Kyocera Corporation as of March 31, 2016 has decreased by ¥18,783 million. And the deferred portion of income tax expenses has increased by ¥1,383 million and the net unrealized gains on other securities has increased by ¥20,166 million.

6. Notes to Fixed Assets Used Under Finance Leases

Some fixed assets used under finance leases, consisting principally of manufacturing equipment and computers, are off balance sheet.

7. Notes Concerning Related Party Transactions

(Yen in millions)

Relationship	Name of Entity	Percentage of Voting rights held	Relationship with the Entity	Substance of Transactions	Amount of Transactions	Item	Outstanding Transaction amounts as of March 31, 2016
Subsidiary	Kyocera Display Corporation	100%	Extension of Loan Interlocking Officers	Extension of Loan	¥25,218	Long-term loans to subsidiaries	¥25,218

Note: Conditions of the loans have been reasonably determined, taking into account market interest rates, etc.

8. Notes to per Share Information

1. Net Assets per Share: ¥5,154.27
2. Earnings per Share: ¥ 201.82

9. Material Subsequent Events

Merger of Kyocera Circuit Solutions, Inc. and Kyocera Chemical Corporation

Kyocera Circuit Solutions, Inc. and Kyocera Chemical Corporation, both of which were wholly owned consolidated subsidiaries of Kyocera Corporation, were merged into Kyocera Corporation on April 1, 2016.

(1) Overview of Transactions

1 Scope of Business Transferred

Kyocera Circuit Solutions, Inc.
Development, manufacturing and sale of organic packages and multilayer printed wiring boards for semiconductor devices

Kyocera Chemical Corporation
Development, manufacturing and sale of materials for semiconductor and chemical materials

2 Date of Business Combinations

April 1, 2016

3 Legal Method of Business Combinations

In the mergers, Kyocera Corporation is a surviving company, and Kyocera Circuit Solutions, Inc. and Kyocera Chemical Corporation were dissolved.

4 Name of the Company after Business Combinations

Kyocera Corporation

5 Objective of Transactions

The purpose of the restructuring is to improve efficiency by integrating these businesses of the two companies with Kyocera Corporation, and to enhance the development of new products and markets, and to further expand these businesses through pursuit of synergistic effects.

(2) Content of Accounting Treatment

It was treated as a transaction under common control in accordance with the "Accounting Standard for Business Combination" (Accounting Standard Board of Japan Statement (ASBJ) No.21, September 13, 2013) and the "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, September 13, 2013).

Absorption – type corporate split regarding sales of photovoltaic power generation equipment from Kyocera Solar Corporation

The business unit engaged in the sale of photovoltaic power generation equipment was separated by means of a corporate split from Kyocera Solar Corporation, a wholly owned consolidated subsidiary of Kyocera Corporation, engaged in the sale of photovoltaic power generation equipment and contracting relating to photovoltaic power generation systems for the Japanese market, and such business unit was succeeded to by Kyocera Corporation.

(1) Overview of Transaction

1 Scope of Business Transferred

Sale of photovoltaic power generation equipment

2 Date of Business Combination

April 1, 2016

3 Legal Method of Business Combination

This was a "split-type corporate split", in which Kyocera Corporation is the succeeding company, and Kyocera Solar Corporation, an existing wholly-owned subsidiary of Kyocera Corporation, is the splitting company. Because Kyocera Solar Corporation is a wholly-owned subsidiary of Kyocera Corporation and the method of corporate split was a "split-type corporate split," no allocation of new shares was made in the corporate split.

4 Name of the Company after Business Combination

Kyocera Corporation

5 Objective of Transaction

The purpose of the restructuring is to improve efficiency by integrating the business unit engaged in the sale of photovoltaic power generation systems of Kyocera Solar Corporation with Kyocera Corporation, and to enhance the development of new markets, and to further expand these businesses through pursuit of synergistic effects.

(2) Content of Accounting Treatment

It was treated as a transaction under common control in accordance with the "Accounting Standard for Business Combination" (Accounting Standard Board of Japan Statement (ASBJ) No.21, September 13, 2013) and the "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, September 13, 2013).

Merger of Nihon Inter Electronics Corporation

Kyocera Corporation and Nihon Inter Electronics Corporation ("NIEC"; collectively, together with Kyocera Corporation, the "Companies") hereby give the following notice as they have passed a resolution at each of their respective board of directors' meetings held on May 16, 2016 to merge under an absorption-type merger in which Kyocera Corporation is the surviving company and NIEC is the merged company and entered into a Merger Agreement (the "Merger Agreement") by and between the Companies.

(1) Overview of Transaction

1 Scope of Business Transferred

Development, manufacturing and sale of power semiconductors and purchase and sale of electronic components of other brand

2 Schedule of the Merger

Date of resolutions of the board of directors for the Merger Agreement (Both Companies)	May 16, 2016
Execution date of the Merger Agreement (Both Companies)	May 16, 2016
Record date for the ordinary shareholders meeting (NIEC)	March 31, 2016
Date of resolution of the ordinary shareholders meeting (NIEC)	(scheduled on) June 16, 2016
Last transaction date (NIEC)	(scheduled on) July 26, 2016
Delisting date (NIEC)	(scheduled on) July 27, 2016
Scheduled date of the Merger (Effective Date)	(scheduled on) August 1, 2016

Note 1: Pursuant to Article 796, Paragraph 2 of the Companies Act, the Merger does not require approval from the General Shareholders Meeting of Kyocera Corporation (short form merger).

Note 2: The above schedule may be changed upon the consultation and agreement between the Companies when necessary to proceed with the Merger related procedures.

3 Legal Method of Business Combination

In the merger, Kyocera Corporation will be a surviving company, and NIEC will be dissolved.

4 Name of the Company after Business Combination

Kyocera Corporation

5 Objective of Transaction

NIEC engages in the manufacturing and distribution of power semiconductors with the discrete business, module business and product business being the three major businesses. Meanwhile, Kyocera Corporation determined that sharing its knowledge regarding various business domains from the components business to the finished product business operated by Kyocera Corporation and NIEC's knowledge regarding power semiconductors will enhance the company value of the Companies, and in September 2015, made NIEC its consolidated subsidiary. Since then, the Companies have been working on expanding their profits, such as by pursuing synergy effects. However, NIEC has been significantly affected by the deterioration of its business environment, such as the slowdown of the growth of the Chinese economy, which is an important market, tightening of regulations in the domestic amusement industry, and slowdown of the domestic automobile market, and on November 6, 2015, NIEC made a downward adjustment to its forecast for the consolidated performance of the full fiscal year ending March 31, 2016, and announced that there will be a deficit for such term.

In response to the sharp deterioration of the business environment surrounding NIEC after it became a consolidated subsidiary of Kyocera Corporation, Kyocera Corporation determined that it is necessary to strengthen the management platform of NIEC for NIEC's future business expansion and that radical measures such as utilizing Kyocera Corporation's overall management resources, such as Kyocera Corporation's personnel, technology and funds, are necessary in order to execute such plans. Thus, although at the time of making NIEC a consolidated subsidiary, Kyocera Corporation intended to keep NIEC listed for the time being, Kyocera Corporation concluded that the best solution for deploying Kyocera Corporation's personnel, technology and funds flexibly and swiftly will be a consolidation by a Merger, rather than operating NIEC as a consolidated subsidiary, and in December 2015, Kyocera Corporation requested NIEC to conduct the Merger.

(2) Content of Accounting Treatment

It will be treated as a transaction under common control in accordance with the "Accounting Standard for Business Combination"(Accounting Standard Board of Japan Statement (ASBJ)No.21, September 13, 2013) and the "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures"(ASBJ Guidance No.10, September 13, 2013).