

2014. For details of the stock split, please refer to “Capital Stock” in Item 10.B. “Memorandum and Articles of Association” of this annual report on Form 20-F on page 75.

The following table shows the exchange rates for Japanese yen per \$1.00 based upon the noon buying rate in New York City for cash transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York:

For the years ended March 31,	High	Low	Average	Period-end
2014	105.25	92.96	100.15	102.98
2015	121.50	101.26	109.75	119.96
2016	125.58	111.30	120.04	112.42
2017	118.32	100.07	108.25	111.41
2018	114.25	104.83	110.80	106.20
For most recent six months				
December 2017	113.62	111.88	112.94	112.69
January 2018	113.18	108.38	110.87	109.31
February 2018	110.40	106.10	107.97	106.62
March 2018	106.91	104.83	106.05	106.20
April 2018	109.33	105.99	107.66	109.28
May 2018	111.08	108.62	109.69	108.73

The noon buying rate for Japanese yen on June 15, 2018 was \$1.00 =110.58

B. Capitalization and Indebtedness

Not Applicable.

C. Reasons for the Offer and Use of Proceeds

Not Applicable.

D. Risk Factors

You should carefully read the risks described below before making an investment decision.

Risks Related to Kyocera’s Business

(1) Changes in the Japanese and global economy may significantly reduce demand for Kyocera’s products

Kyocera conducts business not only in Japan but also around the world and provides products and services for a variety of markets such as the digital consumer equipment, industrial machinery, automotive and environmental and energy-related markets. In fiscal 2019, the Japanese economy is expected to maintain moderate growth. For overseas, the U.S. economy is expected to continue expanding firmly, and European economy is projected to continue recovering. The Chinese economy is likely to broadly follow a stable growth path, although its growth rate is expected to decelerate. In the event that the economies of respective countries around the world deteriorate beyond expectations, a reduction in private capital investment and a decline in personal consumption may affect production activities in Kyocera’s key markets. This may in turn lead to a decline in Kyocera’s business environment, consolidated results of operations, financial condition and cash flows.

(2) A substantial portion of Kyocera’s business activity is conducted outside Japan, exposing Kyocera to the risks of international operations

A substantial amount of Kyocera’s investment has been targeted towards expanding manufacturing and sales channels located outside Japan, such as in the United States, Europe and Asia, which includes China and

Vietnam. Kyocera faces a variety of potential risks in international activities. Kyocera may encounter unexpected legal or regulatory changes due to unfavorable political or economic factors such as control on trade, restriction on investment, restriction on repatriation and transfer pricing issue. Kyocera may also have difficulties in human resources and managing operations at its international locations. As developing and emerging markets such as Brazil, Russia, India and China, become considerably more important, Kyocera may become even more susceptible to these risks.

(3) Since a significant percentage of Kyocera's revenues have been derived from foreign sales in recent years, various export risks may disproportionately affect its revenues

Kyocera's sales to customers located outside Japan accounted for approximately 60% of its total revenues in fiscal 2018. Kyocera believes that overseas sales will continue to account for a significant percentage of its revenues. Therefore, the following export risks may disproportionately affect Kyocera's revenues:

- a strong yen may make Kyocera's products less attractive to foreign purchasers;
- political and economic instability, significant economic downturns or economic sanctions may inhibit exports of Kyocera's products;
- tariffs and other barriers may make Kyocera's products less cost competitive; and
- the laws of certain foreign countries may not adequately protect Kyocera's trade secrets and intellectual property.

(4) Currency exchange rate fluctuations could adversely affect Kyocera's financial results

Kyocera conducts business in countries outside Japan, which exposes it to fluctuations in foreign currency exchange rates. Kyocera may enter into mainly short-term forward contract transaction to hedge this risk. Nevertheless, fluctuations in foreign currency exchange rates could have an adverse effect on its business. Fluctuations in foreign currency exchange rates may affect Kyocera's consolidated results of operations, financial condition, cash flows, the value of its foreign assets and production costs, which in turn may adversely affect reported earnings and the comparability of period-to-period results of operations. Changes in currency exchange rates may affect the relative prices at which Kyocera and foreign competitors sell products in the same market. In addition, changes in the value of the relevant currencies may affect the cost of imported items required in its operations.

(5) Kyocera sells a diverse variety of products, and in each of its businesses Kyocera is subject to intense competitive pressures, including in terms of price, technological change, product development, quality and speed of delivery, and these pressures are likely to increase in the near term

Kyocera sells a wide variety of products and, therefore, faces a broad range of competitors from large international companies to relatively small, rapidly growing and highly specialized companies. Kyocera's competitive landscape is subject to continuous change, and new and significant competitors may emerge, including competitors based in emerging markets such as China that may have competitive advantages in terms of cost structure or other factors. Kyocera has a variety of businesses in different industries while many of its competitors specialize in one or a few of these business areas. As a result, Kyocera may not fund or invest in certain of its businesses to the same degree as its competitors, or these competitors may have greater financial, technical, and marketing resources available to them than the portion of its business against which they compete. While some of the factors that drive competition vary by product area, price and speed of delivery are primary factors that impact in all areas of Kyocera's business. Price pressure has been intense, and thus Kyocera predicts that its selling prices will continue to be lower than in fiscal 2018 depending partly on the demand and competition situation. In businesses in which Kyocera develops, produces and distributes specialized parts for its customers' products, its competitive position depends significantly on being involved early in the process of creating a new product that fits its customers' needs for each business. To maintain these competitive advantages,

it is critical to maintain close ties with customers so that Kyocera can ensure that it is able to meet required specifications and be the first supplier to create and deliver the product. Kyocera's gross margins may be reduced if the business environment changes in a way that Kyocera cannot maintain these important relationships with customers or its market share or if it is forced in the future to further reduce prices in response to the actions of its competitors.

(6) Fluctuations in the price and ability of suppliers to provide the required quantity of raw materials for use in Kyocera's production activities

Raw materials used in the production activities of Kyocera's respective businesses are constantly subject to price fluctuations, and as such, rising raw material prices may lead to an increase in production costs. Kyocera cannot guarantee that it will be able to maintain an appropriate differential between customer prices and Kyocera's raw material and production costs at all times, which could lead to reduced profitability. Based on an approach that evaluates the lower of cost and net realizable value (the estimated selling price in the ordinary course of business less any estimated costs of completion and estimated variable selling expenses), Kyocera recognizes a write-down when the net realizable value of the raw material is estimated to be less than its carrying amount, and further loss may be required in the future.

Kyocera is dependent on specific suppliers for procuring certain raw materials used in Kyocera's production cycle and any excess demand on those suppliers may cause delays and disruptions in the production cycle. If a substantial interruption should occur in the supply of such raw materials, Kyocera may not be able to obtain other sources of supply in a timely fashion or at a reasonable price. An increase in the price or an interruption in the supply of such raw materials may cause reduced demand for Kyocera's products.

In order to attempt to ensure stable procurement and prices for certain raw materials, Kyocera on occasion enters into long-term purchase agreements with the aim of reducing the risk associated with the procurement of such raw materials. However, considerable changes in the business environment and other factors may cause the contract price under a purchase agreement to significantly exceed the market price, or may cause the amount of such raw materials that Kyocera consumes to significantly fall short of the amount based on the sales demand projections made at the time Kyocera entered into, which are thus underlying, the agreement. Such developments may adversely affect Kyocera's production costs and profitability. In addition, Kyocera evaluates the future material purchase commitments under long-term purchase agreements at the lower of cost and net realizable value, and when the net realizable value of the material is less than the purchase prices under the agreements, Kyocera recognizes a write-down in an amount equivalent to the difference between net realizable value and purchase price.

For fiscal 2018, Kyocera recognized a write-down relating to long-term purchase agreements for procurement of polysilicon material used in its solar energy business. For detailed information regarding to this write-down, please refer to Note 5 to Kyocera's consolidated financial statements included in this annual report on Form 20-F.

(7) Manufacturing delays or defects resulting from outsourcing or internal manufacturing processes can adversely affect Kyocera's production yields and operating results

Kyocera ordinarily outsources the fabrication of certain components and sub-assemblies of its products, often to sole source suppliers or a limited number of suppliers. Several suppliers have manufacturing processes, which are very complex and require a long lead-time. Kyocera may be affected by occasional delays in obtaining components and sub-assemblies. Kyocera's production of certain products will also be materially and adversely affected if Kyocera is unable to obtain high quality, reliable and timely supply of these components and sub-assemblies. In addition, any reduction in the precision of these components will cause delays and interruptions in Kyocera's production cycle.

Within Kyocera's manufacturing facilities, minute impurities, difficulties in the production process or other factors can cause a substantial percentage of its products to be rejected or be non-functional. These factors can result in lower than expected production yields, which delay product shipments and may materially and adversely affect Kyocera's operating results. Moreover, in certain operations of which fixed cost ratio is high, decreases in production volume or capacity utilization may adversely affect Kyocera's results of operation, financial condition and cash flows.

(8) Shortages and rising costs of electricity may adversely affect Kyocera's production and sales activities

As many nuclear power plant operations in Japan currently has ceased and remains at rest due to the damage and equipment failure of the nuclear power plant caused by the Great East Japan Earthquake in March 2011, Japan may have shortages and rising costs of electricity. Kyocera secures electric power supplies for emergency for equipment and centers, however, Kyocera's production activity may become diminished if massive blackouts occur and electricity shortages continue in the areas in which Kyocera has facilities. Shortages of electricity in the areas in which Kyocera's suppliers and customers have main operations may also interrupt Kyocera's procurement and sales activities. In addition, significant rising costs of electricity may adversely affect Kyocera's results of operations, financial condition and cash flows.

(9) Future initiatives and in-process research and development may not produce the desired results

Kyocera intends to expand its product lines and development capacity to satisfy increasing demand and customer requirement in its target markets. Unexpected technical delays in completing these initiatives or changes to Kyocera's customers' policies could lengthen development schedules and result in lower revenues based on the products or technologies developed from these initiatives. There can be no assurance that the products derived from Kyocera's in-process research and development activities will achieve desired results and market acceptance.

(10) Companies or assets acquired by Kyocera and collaborations, partnerships and alliances etc., with outside organizations may require more costs than expected for integration, and may not produce returns or benefits, or bring in anticipated business opportunities

In the course of developing its business, from time to time Kyocera considers opportunities to acquire, and undertakes the acquisition of companies or assets through mergers and acquisitions. There can be no assurance that Kyocera will be able to integrate the operations, products and personnel of the acquired companies with its own in an efficient manner. Nor can there be any assurance that Kyocera will be able to achieve operational and financial returns or benefits, or bring in new business opportunities, which it expects from the acquisition. An acquired company may not be able to manufacture products or offer services in the amounts or at the efficiency levels that Kyocera plans, and the demand for such products or services may not be at the levels that Kyocera anticipates. Failure to make the most of acquisitions and meet Kyocera's expectations could have a material adverse effect on Kyocera's business. In addition, Kyocera faces similar risks in connection with its collaborations, partnerships and alliances etc., with outside organizations such as firms, academic institutions and governmental organizations.

(11) Industry demand for skilled employees, particularly engineering and technical personnel, exceeds the number of personnel available and we may not be able to attract and retain key personnel

Kyocera's future success depends, in part, on its ability to attract and retain certain key personnel, including engineering, operational and management personnel. Kyocera anticipates that it will need to hire additional skilled personnel in all areas of its business. Because of recent intense competition for these skilled employees, Kyocera may be unable to retain its existing personnel or attract additional qualified employees in the future.

(12) Risk related to information security

Kyocera holds important information in the ordinary course of business including personal and confidential information obtained from our customers. However, security measures we implement for our networks, IT assets and other information technology systems are susceptible to damage, disruptions, or shutdowns due to failures during the process of upgrading or replacing software, databases or components thereof, power outages, hardware failures, data corruption, computer viruses, cyberattacks by computer hackers, network security breaches, telecommunication failures, user errors, or catastrophic events. If our information technology systems suffer severe damage, disruption, shutdown or other issues, there is a risk of information leakage. If such situation occurs, Kyocera could incur additional costs in connection with remediating such issues and with compensating adversely affected parties as well as reputational damages, each of which in turn may adversely affect Kyocera's results of operations, financial condition and cash flows. Furthermore, we may incur additional costs in connection with maintaining adequate information security to prevent unauthorized access to our systems in light of continuous technological advances, and such costs could also adversely affect our financial condition and operations.

Risks Related to Legal Restrictions and Litigations

(13) Insufficient protection of Kyocera's trade secrets and patents could have a significant adverse impact on its competitive position

Kyocera's success and competitive position depend on protecting its trade secrets and other intellectual property. Kyocera's strategy is to rely both on trade secrets and patents to protect its manufacturing and sales processes and products, but reliance on trade secrets is only an effective business practice insofar as trade secrets remain undisclosed and a proprietary product or process is not reverse engineered or independently developed. Kyocera takes certain measures to protect its trade secrets, including executing nondisclosure agreements with certain of its employees, joint venture partners, customers and suppliers. If parties breach these agreements or the measures Kyocera takes are not properly implemented, Kyocera may not have an adequate remedy. Disclosure of its trade secrets or reverse engineering of its proprietary products, processes or devices could materially affect Kyocera's business, consolidated results of operations, financial condition and cash flows.

Kyocera is actively pursuing patents on some of its inventions, but these patents may not be issued. Even if these patents are issued, they may be challenged, invalidated or circumvented. In addition, the laws of certain other countries may not protect Kyocera's intellectual property to the same extent as Japanese laws.

(14) Kyocera may require licenses to continue to manufacture and sell certain of its products, the expense of which may adversely affect its results of operations

From time to time Kyocera has received, and may receive in the future, notice of claims of infringement of other parties' proprietary rights and licensing offers to commercialize third party's patent rights. Accordingly, Kyocera cannot assure that:

- infringement claims (or claims for indemnification resulting from infringement claims) will not be asserted against Kyocera,
- future assertions against Kyocera will not result in an injunction against the sale of infringing or allegedly infringing products or otherwise significantly impair its business and results of operations; or
- Kyocera will not be required to obtain licenses, the expense of which may adversely affect its results of operations.

(15) Changes in our environmental liability and compliance obligations may adversely impact our operations

Kyocera is subject to various environmental laws and regulations in Japan and the other countries, which are related to greenhouse gas mitigation, air emissions, soil contamination, wastewater discharges, the handling,

disposal and remediation of hazardous substances, wastes and certain chemicals, product recycling, health, safety and property preservations of employees and community residents, labeling or other notifications with respect to the content or other aspects of our processes, products or packaging, restrictions on the use of certain materials in or on design aspects of our products or product packaging, and responsibility for disposal of products or product packaging. As well as our current operations, these laws and regulations can be applied to our past operations and may be applicable to the past operations of businesses acquired from other companies even if such operations occurred before our acquisitions. In addition, these laws and regulations, which are applied to Kyocera can be more stringent or the scope of the laws and regulations can be broadened in the future due to factors including global climate change. With respect to greenhouse gas mitigation in particular, international emissions trading regime may be created based on the result of the intergovernmental dialogue on global climate change. Kyocera establishes reserves for specifically identified potential environmental liabilities when such liabilities are probable and can be reasonably estimated. In case we fail to comply with such laws and regulations, we could be required by the relevant governmental organizations to pay penalty costs or remediation compensation. Furthermore, we may make voluntary payments to compensate for environmental problems if we deem such compensation to be necessary. The cost obligations noted above may adversely affect Kyocera's results of operations, financial condition and cash flows.

(16) Kyocera is subject to various other laws and regulations

Kyocera may unintentionally come into conflict with laws and regulations and face legal proceedings, including litigation and regulatory actions, although Kyocera believes that it is substantially in compliance with applicable laws and regulations in the countries and areas in which Kyocera operates. If laws and regulations are unexpectedly changed or introduced, Kyocera's business operations may be limited and continuance may become difficult. If Kyocera faces enormous legal costs related to litigation and regulatory actions, Kyocera's business operations may become significantly limited and Kyocera's results of operations, financial condition and cash flows may be negatively affected.

Risks Related to Disasters or Unpredictable Events

(17) Kyocera's markets or supply chains may be adversely affected by terrorism, outbreaks of disease, wars or similar events

Kyocera, as a global company, has been expanding its business worldwide. At the same time, we are increasingly exposed to risks from terrorism, outbreaks of disease, war and other similar events. In the case that those events occur, Kyocera's operating activities would be suspended. Furthermore, there would be delay, disorder or suspension in Kyocera's R&D, manufacturing, sales and services. If such delay or disruption occurs and continues for a long period of time, Kyocera's business, consolidated results of operations, financial condition and cash flows may be adversely affected.

(18) Kyocera's headquarters and major facilities as well as its suppliers and customers may suffer the devastating effects of earthquakes and other disasters

Kyocera's headquarters and major facilities including plants, sales offices and R&D centers are located not only in Japan but also all over the world. It might be inevitable that Kyocera would suffer from natural disasters such as earthquakes, typhoons, tsunamis, heavy rains, floods, heavy snow or other disasters, as well as manmade disasters such as a major industrial accident affecting one of our facilities. For instance, if a strong earthquake devastated Kyocera's employees, R&D or manufacturing facilities, Kyocera's operating activities would be suspended and manufacturing and shipment would be delayed. Kyocera may also incur a great amount of expenses, such as repair expenses for the damaged machines or facilities. In addition, if the social and economic infrastructure suffers from adverse damages, traffic disturbance and electric power outages could occur and they may affect Kyocera's supply chains or manufacturing operations. Furthermore, Kyocera may be unable to obtain raw materials if our suppliers sustain damage and Kyocera may also face difficulties shipping its products if its

customers sustain damage. Those damages set forth above, as well as any resulting general economic slowdown and lower consumption levels, may have a material adverse effect on Kyocera's consolidated results of operations, financial condition and cash flows.

Risks Related to Financial and Accounting

(19) Kyocera may be exposed to credit risk on trade receivables due to its customers' worsening financial condition

Kyocera maintains allowances for doubtful accounts related to trade receivables for estimated losses resulting from customers' inability to make timely payments. However, trade receivables in the ordinary operating activity are not covered by collateral or credit insurance. Therefore, if customers with whom Kyocera has substantial accounts receivable face difficulty in making payments due to economic downturn and if Kyocera is forced to write off those receivables, Kyocera's consolidated results of operations, financial condition and cash flows may be adversely affected.

(20) Kyocera may have to incur impairment losses on its investments in equity securities

Kyocera holds investments in equity securities of companies not affiliated with us, which we generally hold on a long-term position for business relationship purposes. If there are certain declines in the fair value, that is, the market price, of the shares of these companies, and we determine that such declines are other-than-temporary, Kyocera will need to record an impairment loss. A substantial portion of Kyocera's investments in equity securities consists of an investment in shares of KDDI Corporation, a Japanese telecommunication service provider. Kyocera Corporation's equity interest in KDDI Corporation was 12.95% as of March 31, 2018. Kyocera Corporation's investment in shares of KDDI Corporation accounts for approximately 30% of Kyocera's total assets. Accordingly, fluctuations in the market value of the shares of KDDI Corporation may materially affect Kyocera's financial condition. From the perspective of enhancing the corporate value of Kyocera on a mid- to long-term basis, Kyocera intends to keep its ownership of some of the equity securities as strategic investments including KDDI shares in light of attaining growth of business through strengthening, maintaining and developing trade relationship and securing profits from shareholding and consideration for the social significance of Kyocera. For equity securities including strategic investments in its portfolio, with periodical checks for the economic rationality, Kyocera may dispose of some securities, which lack merit for Kyocera, although market conditions may not permit us to do so at the time, speed or price we may wish.

(21) Kyocera may have to incur impairment losses on long-lived assets, goodwill and intangible assets

Kyocera has many long-lived assets, goodwill and intangible assets. Long-lived assets and intangible assets with definite useful lives are tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. 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.

In case the above assets are considered to be impaired, a loss on impairment is recognized based on the amount by which the carrying value exceeds the fair value of these assets. Such losses on impairment may materially affect Kyocera's consolidated results of operations and financial condition.

(22) Deferred tax assets may not be realized or additional liabilities for unrecognized tax benefits may be required.

Kyocera records valuation allowances against deferred tax assets based on the estimated future taxable income and feasible tax planning strategies to adjust their carrying amounts when we believe it is more likely than not that the assets will not be realized. If future taxable income is lower than expected due to future market conditions or poor operating results, significant adjustments to deferred tax assets may be required.

Kyocera records liabilities for unrecognized tax benefits based on the premise of being subject to income tax examination by tax authorities, when it is more likely than not that tax benefits associated with tax positions will not be sustained. Actual results, such as settlements with tax authorities, may differ from Kyocera's recognition.

(23) Changes in accounting standards may adversely impact our results of operations and financial condition.

Adoptions of new accounting standards, or changes in accounting standards may have an effect on Kyocera's consolidated results of operations and financial condition. In addition, if Kyocera modifies its accounting software or information systems to introduce changes in accounting standards, certain investments or expenses may be required.

Other Risks

(24) As a holder of ADSs, you will have fewer rights than a shareholder has and you will have to act through the depositary to exercise those rights

The rights of shareholders under Japanese law to take various actions, including voting their shares, receiving dividends and distributions, bringing derivative actions, examining a company's accounting books and records and exercising appraisal rights, are available only to holders of record. Because the depositary, through its custodian agents, is the record holder of the shares underlying the ADSs, only the depositary can exercise those rights in connection with the deposited shares. The depositary will make efforts to vote the shares underlying your ADSs as instructed by you and will pay to you the dividends and distributions collected from us. However, in your capacity as an ADS holder, you will not be able to bring a derivative action, examine our accounting books and records or exercise appraisal rights through the depositary.

(25) Rights of shareholders under Japanese law may be more limited than under the law of other jurisdictions

Our Articles of Incorporation, Regulations of the Board of Directors, Regulations of the Audit & Supervisory Board and the Companies Act of Japan govern our corporate affairs. Legal principles relating to such matters as the validity of corporate procedures, directors' and officers' fiduciary duties and shareholders' rights may be different from those that would apply if we were a U.S. company. Shareholders' rights under Japanese law may not be as extensive as shareholders' rights under the laws of the United States. You may have more difficulty in asserting your rights as a shareholder than you would as a shareholder of a U.S. corporation. In addition, Japanese courts may not be willing to enforce liabilities against us in actions brought in Japan, which are based upon the securities laws of the United States or any U.S. state.

(26) We have voluntarily delisted our ADSs from the New York Stock Exchange and have filed for deregistration and termination of our ongoing reporting obligations under the U.S. Securities Exchange Act of 1934

On February 26, 2018, we announced that our Board of Directors had resolved to apply for voluntary delisting of our ADSs from the New York Stock Exchange. In connection with the delisting, we filed a Form 25 on June 15, 2018 with the Securities and Exchange Commission for such voluntary delisting and the related deregistration with the Securities and Exchange Commission. In addition, on June 26, 2018, we filed a Form 15F with the Securities and Exchange Commission to terminate our ongoing reporting obligations under the U.S. Securities Exchange Act of 1934.

While we are thus no longer subject to ongoing reporting obligations under the U.S. Securities Exchange Act of 1934, we have been making and will continue to make periodic filings thereunder on a voluntary basis, including this annual report. We plan to discontinue such voluntary filings after September 24, 2018, which is 90 days from the time of our filing of Form 15F.

Although our ADSs have been delisted from the New York Stock Exchange, we intend to maintain our ADR program in the United States and therefore anticipate that our ADSs will continue to be traded in the United States on the over-the-counter market. The market for our ADSs may be significantly less liquid as a result of our delisting of our ADSs from the New York Stock Exchange.

Furthermore, while we currently prepare and disclose our financial statements in accordance with U.S. GAAP, we have resolved to prepare and disclose our financial statements in accordance with IFRS beginning with the three months ending June 30, 2018. As a result, there may be significant differences in the presentation of financial data in our income statements and balance sheets as well as in the notes to our financial statements prepared under IFRS as compared to those prepared under U.S. GAAP.

(27) Because of daily price range limitations under Japanese stock exchange rules, you may not be able to sell your shares of our Common Stock at a particular price on any particular trading day, or at all

Stock prices on Japanese stock exchanges are determined on a real-time basis by the equilibrium between bids and offers. These exchanges are order-driven markets without specialists or market makers to guide price formation. To prevent excessive volatility, these exchanges set daily upward and downward price fluctuation limits for each stock, based on the previous day's closing price. Although transactions may continue at the upward or downward limit price if the limit price is reached on a particular trading day, no transactions may take place outside these limits. Consequently, an investor wishing to sell at a price above or below the relevant daily limit may not be able to sell his or her shares at such price on a particular trading day, or at all.

(28) Our shareholders of record on a record date may not receive the dividend they anticipate

The customary dividend payout practice of publicly listed companies in Japan may significantly differ from the practice widely followed in foreign markets. Our dividend payout practice is no exception. The declaration and payment of year-end dividends requires the approval of shareholders of our common stock at the annual general meeting of shareholders held in June of each year. Our board of directors decides and submits a proposal for a year-end dividend declaration a few weeks before the annual general meeting. If the shareholders' approval is given, the year-end dividend payment is made to shareholders of record as of the record date for such payment, which is March 31, whether or not the shareholders are still holding shares after such record date. The declaration and payment of interim dividends is decided by our board of directors and does not require the approval of shareholders. The interim dividend payment is made to shareholders of record as of the record date for such payment, which is September 30, whether or not the shareholders are still holding shares after such record date. Shareholders of record as of the applicable record date may sell shares in the market after the record date with the anticipation of receiving a certain dividend payment. However, the date of declaration of interim dividends is decided by our board, and the declaration of year-end dividends is approved by our shareholders only in June, based upon a proposal submitted by our board. As such, we may have announced a dividend forecast before the applicable record date; but, in making a decision on the dividend declaration, neither our shareholders nor our board of directors are legally bound by such forecast. Therefore, our shareholders of record on the record dates for interim or year-end dividends may not receive the dividend they anticipate.

(29) Foreign exchange fluctuations may affect the dollar value of our ADSs and dividends payable to holders of our ADSs

Market prices for our ADSs may fall if the value of the yen declines against the U.S. dollar. In addition, the U.S. dollar amount of cash dividends and other cash payments made to holders of our ADSs would be reduced if the value of the yen declines against the U.S. dollar.