Securities Code 6971

THE NEW VALUE FRONTIER

KYOCERA

Internet Disclosure Items for Notice of the 61st Ordinary General Meeting of Shareholders

Notes to Consolidated Financial Statements
Notes to Financial Statements
(April 1, 2014 to March 31, 2015)

KYOCERA Corporation

Of the Accompanying Documents for the Notice of the 61st 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 61st 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: 214

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: 11

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

(3) Changes in Scope of Consolidation

Number of Increase: 10

Number of Decrease: 13

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

Number of Increase: 1

Number of Decrease: 2

(5) Summary of Significant Accounting Policies

(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 120-2 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 the second sentence of the same paragraph.

(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. 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. In addition, when Kyocera determines it is unable to collect receivables, Kyocera directly writes off these receivables to expenses in the period incurred.

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, 2014, Kyocera adopted Accounting Standards Update (ASU) No. 2013-04, "Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date." This accounting standard requires an entity to measure obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date, as the sum of the following: (a) The amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors (b) Any additional amount the reporting entity expects to pay on behalf of its co-obligors. The accounting standard also requires an entity to disclose the nature and amount of the obligation as well as other information about those obligations. The adoption of this accounting standard did not have a material impact on Kyocera's consolidated results of operations and financial condition.

On April 1, 2014, Kyocera adopted ASU No. 2013-05, "Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity." This accounting standard resolves the diversity in practice about whether Accounting Standards Codification (ASC) 810-10, "Consolidation – Overall," or ASC 830-30, "Foreign Currency Matters – Translation of Financial Statements," applies to the release of the cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business within a foreign entity. In addition, this accounting standard resolves the diversity in practice for the treatment of business combinations achieved in stages involving a foreign entity. The adoption of this accounting standard did not have a material impact on Kyocera's consolidated results of operations and financial condition.

On April 1, 2014, Kyocera adopted ASU No. 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists." This accounting standard requires an entity to present an unrecognized tax benefit, or a portion of an unrecognized tax benefit as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward 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.

2. Notes to Consolidated Balance Sheets

	(Yen in millions)
(1) Allowances for Doubtful Accounts Related to Assets	
Other Current Assets	¥ 232
Other Long-Term Investments	76
Other Assets	2,028
(2) Accumulated Other Comprehensive Income	
Net Unrealized Gains on Securities	¥467,841
Net Unrealized (Losses) on Derivative Financial Instruments	(372)
Pension Adjustments	(28,452)
Foreign Currency Translation Adjustments	30,656
(3) Assets Pledged as Collateral	
Property, Plant and Equipment	¥ 1,489
Other Long-Term Investments	1,708

*1 Property, Plant and Equipment is pledged against "Current Portion of Long-term Debts" and "Long-term Debts" in a total amount of ¥ 476 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 ¥ 20,870 million.

(4) Guarantee Obligations	
Guarantee for Debts	¥ 430

3. Notes to Consolidated Statement of Equity

(1) Total Number of Shares Issued

	(Shares in thousands)			
Class of Shares	March 31, 2014	Increase	Decrease	March 31, 2015
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 26, 2014	Common Stock	¥14,675 million	¥40	March 31, 2014	June 27, 2014
The Board of Directors Meeting held on October 30, 2014	Common Stock	¥14,674 million	¥40	September 30, 2014	December 5, 2014

(ii) Dividends for which the Record Date Falls in the Year ended March 31, 2015 with an Effective Date in the Year Ended March 31, 2016

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, 2015	Common Stock	Retained Earnings	¥22,012 million	¥60	March 31, 2015	June 25, 2015

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, 2015, the fair value of the shares of KDDI Corporation of which Kyocera owns was ¥934,781 million.

(2) Fair Value of Financial Instruments

The fair values of financial instruments as of March 31, 2015 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	¥ 95,237	¥ 95,281	¥ 44
Long-term Investments in Debt and Equity Securities	1,051,638	1,051,547	(91)
Other Long-term Investments (excluding Investment in and Advances to Affiliates and Unconsolidated Subsidiaries)	16,263	16,263	—
Total	¥ 1,163,138	¥ 1,163,091	¥ (47)
Liabilities (b)			
Long-term Debt (including due within one Year)	¥ 27,322	¥ 27,322	—
Total	¥ 27,322	¥ 27,322	—
Derivatives (c) (Note)			
Derivatives Designated as Hedging Instruments	¥ 27	¥ 27	—
Derivatives Not Designated as Hedging Instruments	1,098	1,098	—
Total	¥ 1,125	¥ 1,125	—

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, 2015 was ¥13,651 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 receivables, trade accounts receivables, 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		¥6,038.57
(2) Earnings per Share Attributable to Shareholders of Kyocera Corporation	Basic	¥ 315.85
	Diluted	¥ 315.85

6. Other Notes

(1) Impairment loss of goodwill

Kyocera recognized an impairment loss on goodwill in the amount of ¥18,456 million in the Telecommunications Equipment Group ("Reporting Unit"), which was included in selling, general and administrative expenses in the consolidated statement of income for fiscal 2015. The loss was recorded due to a decline in the fair value of the Reporting Unit determined based on its updated future estimated cash flows, reflecting the slow improvement of profitability in the overseas market, especially in the U.S. market, as well as the operating loss before the impairment loss recorded in fiscal 2015 in the midst of the market condition with low profitability. The fair value of the Reporting Unit was determined using the discounted cash flows method (income approach) and the comparable company valuation multiples technique (market approach).

(2) Impact from the revision of the corporate tax rate

In accordance with the law "Partial Amendment of the Income Tax Act, etc." (Law No.9 of 2015) in Japan on March 31, 2015, revised corporation tax rate will be imposed from the annual reporting periods commencing on and after April 1, 2015. As a result of such amendments, the effective Japanese statutory corporate tax rate of 36% previously applied for calculation of the amount of deferred tax assets and deferred tax liabilities has been reduced to 33% with respect to temporary differences to be realized during the annual reporting periods commencing on April 1, 2015, and 32% with respect to temporary differences to be realized during the annual reporting periods commencing on and after April 1, 2016. Kyocera recognized reversal income taxes in the amount of ¥31,703 million due to revaluation of deferred tax assets and liabilities in line with the revision of the corporate tax rate.

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 based on, in the case of some patents, the depreciation period set by Kyocera Corporation, and, in the case of software for its own use, the useful life thereof in Kyocera Corporation (2 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: ¥20,870 million

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

(2) Accumulated Depreciation of Tangible Fixed Assets: ¥451,809 million

(3) Guarantee Obligations

Principal Debtor	Amount Guaranteed	Subject of Guarantee
Kyoto Broadcasting System Company Limited	¥ 20 million	Loan from financial institutions
Total	¥ 20 million	

Keep-well Letters and Guidance for Management:

Keep–well Letter Requested Party	Amount Covered	Subject of Keep-well Letter
Kyocera Realty Development Co., Ltd.	¥391 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	¥791 million	

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

Current Receivables:	¥161,287 million
Long-term Receivables:	21,927 million
Current Payables:	66,182 million
Long-term Payables:	25 million

3. Notes to Statements of Income:

Transactions with Affiliates:

Operational Transactions:	
Net Sales	¥341,252 million
Purchases	102,647 million
Selling, General and Administrative Expenses	4,006 million
Non Operational Transactions:	38,426 million

4. Notes to Statement of Changes in Net Assets

Number and Class of Treasury Shares as of March 31, 2015

Common Stock	10,757 thousand shares

5. Notes to Accounting for Effects of Income Taxes

(1) The main components of the deferred tax assets and deferred tax liabilities are as follows:

	(Yen in millions)
(i) Current:	
Deferred Tax Assets:	
Accrued Bonuses	¥ 4,614
Write-down of Inventories	5,693
Other Payables and Accrued Expenses	3,312
Temporary and Prepaid Payment	1,452
Warranty Reserves	424
Others	1,636
Total Deferred Tax Assets	17,131
Deferred Tax Liabilities:	
Reserve for Special Depreciation	(215)
Tax–qualified Negative Goodwill	(4)
Total Deferred Tax Liabilities	(219)
Deferred Tax Assets, Net	¥ 16,912
(ii) Non-current:	
Deferred Tax Assets:	
Depreciation and Amortization	¥ 16,642
Losses on Impairment of Investment in Securities	5,239
Adjustment to Book Value of Investments in Subsidiaries	5,002
Warranty Reserves	514
Others	2,116
Sub-total of Deferred Tax Assets	29,513
Valuation Allowances	(10,259)
Total Deferred Tax Assets	19,254
Deferred Tax Liabilities:	
Net Unrealized Gain on Other Securities	(301,109)
Prepaid Pension and Severance Expenses	(2,128)
Reserve for Special Depreciation	(541)
Others	(47)
Total Deferred Tax Liabilities	(303,825)
Deferred Tax Liabilities, Net	¥(284,571)

(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.9 of 2015) in Japan on March 31, 2015, revised corporation tax rate will be imposed from the annual reporting periods commencing on and after April 1, 2015. As a result of such amendments, the effective Japanese statutory corporate tax rate of 36% previously applied for calculation of the amount of deferred tax assets and deferred tax liabilities has been reduced to 33% with respect to temporary differences to be realized during the annual reporting periods commencing on April 1, 2015, and 32% with respect to temporary differences to be realized during the annual reporting periods commencing on and after April 1, 2016. As a result of such amendments, the net amount of deferred tax liabilities of Kyocera Corporation as of March 31, 2015 has decreased by ¥34,120 million. And the deferred portion of income tax expenses has increased by ¥3,519 million and the net unrealized gains on other securities has increased by ¥37,639 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 to per Share Information

(1) Net Assets per Share:	¥4,882.65
(2) Earnings per Share:	¥ 184.49