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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
2006	120.93	104.41	113.15	117.48
2007	121.81	110.07	116.92	117.56
2008	124.09	96.88	114.31	99.85
2009	110.48	87.80	100.62	99.15
2010	100.71	86.12	92.93	93.40

For most recent six months

December 2009	93.08	86.62	89.95	93.08
January 2010	93.31	89.41	91.10	90.38
February 2010	91.94	88.84	90.14	88.84
March 2010	93.40	88.43	90.72	93.40
April 2010	94.51	92.03	93.45	94.24
May 2010	94.68	89.89	91.97	90.81

The noon buying rate for Japanese yen on June 25, 2010 was \$1.00 = 89.35

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.

Risk Related to Kyocera's Business

(1) The continuing recession in the Japanese and global economy may significantly reduce demand for Kyocera's products

During fiscal 2010, the global economy showed signs of recovery due to the effects of economic policy and fiscal measures in various countries, which included packages to stimulate personal consumption. Despite signs of expansion in corporate production activities along with a recovery in exports, particularly to Asia, and moderate improvement in personal consumption, the Japanese economy did not show full-scale recovery due to continued stagnation in capital investment and the employment environment. Kyocera assumes that the uncertain economic condition may be prolonged and has concerns regarding the impact of a further recession in the Japanese and global economy. If the further recession in the global economy has further negative impacts on corporate investment or consumer spending in the markets for semiconductors, mobile phone handsets and personal computer related equipment in the electronics industry, and on solar energy products, on which Kyocera is substantially dependent for its growth, there can be no assurance that Kyocera's business, consolidated results of operations and financial position will not continue to be affected.

(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 the developing and emerging markets in China. 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. As the developing and emerging markets of Asia, which includes China, becomes considerably important, Kyocera may become even more susceptible to these risks.

(3) Since a significant percentage of Kyocera's revenues has 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 2010. 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 or significant economic downturns may inhibit export of Kyocera's products;
- Kyocera may experience difficulties in the timeliness of collection of accounts receivable due from foreign customers and be forced to write off those receivables;
- tariffs and other barriers may make Kyocera's products less cost competitive;
- shipping and handling costs of Kyocera's products may increase;
- Kyocera may have difficulty in staffing and managing its international operations; 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 of Japan, which exposes it to fluctuations in foreign currency exchange rates. Kyocera may enter into short-term forward exchange transaction to hedge this risk according to its outlook on future exchange rates; 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 position and the value of its foreign assets, 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 has a variety of businesses in different industries while many of its competitors specialize in one or more 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 factors 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 over fiscal 2010 depending partly on the demand and competition situation. In production 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 maintaining 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) Small 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 revenues derived from sales of these 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. Because the majority of Kyocera's costs of manufacture are relatively fixed, production yield and capacity utilization rate are critical to Kyocera's consolidated results of operations and financial position.

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

Kyocera intends to expand its product lines to satisfy customer demand in its target markets. Kyocera may result in lower revenues based on the products or technologies developed. 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.

(8) Companies or assets acquired by Kyocera may require more cost than expected for integration, and may not produce returns or benefits, or bring in business opportunities, which Kyocera expects

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 succeed in acquisitions could have a material adverse effect on Kyocera's business.

(9) 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

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skilled personnel in all areas of its business. The competition for attracting and retaining these employees is intense. 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.

Risk Related to Legal Restrictions and Litigations

(10) 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 and affect Kyocera's business, consolidated results of operations and financial position.

Kyocera is actively pursuing patents on some of its recent 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.

(11) 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 patent rights. Although Kyocera is not currently involved in any litigations relating to its intellectual property except in the ordinary course of its business, 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.

(12) 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, wastewater discharges, the handling, disposal and remediation of hazardous substances, wastes and certain chemicals used or generated in our manufacturing process, employee health and safety, 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 in onwards of the intergovernmental dialogue on global climate change. Kyocera establishes

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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 and financial position.

Risk Related to Disasters or Unpredictable Events

(13) Kyocera's markets or supply chains may be adversely affected by terrorism, plague, wars or similar events

Kyocera, as a global company, has been expanding its business worldwide. At the same time, we will be exposed to risks of our getting involved in terrorism, plague, 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 and financial position may be affected.

(14) Kyocera's headquarters and major facilities are subject to devastating effects of earthquakes and other natural disasters

Kyocera's headquarters and major facilities including plants, sales offices and R&D centre 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, floods and so on. For instance, if a strong earthquake occurs, Kyocera's R&D or manufacturing facilities could be devastated. In this case, Kyocera's operating activities would be suspended and manufacturing and shipment would be delayed. Due to this, Kyocera would lose its sales and profits.

Furthermore, Kyocera may incur a great amount of expenses, such as medical care expenses for injured employees and damage expenses for the damaged machines or facilities. As a consequence, Kyocera's consolidated results of operations and financial position may be affected.

Risks Related to Financial and Accounting

(15) 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, Kyocera's consolidated results of operations and financial position may be affected.

(16) Kyocera may have to incur impairment losses on its investments in debt and equity securities

Kyocera holds investments in equity securities of companies not affiliated with itself, which Kyocera generally holds on a long-term basis for business relationship purposes. A substantial portion of these investments consists of shares of common stock of public companies in Japan, such as financial institutions and other companies including KDDI Corporation, a Japanese telecommunication service provider. Kyocera Corporation's equity interest in KDDI Corporation was 12.76%. If there are certain declines in the fair value, i.e., the market price, of the shares of those companies that Kyocera holds over a period of time, and it determines that such declines are other-than-temporary, Kyocera will need to record an impairment loss. For some of the equity securities Kyocera owns, including the shares of KDDI Corporation, Kyocera intends to keep its ownership at the current level in light of the importance of its business relationships with the issuers of these equity securities. For other equity

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securities in its portfolio, although, with periodical check, Kyocera may dispose of some securities which lack merit for Kyocera, market conditions may not permit it to do so at the time, speed or price it may wish.

(17) 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 them. Such losses on impairment may materially affect Kyocera's consolidated results of operations and financial position.

(18) 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 on the estimation of future taxable income and feasible tax planning strategies to adjust their carrying amounts when it believes that 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.

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

Adoptions of new accounting standards, or changes in accounting standards may have an affect on Kyocera's consolidated results of operations and financial position. 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

(20) 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.

(21) 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 Board of Corporate Auditors and the Corporation Act of Japan govern our corporate affairs. Legal principles relating to such matters