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Note: On August 1, 2006 Kyocera sold all of its shares in Kyocera Leasing Co., Ltd., a subsidiary engaged in financing services. As a result, business results and profit on sale for Kyocera Leasing Co., Ltd. for fiscal 2007 have been recorded as income from discontinued operations in conformity with Statement of Financial Accounting Standards No. 144, "Accounting for the impairment or disposal of Long-Lived Assets." Figures for fiscal 2005 and 2006 have been retrospectively reclassified for comparative purposes.

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
2005	114.30	102.26	107.49	107.22
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
For most recent six months				
December 2008	93.71	87.84	91.28	90.79
January 2009	94.20	87.80	90.12	89.83
February 2009	98.55	89.09	92.92	97.74
March 2009	99.34	93.85	97.86	99.15
April 2009	100.71	96.49	98.98	98.76
May 2009	99.24	94.45	96.64	95.55

The noon buying rate for Japanese yen on June 26, 2009 was \$1.00 = ¥95.19

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.

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

In the second half of fiscal 2009, global economic conditions deteriorated significantly due to instability in the international financial markets stemming from the sub-prime mortgage crisis originating in the United States, resulting in a lack of available credit, increased volatility in international financial markets, a decline in consumer confidence and widespread reduction of business activity generally. With respect to Kyocera's business environment, demand for our products has materially decreased during this period. Kyocera assumes that the current economic downturn may be prolonged and has concerns regarding the impact of a long-term recession in the Japanese and global economy. If the downturn 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 (PC) 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, financial condition and results of operations will not continue to be materially adversely affected.

(2) Unexpected changes in economic, political and legal conditions in China, in which Kyocera is becoming increasingly active, may have an adverse effect on Kyocera's business

Based on its expectation that the Chinese markets for information and communication related products, including electronic components, mobile phone handsets, PCs and PC peripherals, and for solar energy related products will continue to grow continuously, Kyocera has been making substantial investments in new production and marketing facilities in China. Kyocera now has principal production facilities located in Shanghai, Dongguan, and Tianjin, and plans to make additional investments to increase production capacity at these sites and to concurrently increase its marketing and distribution capabilities in China. Although the Chinese economy has been growing at a rapid rate in recent years, and the central government has been increasingly utilizing market forces as opposed to central economic planning, growth has been uneven among various regions of the country and among various sectors of the economy. Unexpected changes in the central government's economic policy or in the business climate, including those due to changes in institutional systems in various parts of the country, may adversely affect its information and communication related markets in which Kyocera seeks to manufacture and sell its products. In addition, China is in the process of developing a comprehensive system of laws and regulations dealing with economic matters, such as currency controls, and foreign corporations currently active in the country, such as Kyocera, face risks and uncertainties including enforcement of contractual terms, administrative intrusion by local governments and difficulty with expatriation of profits.

(3) 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 partly depending 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 environment changes in the way that Kyocera cannot maintain these important relationships with customers or market share or if it is forced in the future to further reduce prices in response to the actions of its competitors.

(4) 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. Kyocera has experienced occasional delays in obtaining components and sub-assemblies because the manufacturing process for these items is very complex and requires a long lead-time. Kyocera's revenues derived from sales of these products will be materially and adversely affected if Kyocera is unable to obtain a 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 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 its financial results.

(5) 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 58.1% of its total revenues in fiscal 2009. 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.

(6) 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 its results of operations 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.

(7) 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 results of operations and financial position may be adversely affected.

(8) Industry demand for skilled employees, particularly engineering and technical personnel, exceeds the number of personnel available

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. The competition for attracting and retaining these employees,

especially engineers in key fields, including software design in telecommunications, is intense. Because of this intense competition for these skilled employees, Kyocera may be unable to retain its existing personnel or attract additional qualified employees in the future.

(9) 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 adversely affect its business, financial condition and results of operations.

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.

(10) 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.

(11) 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. Unexpected technical delays in completing these initiatives 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 market acceptance.

(12) 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. In addition, as a result of business combinations, Kyocera recognizes goodwill or intangible assets of the acquired companies under generally accepted accounting principles. Kyocera may be required to record impairment losses if their fair values are below their carrying amounts.

(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, financial condition and results of operations may be adversely 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 operating result and financial condition may be adversely affected.

(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 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. We establish 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 our results of operations and financial positions.

(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, including KDDI Corporation (a Japanese telecommunication service provider), and Japanese financial institutions. As of March 31, 2009, Kyocera

Corporation's equity interest in KDDI Corporation was 12.76%. As of March 31, 2009, the aggregate fair value of equity securities included in available-for-sale securities was ¥291,137 million (\$2,941 million), with gross unrealized gains in the amount of ¥22,099 million (\$223 million) and gross unrealized losses in the amount of ¥1,118 million (\$11 million). If there is a decline in the fair value, i.e., the market price, of the shares Kyocera holds in those companies over a period of time, and it determines that the decline is other-than-temporary, Kyocera will need to record an impairment loss for the applicable fiscal period. 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 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) 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 unpredictable adverse impact on our results of operation and financial positions. In addition, if Kyocera modifies its accounting software or information systems to introduce changes in accounting standards, certain investments or expenses may be required.

(18) As a holder of ADSSs, 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 ADSSs, only the depositary can exercise those rights in connection with the deposited Shares. The depositary will make efforts to vote the Shares underlying your ADSSs 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.

(19) 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 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.

(20) 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.