

THE NEW VALUE FRONTIER



Exploiting strengths and maximizing potential — this is our path to growth. Creating new business structures and entering new markets will fuel our continued success.

Annual Report 2005

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Kyocera had previously classified its operations into four reporting segments: "Fine Ceramics Group," "Electronic Device Group," "Equipment Group" and "Others." However, in consideration of changes both in Kyocera's management structure and in each business division's size, management has changed its reporting segments for the year ended March 31, 2005. Kyocera now has the following eight reporting segments: "Fine Ceramic Parts Group," "Semiconductor Parts Group," "Applied Ceramic Products Group," "Electronic Device Group," "Telecommunications Equipment Group," "Information Equipment Group," "Optical Equipment Group" and "Others." Financial results for fiscal years 2003 and 2004 have been reclassified accordingly.

The new "Applied Ceramic Products Group" was previously known as "Consumer-Related Products," operating as a division of the former "Fine Ceramics Group." The new "Optical Equipment Group" was previously known as "Optical Instruments," operating as a division of the former "Equipment Group." These changes have been made to clarify the essence and results of each business.

Company Profile

"To be a creative company that continues to grow"—this has been the Kyocera ("Kyocera" as a consolidated group) mission since Kyocera Corporation was founded in 1959, reflecting our unswerving commitment to shareholders. As we plan our future by "always seeking better ways," continuous growth will remain a top priority.

By continuously pursuing excellence while adhering to universal principles, we in the Kyocera Group will capitalize on our unique value system and technologies. Kyocera will lead the way to the value that rapidly changing markets demand. Not only will we create new technologies and new products, but entirely new markets. In so doing, every Kyocera Group company worldwide will create new value for society.

Kyocera is concentrating its efforts on the telecommunications and information processing, environmental preservation, and quality-of-life markets. It goes without saying that the fields of telecommunications and information processing will play a major role in the "Ubiquitous Network Age." Due to our early awareness of this trend, we have already acquired leading technologies and expertise in this area. Kyocera's revenue is mainly derived from products and services within the IT (Information Technology) industries. We offer a wide variety of tools to support continued development in this area—ranging from fine ceramic components to electronic devices, equipment, services and networks.

From a mid- to long-term perspective, Kyocera believes that robust markets will also develop for environmental preservation technologies—which focus on promoting conservation and reducing environmental burdens through such products as solar cells, photovoltaic generating systems and cartridge-free document solutions equipment. We anticipate further growth for quality-of-life applications as well, which enrich the human experience through better health, safety, convenience and enjoyment. Kyocera will cultivate these fields and serve them through business operations that consistently create new value.

In this manner, Kyocera will strive for mid- to long-term growth—meeting shareholders' expectations and earning society's trust as "The Company" that creates new value on a global scale.

Forward-Looking Statements

Certain of the statements made in this annual report are forward-looking statements (within the meaning of Section 21E of the U.S. Securities and Exchange Act of 1934), which are based on our current assumptions and beliefs in light of the information currently available to us. These forward-looking statements involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors include, but are not limited to: general economic conditions in our markets, which are primarily Japan, North America, Europe, and Asia, including in particular China; changes in exchange rates, particularly between the yen and the U.S. dollar and euro, respectively, in which we make significant sales; our ability to launch innovative products and otherwise meet the advancing technical requirements of our customers, particularly in the highly competitive markets for ceramics, semiconductor parts and electronic components; and the extent and pace of future growth or contraction in information technology-related markets around the world, including those for communications and personal computers; events that may impact negatively on our markets or supply chain, including terrorist acts and outbreaks of diseases; and the occurrence of natural disasters, such as earthquakes, in locations where our manufacturing and other key business facilities are located. Such risks, uncertainties and other factors may cause our actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. We undertake no obligation to publicly update any forward-looking statements included in this annual report.

Financial Highlights

Kyocera Corporation and Consolidated Subsidiaries

	Years ended March 31			
	2003	2004	2005	2005
Net sales	¥ 1,069,770	¥ 1,140,814	¥ 1,180,655	\$ 11,034,159
Net income	41,165	68,086	45,908	429,047
Earnings per share:				
Net income:				
Basic	¥ 220.91	¥ 364.79	¥ 244.86	\$ 2.29
Diluted	220.86	364.78	244.81	2.29
Cash dividends declared per share:				
Per share of common stock	60.00	60.00	80.00	0.75
Total assets	¥ 1,635,014	¥ 1,794,758	¥ 1,745,519	\$ 16,313,262
Stockholders' equity	1,000,207	1,150,453	1,174,851	10,979,916
Depreciation	¥ 64,988	¥ 60,861	¥ 58,790	\$ 549,439
Capital expenditures	40,614	54,937	63,176	590,430

Notes: A) The yen in millions and the U.S. dollars in thousands, except per share amounts.

B) The U.S. dollar amounts have been translated at the rate of ¥107= US\$1, the rate prevailing at March 31, 2005.

C) As a result of an increase in an affiliated company accounted for by the equity method, stockholder's equity for the years ended March 31, 2003 and 2004 has been restated as if the equity method had been applied at inception in accordance with Accounting Principles Board Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock." See Note 7 to The Consolidated Financial Statements.

