

October 28, 2003

To whom it may concern:

Name of Company listed: Kyocera Corporation

Name of Representative: Yasuo Nishiguchi  
President and Director  
(Code number: 6971,  
The First Section of the Tokyo Stock Exchange,  
The First Section of the Osaka Securities Exchange)

Person for Inquiry: Hideki Ishida  
Managing Executive Officer  
General Manager of Corporate Finance Division  
(Tel. No.: 075-604-3500)

**Notice relating to Restructuring of  
Crystal Components Related Businesses of Kyocera Group**

Kyocera Corporation (the "Company") will restructure its crystal components related business by means of corporate splits undertaken with Kinseki, Limited ("Kinseki"), as announced on September 19, 2003. This is to advise you that the agreement for corporate split was approved at the Company's Board of Directors Meeting on October 28, 2003, as described below.

**[Objective of the Corporate Split]**

In August 2003, the Company made Kinseki a wholly-owned subsidiary by means of a stock swap, and established a corporate structure under which the Company is able to fully support the management of Kinseki. To enhance the synergetic effects resulting therefrom, and to further boost the crystal components related business of Kyocera Group, it has been decided that Kinseki's marketing division shall be consolidated into the marketing division of the electronic components business of the Company, and the manufacturing division of the crystal components related business of the Company shall be transferred to Kinseki.

**I. Separation of Marketing Division**

1. Outline of Corporate Split

(1) Schedule of Corporate Split

Meeting of Board of Directors to approve agreement for corporate split:	October 28, 2003
Execution of agreement for corporate split:	October 28, 2003
General Shareholders Meeting to approve agreement for corporate split:	The Company will not obtain approval at its General Shareholders Meeting for the corporate split in accordance with Article 374-23 (Easy Method for Corporate Split) of the Commercial Code, while Kinseki will hold a General Shareholders Meeting on November 12, 2003 (scheduled) to approve the agreement for corporate split.
Effective date of corporate split:	April 1, 2004 (scheduled)
Register of corporate split in Commercial Register:	April 1, 2004 (scheduled)

(2) Method of Corporate Split

- (i) Method of Corporate Split  
"Dividing and succeeding corporate split," in which the Company shall be the succeeding company and Kinseki, a wholly-owned subsidiary of the Company, shall be the divided company.
- (ii) Reason for Choosing Method  
It has been decided that a "dividing and succeeding corporate split" is the most suitable option for the Company to succeed to the marketing division of Kinseki, which is a wholly-owned subsidiary of the Company.

(3) Allocation of Shares

There will be no allocation of shares of the Company, as Kinseki is a wholly-owned subsidiary of the Company and as the relevant corporate split adopts the "dividing" method.

(4) Amount of Capital Increase as a Result of Corporate Split, etc.

The amount of the Company's voluntary reserve will increase in an amount

equivalent to the total amount of assets to which it will succeed from Kinseki in the corporate split.

(5) Cash to be Delivered

No cash shall be delivered in the corporate split.

(6) Rights and Obligations to be Succeeded to by the Succeeding Company (the Company)

The Company will succeed to assets and rights and obligations pursuant to agreements belonging to Kinseki's marketing division as of the effective date of the corporate split.

(7) Expectations with Respect to Performance of Debts

(i) Divided Company (Kinseki)

Taking into consideration the amounts of assets, liabilities and net asset value of Kinseki, it is judged that there will be no problem with respect to the certainty of performance by Kinseki of its debts.

(ii) Succeeding Company (the Company)

Taking into consideration the amounts of assets, liabilities and net asset value of the Company and the amount of assets, etc. to which the Company will succeed, it is judged that there will be no problem with respect to the certainty of performance by the Company of its debts.

(8) New Directors or Corporate Auditors of the Succeeding Company who Currently Work for the Divided Company (Kinseki)

None.

2. Content of Business to be Succeeded

(1) Content of Business of the Marketing Division of the Crystal Components Related Business: Marketing division of crystal components

(2) Performance of the Marketing Division of the Crystal Components Related Business of Kinseki for the Fiscal Year ended March 31, 2003

*(Millions of Yen)*

	Marketing Division of Crystal Components Related Business (a)	The Company's performance for the year ended March 31, 2003 (b)	Percentage (a/b)
Net Sales	27,640	482,834	5.7%
Gross Profit	1,838	108,609	1.7%
Profit from Operations	-658	42,407	-
Recurring Profit	-432	54,685	-

(3) Assets and Liabilities to be Transferred and Amounts thereof (as of September 30, 2003)

(Millions of Yen)

Assets		Liabilities	
Item	Book Value	Item	Book Value
Current Assts	0	Current Liabilities	0
Fixed Assets	17	Fixed Liabilities	0
Other Investments, etc.	0		
Total	17	Total	0

## II. Separation of Manufacturing Division

### 1. Outline of Corporate Split

#### (1) Schedule of Corporate Split

Meeting of Board of Directors to approve agreement for corporate split: October 28, 2003

Execution of agreement for corporate split: October 28, 2003

General Shareholders Meeting to approve agreement for corporate split: Both the Company and Kinseki will undertake the corporate split without approval of their respective General Shareholders Meetings in accordance with Articles 374-22 and 374-23 (Easy Method for Corporate Split), respectively.

Effective date of corporate split: April 1, 2004 (scheduled)

Register of corporate split in Commercial Register: April 1, 2004 (scheduled)

#### (2) Method of Corporate Split

##### (i) Method of Corporate Split

"Dividing and succeeding corporate split", in which the Company will be the divided company and Kinseki, a wholly-owned subsidiary of the Company, will be the succeeding company.

##### (ii) Reason for Choosing Method

It has been decided that a "dividing and succeeding corporate split" is the

most suitable option for consolidation of the manufacturing division of the Company's crystal components related business with Kinseki, a wholly-owned subsidiary of the Company, in which the shares issued by Kinseki shall be allocated to the Company.

(3) Allocation of Shares

(i) Allocation Ratio of Shares

One share to be issued by Kinseki in the corporate split shall be allocated to the Company.

(ii) The Basis of Calculation of Allocation Ratio

Kinseki is a wholly-owned subsidiary of the Company and, as a result, all shares to be issued in the corporate split (using the dividing and succeeding corporate split method) will be allocated to the Company. Accordingly, the Company will succeed to all assets and liabilities of Kinseki at their book value. As a result of the corporate split, there will be no change in the Company's net asset value regardless of the number of shares to be allocated by Kinseki to the Company because the amount of the difference between assets and liabilities of Kinseki to which the Company will succeed will be equivalent to the amount of increase in the amount of Company's investments in subsidiaries. In the light of the above, the Company and Kinseki have discussed and determined that the one share of Kinseki shall be issued and allocated to the Company.

(4) Cash to be Delivered

No cash shall be delivered in the corporate split.

(5) Rights and Obligations to be Succeeded to by the Succeeding Company (Kinseki)

Kinseki will succeed to assets and liabilities and rights and obligations belonging to the manufacturing division of the Company's crystal parts related business pursuant to agreements as of the effective date of the corporate split.

(6) Expectations with Respect to Performance of Debts

(i) Divided Company (the Company)

Taking into consideration the amounts of assets, liabilities and net asset value of the Company, it is judged that there will be no problem with respect to the certainty of performance by the Company of its debts.

(ii) Succeeding Company (Kinseki)

Taking into consideration the amounts of the assets, liabilities and net asset value of Kinseki and the amounts of assets, liabilities and net asset value,

etc. to which Kinseki will succeed, it is judged that there will be no problem with respect to the certainty of performance by Kinseki of its debts.

- (7) New Directors or Corporate Auditors of the Succeeding Company (Kinseki)  
Not yet decided.

2. Content of Business to be Divided

- (1) Content of the Manufacturing Division of the Crystal Components Related Business:

Development and manufacturing division of crystal components

- (2) Performance of the Manufacturing Division of the Crystal Components related Business of the Company for the fiscal year ended March 31, 2003:

Net sales of the Company derived from its crystal components related business for the fiscal year ended March 31, 2003 were approximately 15 billion yen, representing approximately 3% of the total net sales of the Company in the amount of 482,834 million yen for the same period.

- (3) Assets and Liabilities to be Transferred and Amounts thereof (as of September 30, 2003):

(Millions of Yen)

Assets		Liabilities	
Item	Book Value	Item	Book Value
Current Assets	1,887	Current Liabilities	1,946
Fixed Assets	1,847	Fixed Liabilities	0
Other Investments, etc.	891		
Total	4,625	Total	1,946

\* As of September 30, 2003, the amount of assets to be succeeded (4,625 million yen) represented 0.37% of the total asset value of the Company (1,251,420 million yen) as of the same date.

### III. Status of the Company after Corporate Splits

1. There will be no change in the corporate name, content of businesses, location of headquarters, names of representatives, amount of capital or fiscal year end, in connection with the corporate split.

2. Total Assets

As a result of the corporate splits, there will be an increase in the amount of the Company's assets in an amount equivalent to the amount of assets to which the marketing division of the Company will succeed from Kinseki and a decrease in the amount of the Company's assets in an amount equivalent to the amount of liabilities to be assumed by Kinseki with the Company's manufacturing division.

3. Impact on Company's Performance

The effective date of the corporate split will be April 1, 2004, and accordingly, there will be no impact from the corporate split on the forecasted performance of the Company for the fiscal year ending March 31, 2004.

**IV. Outlines of Parties to the Corporate Split (as of September 30, 2003)**

(1) Name	Kyocera Corporation	Kinseki, Limited
(2) Principal Businesses	- Fine ceramics group - Electronic device group - Equipment group - Others	- Electronic components, consisting mainly of artificial crystal related products
(3) Date of Incorporation	April, 1959	August, 1950
(4) Location of Headquarters	Fushimi-ku, Kyoto	Komae-shi, Tokyo
(5) Representatives	Yasuo Nishiguchi President and Director	Isao Kishimoto President and Director
(6) Capital Amount	115,703 million yen	16,317 million yen
(7) Number of Shares Issued and Outstanding	191,309,290 shares (out of which 3,822,655 shares are treasury stock)	35,172,042 shares
(8) Shareholders' Equity	980,458 million yen	37,775 million yen
(9) Total Assets	1,251,420 million yen	51,737 million yen
(10) Fiscal Year End	March 31	March 31
(11) Number of Employees	13,678	178
(12) Principal Suppliers and Customers	Suppliers:  Matsushita Electric Industrial Co., Ltd.  Mitsui & Co., Ltd.  Sony Corp.  Customers:  Fujitsu Ltd.  Hitachi, Ltd.  NEC Corp.	Suppliers:  Kyocera Corp.  Toyo Dempa Co., Ltd.  Asahi Kasei Microsystems, Co., Ltd.  Customers:  Matsushita Electric Industrial Co., Ltd.  Sony Corp.  Toshiba Corp.  Hitachi, Ltd.

(13) Principal Shareholders and Their Shareholding Ratios	Japan Trustee Services Bank, Ltd. (Trust Account) 8.61%	Kyocera Corp. 100.00%
	The Master Trust Bank of Japan, Ltd. (Trust Account) 4.57%	
	The Bank of Kyoto, Ltd. 3.77%	
	Kazuo Inamori 3.56%	
	UFJ Trust Bank, Ltd. 2.95%	
(14) Principal Banks	The Bank of Kyoto, Ltd. UFJ Bank Ltd.	Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corp
(15) Relationship between the Parties	Capital Relationship	Kinseki is a wholly-owned subsidiary of the Company.
	Personnel Relationship	The Company forwards Directors and Corporate Auditors to Kinseki. It also second employees to Kinseki.
	Trades between the Parties	Manufacture, marketing and development of crystal parts.

(16) Performance in Most Recent Three Fiscal Years

(Millions of Yen)

Fiscal Year	Kyocera Corporation (100% parent company)			Kinseki, Limited (wholly-owned subsidiary)		
	Ended March 31, 2001	Ended March 31, 2002	Ended March 31, 2003	Ended March 31, 2001	Ended March 31, 2002	Ended March 31, 2003
Net Sales	652,510	499,264	482,834	35,743	22,318	27,640
Recurring Profit (or Loss)	114,500	56,412	54,685	4,020	-2,992	-432
Net Income	31,398	34,475	27,923	2,351	-5,950	-1,260
Net Income per Share	164.98 yen	182.36 yen	149.45 yen	67.58 yen	-169.21 yen	-35.87 yen
Dividend per Share	60.00 yen	60.00 yen	60.00 yen	10.00 yen	3.00 yen	3.00 yen
Shareholders Equity per Share	4,675.06 yen	4,652.07 yen	4,676.97 yen	1,308.39 yen	1,123.44 yen	1,085.69 yen