

(Translation)

To All Persons Concerned

April 27, 2005

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: Akihiko Toyotani
General Manager of Financing Division
(Tel: 075-604-3500)

Notice relating to Stock Options (Stock Acquisition Rights)

Notice is hereby given that the Company, at the meeting of its Board of Directors held on April 27, 2005, resolved the Company shall propose to the 51th Ordinary General Meeting of Shareholders of the Company, to be held on June 28, 2005, that the Company issue stock acquisition rights, for the purpose of enabling the grant of stock options pursuant to Articles 280-20 and 280-21 of the Commercial Code of Japan.

1. Reason for the Issuance of Stock Acquisition Rights with Specially Favorable Conditions to Parties other than Shareholders

The issuance of stock acquisition rights without any consideration is intended to enable the grant of stock options (i) to Directors, Executive Officers and employees of the Company and its subsidiaries, in order to enhance the incentive to participate in the management of group companies, to facilitate improvement in the performance of the Company, and to provide increased incentive for contribution thereto and (ii) to Corporate Auditors of the Company and its subsidiaries in order to enhance moral when conducting audits and with the objective of achieving healthy management of group companies.

2. Outline of Issuance of Stock Acquisition Rights

(1) Parties to whom stock acquisition rights will be allocated

Persons approved by the Board of Directors of the Company from among the Directors, Corporate Auditors, Executive Officers and employees of the Company and its subsidiaries.

(2) Kind and number of shares to be issued upon exercise of stock acquisition rights

Up to 1,500,000 shares of Common Stock of the Company

Provided that when the Company makes stock split or stock consolidations, adjustment shall be made in accordance with the following formula. Such adjustment shall be made only with respect to the number of shares to be issued upon exercise of the stock acquisition rights not yet exercised at the time of such adjustment and any number of shares less than one share resulting from such adjustment shall be disregarded.

$$\begin{array}{rcccl} \text{Number of shares} & & & & \\ \text{after adjustment} & = & \text{Number of shares} & \times & \text{Split ratio} \\ & & \text{before adjustment} & & \text{(or consolidation ratio)} \end{array}$$

When certain event happens which requires adjustment of the number of shares to be issued upon exercise, including the merger and corporate split, the number of shares to be issued upon exercise shall be reasonably adjusted taking into consideration of the terms and conditions of such merger and corporate split.

(3) Number of stock acquisition rights to be issued

Up to 15,000 (one stock acquisition right will entitle the holder thereof to acquire 100 shares) provided that when adjustment set out in (2) above is made, such number shall be also adjusted accordingly.

(4) Issue price of stock acquisition rights

None

(5) Amount to be paid in upon exercise of stock acquisition rights

The amount to be paid in upon exercise of each stock acquisition right shall be the amount of the acquisition price per share (the "Exercise Price") multiplied by the number of shares to be issued upon exercise of each stock acquisition right, as provided for in (3) above.

The Exercise Price shall be the average of the closing price of the shares of the Common Stock of the Company at the Tokyo Stock Exchange (regular way) on each day (excluding any day on which there is no closing price of the shares of the Company) during the month immediately preceding the month in which the stock acquisition rights are issued, multiplied by 1.1 and rounded up to the nearest one (1) yen; provided, however, that in the event such amount is less than the closing price of the shares of Common Stock of the Company on the day of issuance of the stock acquisition rights (if there is no closing price on such day, on the day immediately preceding such day), the Exercise Price shall be the closing price on the day of issuance of the stock acquisition rights.

Provided that when the Company makes stock split or stock consolidations after issuance of the stock acquisition rights, the Exercise Price shall be adjusted in accordance with the following formula and rounded up to the nearest one (1) yen.

$$\begin{array}{r} \text{Exercise Price} \\ \text{after adjustment} \end{array} = \begin{array}{r} \text{Exercise Price} \\ \text{before adjustment} \end{array} \times \frac{1}{\begin{array}{r} \text{Split ratio} \\ \text{(or consolidation ratio)} \end{array}}$$

Provided, further, that in the event of any issuance by the Company of new shares or any disposition of its own shares of Common Stock at a price less than the market price thereof (excluding issuance or disposition as a result of exercise of the stock acquisition rights), the Exercise Price shall be adjusted in accordance with the following formula and rounded up to the nearest one (1) yen.

$$\begin{array}{r} \text{Exercise Price} \\ \text{after adjustment} \end{array} = \begin{array}{r} \text{Exercise Price} \\ \text{before adjustment} \end{array} \times \frac{\begin{array}{r} \text{Number of} \\ \text{shares} \\ \text{in issued} \end{array} + \frac{\begin{array}{r} \text{Increase in number} \\ \text{of shares as a result} \\ \text{of new issue} \end{array} \times \begin{array}{r} \text{Issue price} \\ \text{per share} \end{array}}{\begin{array}{r} \text{Market price per share prior to new} \\ \text{issue} \end{array}}$$

$$\begin{array}{r} \text{Number of shares} \\ \text{in issue} \end{array} + \begin{array}{r} \text{Increase in number of shares} \\ \text{as a result of new issue} \end{array}$$

(6) Exercise period for stock acquisition rights

From October 1, 2005 to September 30, 2008

(7) Conditions for exercise of stock acquisition rights

- (i) In order to exercise stock acquisition rights, the person who has been allocated such stock acquisition rights (the “Acquisition Rights Holder”) must be a Director, Corporate Auditor, Executive Officer or employee of the Company or a subsidiary thereof at the time of exercise.
- (ii) In the event of the death of the Acquisition Rights Holder, the heir(s) thereof may exercise inherited stock acquisition rights for a period of 6 months (or until the date of expiration of the exercise period thereof, if such date comes earlier), up to the maximum number of stock acquisition rights the deceased could have exercised at the time of death.
- (iii) Upon approval by the Bonus Committee of the Company, the exercise of stock acquisition rights may be permitted under conditions different from those described in (i) and (ii) above.
- (iv) Other terms and conditions shall be provided for in an agreement between the Company and each Acquisition Rights Holder, pursuant to resolutions of this Ordinary General Meeting of Shareholders and the Board of Directors of the Company.

(8) Cancellation of stock acquisition rights and conditions thereof

- (i) In the event that stock acquisition rights cease to be exercisable due to failure by Acquisition Rights Holder or heir thereof to satisfy conditions set forth in (7) above prior to exercise thereof, the Company shall be entitled to cancel such stock acquisition rights without any consideration therefor.
- (ii) When a resolution was adopted at the General Shareholders Meeting of the Company to approve the merger agreement pursuant to which the Company is merged, or when a resolution at the General Shareholders Meeting of the Company to approve the stock swap agreement or stock transfer pursuant to which the Company will become a wholly owned subsidiary, the Company shall be entitled to cancel the stock acquisition rights without any consideration therefor.
- (iii) When the Acquisition Rights Holder or heir thereof waives all or part of such stock acquisition rights, the Company shall be entitled to cancel such stock acquisition rights without any consideration therefor.
- (iv) In addition to the above, the Company shall be entitled to cancel the stock acquisition rights without any consideration therefor.

(9) Restriction on transfer of the stock acquisition rights

Transfer of stock acquisition rights shall be subject to approval at the meeting of the Board of Directors of the Company.