Kyocera Corporation Telephone Conference Call (July 30, 2008)

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<Consolidated Results for the First Quarter>

Now, let me start discussing consolidated financial result for the three months ended June 30, 2007 (the "first quarter"). Please turn to page 4 of the financial results handout.

In the digital consumer equipment market in the three months ended June 30, 2008 (the “first quarter”), the environment surrounding the components industry weakened despite solid production activities for PCs compared to the three months ended June 30, 2007 (the “previous first quarter”) due to stagnating demand for high-end of mobile phone handset model in European and U.S. markets, and production adjustments in the Chinese market. On the other hand, the environmental preservation market demand continued to expand, as a result of further increased attention to solar energy.

Against this background, the mobile phone business of SANYO Electric Co., Ltd. (SANYO) was added from April 1, 2008, and sales in the solar energy business grew steadily. As a result, consolidated net sales for the first quarter amounted to ¥331.8 billion, an increase of 5.2% compared with the previous first quarter. Profit from operations decreased by 11.6% to ¥28.0 billion due to the impact of continued appreciation of the yen against the U.S. dollar coupled with an increase in depreciation costs. The ratio of profit from operations to net sales was 8.4%. Income before income taxes stood at ¥36.9 billion, down 8.8%, and the pre-tax income ratio was 11.1%. Net income for the first quarter decreased by 12.1% to ¥22.0 billion, and the net income ratio was 6.6%. As a result, diluted earnings per share were ¥115.82.

Let's turn to average exchange rates for the first quarter as shown two lines from the bottom of the table. The yen appreciated a considerable ¥16 against the U.S. dollar to ¥105, and remained relatively unchanged against the Euro at ¥163, as compared with the previous first quarter. As a result, net sales and pre-tax income after translation into yen were, for calculation purposes only, pushed down by ¥20.8 billion and ¥2.9 billion, respectively.

Next, I will explain results by reporting segment. Page 8 of the financial results handout shows net sales and operating profit by reporting segment.

Let's start with the components business.

Sales in the Fine Ceramic Parts Group decreased by 8.6% to ¥18.8 billion compared to the previous first quarter, due to a slump in the business environment for core products, which led to a decline in sales of parts for semiconductor fabrication equipment and automotive components. Operating profit was ¥1.8 billion, down 40.9% compared to the previous first quarter, and the operating profit ratio was 9.6%.

In the Semiconductor Parts Group, sales of ceramic packages for crystal and SAW devices, and ceramic packages for CCD and CMOS image sensors, for use in mobile phone handsets and digital still cameras, increased. A substantial improvement in profit was posted for organic packages due to the positive effect of higher sales and enhanced productivity resulting from an increase in sales of packages for ASICs to be used in servers. As a result, sales and profit in this reporting segment increased significantly over the previous first quarter, with sales up 16.7% to ¥41.2 billion, and operating profit up 54.1% to ¥6.2 billion. The operating profit ratio was 15.1%.

In the Applied Ceramic Products Group, the solar energy business made a major contribution to the results, particularly with substantial growth in sales mainly in Europe and the United States, on account of increased production of solar cells and modules. Sales and profit increased significantly in this reporting segment compared to the previous first quarter, with sales up 23.2% to ¥41.2 billion, and operating profit up 51.7% to ¥9.3 billion. The operating profit ratio was 22.6%.

In the Electronic Device Group, despite steady sales of crystal units etc. for mobile phones, digital AV equipment and game consoles, sales of ceramic capacitors were impacted by a decline in unit selling prices on the back of deterioration in the supply and demand situation, notably in Asia. As a result, overall sales in this segment decreased by 7.8% to ¥67.7 billion, and operating profit decreased by 49.0% to ¥5.2 billion compared to the previous first quarter. The operating profit ratio was 7.7%.

Let’s move on to results for the equipment business.

The Telecommunications Equipment Group posted an increase in sales of 26.7% to ¥76.0 billion due to the addition of the mobile phone business of SANYO in April 2008 and an increase in sales of PHS related products, notably handsets. Operating profit improved by ¥1.6 billion from a loss of ¥400 million recorded in the previous first quarter, to ¥1.2 billion. This was due to enhanced profitability in the domestic mobile phone handset business thanks to a reduction in production costs, and the positive effects of sales growth in PHS related business. The operating profit ratio was 1.5%.

In the first quarter, we have integrated domestic sales departments and commenced joint purchasing of certain components in order to take advantage of economies of scale, and thereby reduce costs. We are working hard to obtain concrete benefits from the business integration as soon as possible, which will contribute to the performance of Kyocera.

Shoichi Aoki, General Manager of the Corporate Financial and Accounting Group, will explain the effect of the business acquisition on the financial statements later.

In the Information Equipment Group, demand for printers and digital multifunctional peripherals weakened on the back of a decline in investment in information equipment at corporations due to a slowdown in the U.S. economy, which has negatively impacted the market environment. Add in intensifying price competition, and sales decreased by 9.2% to ¥61.1 billion, with operating profit down 26.8% to ¥6.9 billion compared to the previous first quarter. The operating profit ratio was 11.3%.

Sales in Others increased by 1.7% compared to the previous first quarter to ¥32.2 billion due to growth in sales at Kyocera Communication Systems Co., Ltd. Operating profit was down 58.1% compared to the previous first quarter to ¥0.5 billion, however, due to an increase in overhead costs. The operating profit ratio was 1.7%.

Taking into account profit earned by the corporate division and equity in earnings of affiliates and unconsolidated subsidiaries, consolidated pre-tax income amounted to ¥36.9 billion, down 8.8% compared with the previous first quarter. The pre-tax income ratio was 11.1%.

<Initiatives in the Second Quarter and Beyond>

Finally, I will explain consolidated financial forecasts for this fiscal year ending March 31, 2009 (fiscal 2009), so please turn to the table on page 11 of the financial results handout.

This table shows full-year consolidated financial forecasts. Although we revised the forecast for the average exchange rate of the yen against the Euro from the April forecast of ¥152 to ¥155, there are no changes to the full-year consolidated financial forecasts announced in April since the effect of this revision was insignificant.

The global economic situation is expected to remain severe due to continuing concern over financial instability in the United States even in the second quarter (three months from July 1, 2008 to September 30, 2008) of fiscal 2009 and thereafter, coupled with heightened inflation worries triggered primarily by the rising cost of crude oil and raw materials. However, production activities for digital consumer equipment are expected to expand steadily, and as a result, Kyocera forecasts moderate recovery in demand for components used in these equipment in the second half of fiscal 2009.

Based on this market environment outlook, we will work to strengthen the foundations of each business by reinforcing the “Amoeba Management System,” aimed at continuously expanding sales and improving profitability for Kyocera Group. Additionally, we will strive to attain full-year forecasts through efforts to achieve further growth of the solar energy business and to cultivate new markets and customers, as well as to raise productivity.

Executive Officer and General Manager of Corporate Financial & Accounting Group, Shoichi Aoki

<Consolidated Statements of Income>

I will now begin with a summary of Consolidated Statements of Income, so please turn to page 16 of the financial results handout.

Net sales in the first quarter, the first line item, amounted to ¥331.8 billion, up 5.2% compared with the previous first quarter. Despite certain factors exerting downward pressure on net sales, such as appreciation of the yen against the U.S. dollar, sales from the mobile phone business of SANYO acquired on April 1, 2008 were included in the total, and, in addition, sales in the solar energy business grew.

The second line item, cost of sales, stood at ¥238.9 billion, an increase of 8.7% compared with the previous first quarter. The cost of sales ratio increased by 2.3 percentage points from 69.7% in the previous first quarter to 72.0% due to the impact of the business acquisition from SANYO and the decline in the selling price of electronic components, etc.

Skipping one line item, selling, general and administrative expenses (SG&A expenses) amounted to ¥64.8 billion. This represents an increase of ¥0.8 billion over the previous first quarter, due mainly to an increase in depreciation costs of intangible assets.

As a result, profit from operations for the first quarter was ¥28.0 billion, with a profit ratio of 8.4%. This result was down ¥3.7 billion, or 11.6%, compared with ¥31.6 billion recorded in the previous first quarter.

Next, let’s look at other income and expenses.

Interest and dividend income totalled ¥5.9 billion, down ¥0.4 billion from the previous first quarter. This decrease was due primarily to a decrease in interest income in a U.S. subsidiary.

Skipping one line item, Kyocera recorded foreign currency exchange transaction gain of ¥1.3 billion owing to the depreciation of the yen against the U.S. dollar and the Euro relative to the exchange rate at March 31, 2008.

The next line item, equity in earnings of affiliates and unconsolidated subsidiaries, decreased by ¥0.3 billion compared with the previous first quarter to a gain in the amount of ¥1.5 billion, with equity method income from WILLCOM Inc., an affiliate of Kyocera Corporation, being the principal contributor within this item. As a result, total other income increased by ¥0.1 billion compared with the previous first quarter.

Accordingly, income before income taxes for the first quarter totalled ¥36.9 billion, down ¥3.6 billion, or 8.8%, compared with ¥40.5 billion recorded in the previous first quarter. The profit ratio was 11.1%.

After subtracting income taxes of ¥13.7 billion, the next line item, and minority interests of ¥1.2 billion, the following line item, we are left with net income for the first quarter of ¥22.0 billion, marking a decrease of 12.1% from with the previous first quarter. The profit ratio was 6.6%.

That concludes my presentation on the Consolidated Statements of Income. I will now explain the Consolidated Balance Sheets, so please turn back two pages to page 14.

<Consolidated Balance Sheets>

Consolidated total assets, shown at the bottom, amounted to ¥2,078.6 billion as of the end of the first quarter, up ¥101.9 billion from ¥1,976.7 billion of the previous fiscal year end. Almost half of this increase stemmed from the business acquisition from SANYO.

Total current assets as of the end of the first quarter amounted to ¥1,134.6 billion, up ¥16.4 billion compared with the previous fiscal year end.

Total non-current assets as of the end of the first quarter were ¥944.0 billion, up ¥85.5 billion compared with the previous fiscal year end.

Let’s look at current assets. Cash and cash equivalents decreased by ¥135.9 billion compared with the previous fiscal year end, to ¥311.7 billion. The main reasons for this decrease were the payment of consideration for the acquisition of the mobile phone business of SANYO, and purchases of negotiable certificates of deposit and fixed-term deposits.

Short-term investments, the next line item, which consist mainly of negotiable certificates of deposit and fixed-term deposits with maturities over three months, increased by ¥97.7 billion compared with the previous fiscal year end, to ¥245.2 billion, due to transfers from cash and cash equivalents.

Skipping four line items, inventories increased by ¥25.2 billion from the previous fiscal year end, to ¥230.4 billion. The main reasons for this were increases in finished products and raw materials in the Telecommunications Equipment Group, including those from the business acquisition.

Let’s look at non-current assets. Total investments and advances, around the middle of the page, amounted to ¥489.0 billion, up ¥34.8 billion compared with the previous fiscal year end.

The primary reason for this increase was an increase in the market value of KDDI shares held by Kyocera Corporation, as recorded in securities and other investments, two lines down from non-current assets.

The next line item, property, plant and equipment at cost, net of depreciation, increased by ¥18.6 billion compared with the previous fiscal year end. This increased significantly in line with the acquisition of the mobile phone business of SANYO.

Capital expenditures for the first quarter totaled ¥18.0 billion and depreciation costs totaled ¥19.3 billion.

The next line item, goodwill, amounted to ¥56.6 billion, up ¥16.8 billion, and intangible assets, the line item below, amounted to ¥47.1 billion, up ¥17.3 billion compared with the previous fiscal year end. The main reason for both of these increases was the acquisition of the mobile phone business of SANYO.

Let’s move on one page to page 15 and I will explain total liabilities, minority interests and stockholders’ equity.

Total liabilities increased by ¥50.9 billion compared with the previous fiscal year end, to ¥511.5 billion. Minority interest in subsidiaries, one line item below, in the amount of ¥68.9 billion, which consist primarily of interests in AVX Corporation held by shareholders other than Kyocera Corporation, increased by ¥3.9 billion.

Total stockholders' equity, two lines from the bottom, increased by ¥47.1 billion compared with the previous fiscal year end, to ¥1,498.2 billion. I will explain the reason for this later.

Total current liabilities increased by ¥43.7 billion compared with the previous fiscal year end, to ¥345.3 billion.

Trade notes and accounts payable amounted to ¥120.1 billion, an increase of ¥24.7 billion compared with the previous fiscal year end, including an increase resulting from the business acquisition.

Skipping two line items, accrued income taxes decreased by ¥9.7 billion to ¥17.4 billion due to the payment of income taxes on earnings in the previous fiscal year.

Skipping one line item, other current liabilities were ¥42.3 billion, up ¥16.6 billion compared with the previous fiscal year end. This was due to an increase in deposits received. related to the business acquisition.

Non-current liabilities amounted to ¥166.2 billion, up ¥7.3 billion compared with the previous fiscal year end.

The primary reason for this increase was an increase in deferred income taxes by ¥9.0 billion to ¥127.0 billion compared with the previous fiscal year end. This increase was due to an increase in income tax liabilities in line with an increase in the market value of KDDI shares.

Total stockholders' equity increased by ¥47.1 billion compared with the previous year end, to

¥1,498.2 billion.

Retained earnings amounted to ¥1,153.9 billion. This represented an increase of ¥10.1 billion from the previous fiscal year end after deducting cash dividends in the amount of ¥11.4 billion paid in the first quarter and ¥500 million on account of a change in U.S. accounting standards related to pensions, from net income in the amount of ¥22.0 billion.

The next line item, accumulated other comprehensive income, increased by ¥36.0 billion compared with the previous fiscal year end, to ¥80.1 billion. The breakdown of this increase is shown in the footnotes. Net unrealized gains on securities increased by ¥16.7 billion compared with the previous fiscal year end to ¥81.5 billion, due primarily to an increase in the market value of KDDI shares.

As a result, the stockholders' equity ratio was 72.1% at the end of the first quarter, down 1.3 percentage points from the previous fiscal year end.

That concludes my brief presentation on the Consolidated Balance Sheets.