Kyocera Corporation Telephone Conference Call (January 29, 2009)

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I will explain consolidated financial results for the nine months ended December 31, 2008 ("this nine months") and financial forecasts for the year ending March 31, 2009 ("fiscal 2009"). Please take note of the Conference Call Material regarding this nine months.

<P.1: Consolidated Financial Results – Nine months ended December 31, 2008>

First, let's look at consolidated results for this nine months. As you can see on page 1 of the handout, the deteriorating business environment, characterized by the global economic downturn and yen appreciation against the Euro and the U.S. dollar, caused sales and profit for this nine months to decrease compared with the nine months ended December 31, 2007 ("the previous nine months").

Average exchange rates for this nine months, shown around the middle of the table, amounted to ¥103 to the U.S. dollar and ¥151 to the Euro, representing appreciation of ¥14 and ¥12, respectively, as compared with the previous nine months.

Capital expenditures for this nine months, the third line item from the bottom, increased by 2.9% compared with the previous nine months. Although we readjusted investment plans due to a significant reduction in orders since last autumn, we invested heavily in solar energy business.

<P.2-3: Consolidated Sales and Operating Profit by Reporting Segment – Nine months ended December 31, 2008>

Sales and operating profit for each reporting segment are shown on pages 2 and 3 of the handout, respectively. I will omit the explanation of the result for each reporting segment due to time constraints.

<P.4: Summary of Financial Results – Nine months ended December 31, 2008>

Next, I will give a summary of financial results for this nine months, so please turn to page 4.

First, demand has declined rapidly in both the components business and the equipment business in the second half, significantly impacting profitability. There are three main reasons for this decline.

The rapid economic slowdown forced a reduction in production volume and inventory adjustment by digital consumer equipment manufacturers.

In addition, demand for high-end digital consumer equipment weakened. Since sales of predominantly low-end mobile phones were strong, the number of components per handset dropped below initial projections.

As a result of these two factors, component demand decreased substantially and capacity utilization rates in Kyocera's components business also decreased. As an example, capacity utilization rates for Kyocera Corporation's ceramic capacitors on non-consolidated basis during three months ended December 31, 2008 were approximately 60% on average.

Finally, IT investment declined due to the financial crisis and worsening corporate results. This led to a strong tendency for companies to postpone their installation of printers and MFPs, causing sharp decrease in overseas sales in the Information Equipment Group.

Second, slump in the performance of the Telecommunications Equipment Group. Despite flat sales compared with the previous nine months due to the acquisition of SANYO's mobile phone handset business, flagging handset sales in Japan and overseas resulted in operating loss. In addition, lower replacement demand in Japan led to a decline in profitability, while overseas, slumping performance of the key customers, intensifying competition and delayed launches for new handsets significantly impacted performance.

Third, the yen appreciated against the U.S. dollar and the Euro. The currency fluctuations between this nine months and the previous nine months had a negative impact of approximately ¥68.0 billion and ¥16.5 billion on net sales and net income, respectively, for this nine months.

Fourth, sales and profit increased in the Applied Ceramic Products Group. Although the business environment deteriorated significantly on the whole, production in solar energy business expanded steadily in order to meet growing demand. Production volume for this nine months increased by approximately 40% compared with the previous nine months. As a result, the Applied Ceramic Products Group posted the highest profit of all the reporting segments.

That concludes my summary of financial results for this nine months.

<P.5: Consolidated Financial Forecast – Year ending March 31, 2009>

Next, I will explain consolidated financial forecasts for fiscal 2009, so please turn to page 5 of the handout.

In light of business results for this nine months as well as the global economy and tough business environment in the fourth quarter, today, we have made revisions to the consolidated financial forecasts announced in October last year as you can see on this page. Both sales and profit are forecasted below October projections.

Average exchange rates for fiscal 2009 are forecast to be ¥100 to the U.S. dollar and ¥143 to the Euro.

We have also revised down forecasts for capital expenditures, depreciation and R&D expenses to below the previous projections.

<P.6-7: Consolidated Sales and Operating Profit Forecasts by Reporting Segment – Year ending March 31, 2009>

Sales and operating profit forecasts by reporting segment are presented on pages 6 and 7 of the handout.

Sales are forecast to decrease in the fourth quarter compared with the third quarter (October 1 to December 31, 2008), while operating loss is expected due mainly to yen appreciation and one-off costs, which I will explain later.

Even solar energy business, which was solid until the third quarter, is expected to be impacted by stagnating demand overseas due to deterioration in the real economy in Europe and the United States, and by yen appreciation. This is despite an expected increase in demand due to the recommencement of the residential subsidy system in Japan from January this year.

Additionally, sales in the cutting tools business in the fourth quarter are projected to decrease compared with the third quarter due to sluggish growth in the auto industry, while Kyocera expects to record one-off costs associated with revaluation of assets. As a result, operating profit in the Applied Ceramic Products Group is forecast to decrease on a full-year basis for fiscal 2009 compared with fiscal 2008.

<P.8: Factors in Revising Forecasts of FY3/09>

Page 8 outlines the factors behind revisions to fiscal 2009 forecasts.

First, the business environment has been deteriorating in the second half, changing dramatically since the latter half of October 2008. The global economy and Kyocera Group's core markets, namely, the digital consumer equipment, are expected to deteriorate even further in the fourth quarter compared with the third quarter, and as such, current forecasts are significantly lower than those announced in October 2008.

Second, Kyocera will record one-off costs and increased loss in the second half. Although we projected one-off costs for the second half to total approximately ¥4.0 billion in our previous forecast, we now forecast one-off costs for the second half to total approximately ¥20.0 billion, including assumed one-off costs as of today.

Of the ¥20.0 billion, approximately ¥3.5 billion was recorded in the third quarter. Loss on sale and revaluation of equity securities totaled approximately ¥3.0 billion and restructuring costs at a subsidiary totaled approximately ¥0.5 billion. The remaining ¥16.5 billion is expected to be recorded in the fourth quarter.

In the fourth quarter, we plan to revalue various assets and execute the reorganization of business structure. We expect to record costs of approximately ¥14.5 billion for the revaluation of assets that include equity securities, inventories, and goodwill at subsidiaries.

In addition, approximately ¥2.0 billion is projected for costs associated with future reorganization of business structure.

Despite the large one-off costs this fiscal year, Kyocera is confident that these measures will strengthen business foundations and financial structure for the future.

The extremely tough business environment is set to continue in the fourth quarter. All personnel of Kyocera Group will work cooperatively to overcome current adversities by bolstering sales and marketing activities to secure orders and by comprehensively reducing costs. We will also strive to reinforce development of new products and technologies and to further improve quality with the intention of boosting sales and profit when demand recovers.

For further details, please refer to the supplementary information regarding currency fluctuations for fiscal 2009 and the breakdown of sales and operating profit for the Telecommunications Equipment Group on pages 9 and 10, respectively.