

Kyocera Corporation Telephone Conference Call (July 29, 2010)

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

I will explain consolidated financial results for the three months ended June 30, 2010 (“the first quarter”).

<P.1: Financial Results of Q1 FY3/2011 – Comparison with Q1 FY3/2010>

Consolidated financial results for the first quarter compared with the three months ended June 30, 2009 (“the previous first quarter”) are shown on page 1.

As you can see at the bottom of this page, average exchange rates for the first quarter were ¥92 to the U.S. dollar, marking appreciation of ¥5 from ¥97, and ¥117 to the Euro, marking appreciation of ¥16 from ¥133, compared with the previous first quarter. As a result, net sales and pre-tax income were down by ¥12.0 billion and ¥5.5 billion, respectively. Nonetheless, we achieved significant increases in both sales and profit for the first quarter compared with the previous first quarter on the back of improvement in the business environment and enhanced productivity in each reporting segment.

<P.2-3: Sales and Operating Profit by Reporting Segment – Three months ended June 30, 2010>

Sales and operating profit for each reporting segment for the first quarter can be seen on pages 2 and 3. Sales and operating profit increased in all reporting segments compared with the previous first quarter.

<P.4: Financial Results of Q1 FY3/2011 – Comparison with Q4 FY3/2010>

Next, the table on page 4 shows financial results for the first quarter compared with the fourth quarter of the previous fiscal year (January 1 to March 31, 2010; “the

previous quarter”).

Despite yen appreciation against the Euro, sales and profit rose in the first quarter compared with the previous quarter due to an increase in orders in the Components Business and improvements in sales and profit in the Telecommunications Equipment Group.

<P.5: Summary of Q1 FY3/2011 Results>

Results for the first quarter are summarized on page 5.

At the top of the page, we outline the three key reasons for significant growth in sales and profit in the first quarter compared with the previous first quarter.

First, the business environment improved. An increase in production activities in the digital consumer equipment market and the industrial machinery market, which are key areas for Kyocera, led to a dramatic rise in component demand in these markets. Solar energy market also expanded as a result of increased demand both in Japan and overseas.

Second, we launched new products and expanded sales activity. Sales in the Telecommunications Equipment Group increased as we augmented our line-up of mobile phone handsets through new market introductions, and expanded sales activity.

Third, we strengthened foundations in each business through cost reductions. Efforts to enhance profitability in each business up until the previous fiscal year started to bear fruit along with the increase in sales. As a result, we were able to enhance profitability considerably in every reporting segment.

The bottom half of the page gives reasons for securing sales and profit gains compared with the previous quarter. The first reason concerns growth in component

demand. Higher component demand in the first quarter relative to the previous quarter led to steady expansion of production in the Components Business and enhanced productivity through volume efficiency.

Second, we improved profitability in the mobile phone handset business overseas. Structural reforms implemented in the previous fiscal year helped overseas business to steadily improve profitability. As a result, operating profit in the Telecommunications Equipment Group in the first quarter reached ¥5.1 billion and operating profit ratio improved to 7.9%.

<P.6: Quarterly Business Trends>

The graph on page 6 shows quarterly sales, pre-tax income and pre-tax income ratio from the year ended March 31, 2009 (“fiscal 2009”).

Sales for the first quarter were around 95% of the level posted in the first half of fiscal 2009, which was prior to the financial crisis, as shown at the very left. The pre-tax income ratio improved to 14.8%, exceeded 11% in the pre-financial crisis.

<P.7: Quarterly Profit Ratio Trends>

On page 7, you can see the profit ratio trends for the Components Business and the Equipment Business. The profit ratio for the first quarter exceeded the first quarter of fiscal 2009 in both of these businesses. The operating profit ratio for the Components Business, shown in blue, stood at 17.2% in the first quarter, surpassing the 15% we have set as an immediate target.

The operating profit ratio for the Equipment Business, where we set a challenge of enhancing profitability, improved to 8.6% in the first quarter.

Next, I will explain results for each reporting segment in the first quarter, starting on page 8.

<P.8: Quarterly Trends by Reporting Segment – Fine Ceramic Parts Group>

The graphs on the left of pages 8-14 show sales and operating profit trends from the previous fiscal year on a quarterly basis. On the right hand side of these pages, we present reasons for increases or decreases compared with the previous first quarter (upper section) and the previous quarter (lower section).

First, let's look at the Fine Ceramic Parts Group. Sales in this reporting segment increased compared with the previous first quarter due to growth in demand for semiconductor fabrication equipment parts and automotive components. Reduced manufacturing costs combined with the increase in sales led to a significant improvement in operating profit.

Although not shown on this slide, the operating profit ratio in this reporting segment for the first quarter was 13.5%.

<P.9: Quarterly Trends by Reporting Segment – Semiconductor Parts Group>

For the Semiconductor Parts Group on page 9, demand remained strong for both ceramic packages and organic packages in the first quarter, and as a result, sales and operating profit were up significantly in this reporting segment compared with the previous first quarter. In particular, demand increased for ceramic packages for crystal and SAW devices used in mobile phone handsets, and for CCD/CMOS image sensors, while demand for organic packages used in network equipment also grew. The operating profit ratio in this reporting segment for the first quarter was 21.0%.

<P.10: Quarterly Trends by Reporting Segment – Applied Ceramic Products Group>

In the Applied Ceramic Products Group on page 10, sales and operating profit increased strongly compared with the previous first quarter, due to increased demand for solar energy business and a solid increase in demand for cutting tool business in line with recovery in the automotive industry.

Compared with the previous quarter, both sales and profit in the cutting tool business grew. Sales and operating profit were down in the solar energy business, however, relative to the previous quarter, due to yen appreciation against the Euro.

An impact affected by a delayed start to governmental subsidies in the domestic housing sector in the solar energy business during the first quarter is being eased. Accordingly, we anticipate growing demand in Japan and expect an increase in sales and profit from the second quarter onward.

<P.11: Quarterly Trends by Reporting Segment – Electronic Device Group>

Sales and profit in this reporting segment increased in the first quarter compared with the previous first quarter, due to strong component demand for digital consumer equipment and for industrial use. Profitability also improved significantly, and the operating profit ratio for the first quarter reached 15.9%.

Although the Thin Film Transistor (TFT) Liquid Crystal Display (LCD) business taken over from Sony Mobile Display Corporation in June 2010 was included in this reporting segment, the impact on results for the first quarter was immaterial.

<P.12: Quarterly Trends by Reporting Segment – Telecommunications Equipment Group>

Sales increased in this reporting segment compared with the previous first quarter as a result of favorable sales of mobile phone handsets in Japan and of increased number of models marketed outside Japan.

Operating profit increased significantly, due to positive effect of structural reforms implemented in the previous fiscal year. In particular, we enabled such initiatives to translate sales growth in the mobile phone handset business, especially in overseas business, into profit gains. As a result, profitability was up considerably.

<P.13: Quarterly Trends by Reporting Segment – Information Equipment Group>

Next, let's look at the Information Equipment Group on page 13.

Sales and operating profit increased in this reporting segment compared with the previous first quarter, due to robust sales in Europe, mainly in high-value-added models such as color MFPs.

However, sales and operating profit decreased compared with the previous quarter, due to seasonal influence and yen appreciation against the Euro.

<P.14: Quarterly Trends by Reporting Segment – Others>

Finally, I will explain the Others segment on page 14. Recovery of IT investment and increased demand for digital consumer equipment demand drove an increase at Kyocera Communication Systems Co., Ltd. and Kyocera Chemical Corp. As a result, sales and operating profit in this segment increased compared with the previous first quarter.

However, reduced sales and profit at Kyocera Communication Systems Co., Ltd. resulted in an overall decline in this reporting segment compared with the previous quarter due to seasonal influence.

That concludes my presentation of performance in the first quarter.

<P.15: Key Initiatives for FY3/2011>

Business performance in the first quarter progressed better than original forecast at the beginning of the year ending March 31, 2011 ("fiscal 201"). Kyocera aims to improve its performance from the second quarter onward by enhancing sales and profit in each reporting segment. This slide shows our initiatives for fiscal 2011 as explained in April. These three initiatives are progressing as scheduled at the moment.

First, we will expand sales of digital consumer equipment components. Getting into the second quarter, booking situation as of today continues to be strong. We will strive to expand sales of various electronic components, semiconductor parts and sapphire substrates for LEDs.

Second, we will expand sales in the solar energy business. We are preparing to start production at a new solar cell plant in Yasu, Shiga Prefecture in August this year. We already started production at a new module plant in San Diego, U.S. in June. This facility satisfies “Buy American” provisions for the U.S. market.

We are also making continued capital investments in the four existing module production plants toward our goal of bolstering production capacity by approximately 50% year-on-year.

Third, we will expand sales in the Telecommunications Equipment Group. The operating profit ratio in the first quarter improved to 7.9% due to reducing costs as planned. We will strive to increase sales by introducing new models continually and developing new markets toward enhanced profitability.

In particular, we plan to release a smartphone with Android operating system for the North American market in the second quarter. In addition, we will vigorously expand product lines ahead of the year-end shopping season, and cultivate Central and South American markets.

Lastly, I will explain financial forecasts for the year ending March 31, 2011 (“fiscal 2011”) on page 16.

<P.16: Financial Forecast – Year ending March 31, 2011>

Kyocera forecasts the current favorable business environment will continue in the second quarter due to an expected steady growth trend in production activities in the

digital consumer equipment, industrial machinery and automotive markets, with demand in the solar energy market also expected to grow further.

For the time being, however, Kyocera has not made any change in its forecasts of sales and operating profit for fiscal 2011 as a whole which were announced in April 2010, due to uncertainty regarding the trend in market demand from the third quarter and thereafter. We will announce latest financial forecasts for fiscal 2011 as a whole upon review of forecasts for the second half which will take into consideration the situation in the second quarter.

Kyocera recently revised assumed exchange rates for fiscal 2011 as the yen is expected to continue appreciating against the U.S. dollar and Euro above initial projections. The U.S. dollar exchange rate has been revised to ¥88, marking appreciation of ¥2 from the initial projection of ¥90, and the Euro exchange rate has been revised to ¥110, marking appreciation of ¥10 from the initial projection of ¥120. This is expected to impact sales and pre-tax income for fiscal 2011 in the amounts of ¥65.0 billion and ¥23.0 billion, respectively.

<P.17-18: Sales and Operating Profit Forecasts by Reporting Segment – Year ending March 31, 2011>

Sales and operating profit forecasts by reporting segment are shown on page 17-18. There is no change from forecast announced in April.

Although we revised forecast of the currency exchange rate announced in April to further yen appreciation, we will strive to increase sales and profit in each reporting segment.