

July 29, 2010

# **Conference Call Material**

## **for the Three Months Ended June 30, 2010**

KYOCERA Corporation

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## Financial Results of Q1 FY3/2011 - Comparison with Q1 FY3/2010 -

(Unit: Yen in billions)

	Three months ended June 30,				Change	
	2009		2010		Amount	%
	Amount	% of net sales	Amount	% of net sales		
<b>Net sales</b>	<b>225.4</b>	<b>100.0</b>	<b>313.2</b>	<b>100.0</b>	<b>87.8</b>	<b>38.9</b>
<b>Profit from operations</b>	<b>-5.6</b>	<b>-2.5</b>	<b>40.6</b>	<b>13.0</b>	<b>46.2</b>	<b>—</b>
<b>Pre-tax income</b>	<b>0.7</b>	<b>0.3</b>	<b>46.3</b>	<b>14.8</b>	<b>45.6</b>	<b>—</b>
Net income attributable to shareholders of Kyocera Corporation	<b>-0.5</b>	<b>-0.2</b>	<b>29.9</b>	<b>9.5</b>	<b>30.4</b>	<b>—</b>
<b>Capital expenditures</b>	<b>5.6</b>	<b>2.5</b>	<b>12.0</b>	<b>3.8</b>	<b>6.4</b>	<b>114.3</b>
<b>Depreciation</b>	<b>14.8</b>	<b>6.6</b>	<b>12.7</b>	<b>4.1</b>	<b>-2.1</b>	<b>-14.3</b>
<b>R&amp;D expenses</b>	<b>13.1</b>	<b>5.8</b>	<b>11.4</b>	<b>3.6</b>	<b>-1.7</b>	<b>-13.2</b>
Average exchange rate (yen)	<b>US\$: ¥ 97</b>	<b>€: ¥ 133</b>	<b>US\$: ¥ 92</b>	<b>€: ¥ 117</b>		
Foreign currency fluctuation effect on: (compared with the previous same period)	net sales	<b>Approx. ¥ -19.0 billion</b>		<b>Approx. ¥ -12.0 billion</b>		
	pre-tax income	<b>Approx. ¥ -5.5 billion</b>		<b>Approx. ¥ -5.5 billion</b>		

## Sales by Reporting Segment

- Three months ended June 30, 2010 -

(Unit: Yen in billions)

■ Reporting Segment	Three months ended June 30,				Change	
	2009		2010		Amount	%
	Amount	% of total net sales	Amount	% of total net sales		
■ Fine Ceramic Parts Group	9.3	4.1	17.2	5.5	7.9	86.0
■ Semiconductor Parts Group	28.1	12.5	42.8	13.7	14.7	52.5
■ Applied Ceramic Products Group	29.9	13.2	44.8	14.3	14.9	50.1
■ Electronic Device Group	45.4	20.1	59.5	19.0	14.2	31.2
<b>Components Business</b>	<b>112.6</b>	<b>49.9</b>	<b>164.4</b>	<b>52.5</b>	<b>51.8</b>	<b>46.1</b>
■ Telecommunications Equipment Group	36.8	16.3	64.8	20.7	28.0	76.0
■ Information Equipment Group	53.8	23.9	58.5	18.7	4.7	8.8
<b>Equipment Business</b>	<b>90.6</b>	<b>40.2</b>	<b>123.2</b>	<b>39.4</b>	<b>32.6</b>	<b>36.1</b>
■ Others	26.8	11.9	32.6	10.4	5.8	21.7
Adjustments and eliminations	-4.6	-2.0	-7.1	-2.3	-2.5	-
<b>Total net sales</b>	<b>225.4</b>	<b>100.0</b>	<b>313.2</b>	<b>100.0</b>	<b>87.8</b>	<b>38.9</b>

# Operating Profit by Reporting Segment

- Three months ended June 30, 2010 -

(Unit: Yen in billions)

■ Reporting Segment	Three months ended June 30,				Change	
	2009		2010		Amount	%
	Amount	% of net sales	Amount	% of net sales		
■ Fine Ceramic Parts Group	-2.8	-	2.3	13.5	5.1	-
■ Semiconductor Parts Group	1.7	6.0	9.0	21.0	7.3	433.2
■ Applied Ceramic Products Group	1.1	3.8	7.4	16.6	6.3	560.6
■ Electronic Device Group	-2.3	-	9.5	15.9	11.8	-
<b>Components Business</b>	<b>-2.3</b>	<b>-</b>	<b>28.2</b>	<b>17.2</b>	<b>30.5</b>	<b>-</b>
■ Telecommunications Equipment Group	-5.4	-	5.1	7.9	10.5	-
■ Information Equipment Group	2.1	3.9	5.5	9.4	3.4	162.3
<b>Equipment Business</b>	<b>-3.3</b>	<b>-</b>	<b>10.6</b>	<b>8.6</b>	<b>13.9</b>	<b>-</b>
■ Others	-0.0	-	1.9	5.7	1.9	-
<b>Operating profit</b>	<b>-5.5</b>	<b>-</b>	<b>40.7</b>	<b>13.0</b>	<b>46.2</b>	<b>-</b>
Corporate	5.1	-	5.9	-	0.8	14.8
Equity in earnings of affiliates and unconsolidated subsidiaries	1.1	-	0.2	-	-0.9	-81.2
Adjustments and eliminations	0.1	-	-0.5	-	-0.6	-
<b>Pre-tax income</b>	<b>0.7</b>	<b>0.3</b>	<b>46.3</b>	<b>14.8</b>	<b>45.6</b>	<b>-</b>

Operating profit represents profit from operating activities.




## Financial Results of Q1 FY3/2011 - Comparison with Q4 FY3/2010 -

(Unit: Yen in billions)



	Three months ended				Change	
	March 31, 2010		June 30, 2010			
	Amount	% of net sales	Amount	% of net sales	Amount	%
<b>Net sales</b>	<b>304.9</b>	<b>100.0</b>	<b>313.2</b>	<b>100.0</b>	<b>8.3</b>	<b>2.7</b>
<b>Profit from operations</b>	<b>25.8</b>	<b>8.5</b>	<b>40.6</b>	<b>13.0</b>	<b>14.8</b>	<b>57.1</b>
<b>Pre-tax income</b>	<b>28.1</b>	<b>9.2</b>	<b>46.3</b>	<b>14.8</b>	<b>18.2</b>	<b>65.1</b>
Net income attributable to shareholders of Kyocera Corporation	21.6	7.1	29.9	9.5	8.3	38.3
<b>Capital expenditures</b>	<b>15.7</b>	<b>5.2</b>	<b>12.0</b>	<b>3.8</b>	<b>-3.7</b>	<b>-23.7</b>
<b>Depreciation</b>	<b>15.6</b>	<b>5.1</b>	<b>12.7</b>	<b>4.1</b>	<b>-2.9</b>	<b>-18.4</b>
<b>R&amp;D expenses</b>	<b>11.8</b>	<b>3.9</b>	<b>11.4</b>	<b>3.6</b>	<b>-0.4</b>	<b>-3.6</b>
Average exchange rates	US\$	€	US\$	€		
	¥91	¥126	¥92	¥117		

## Summary of Q1 FY3/2011 Results

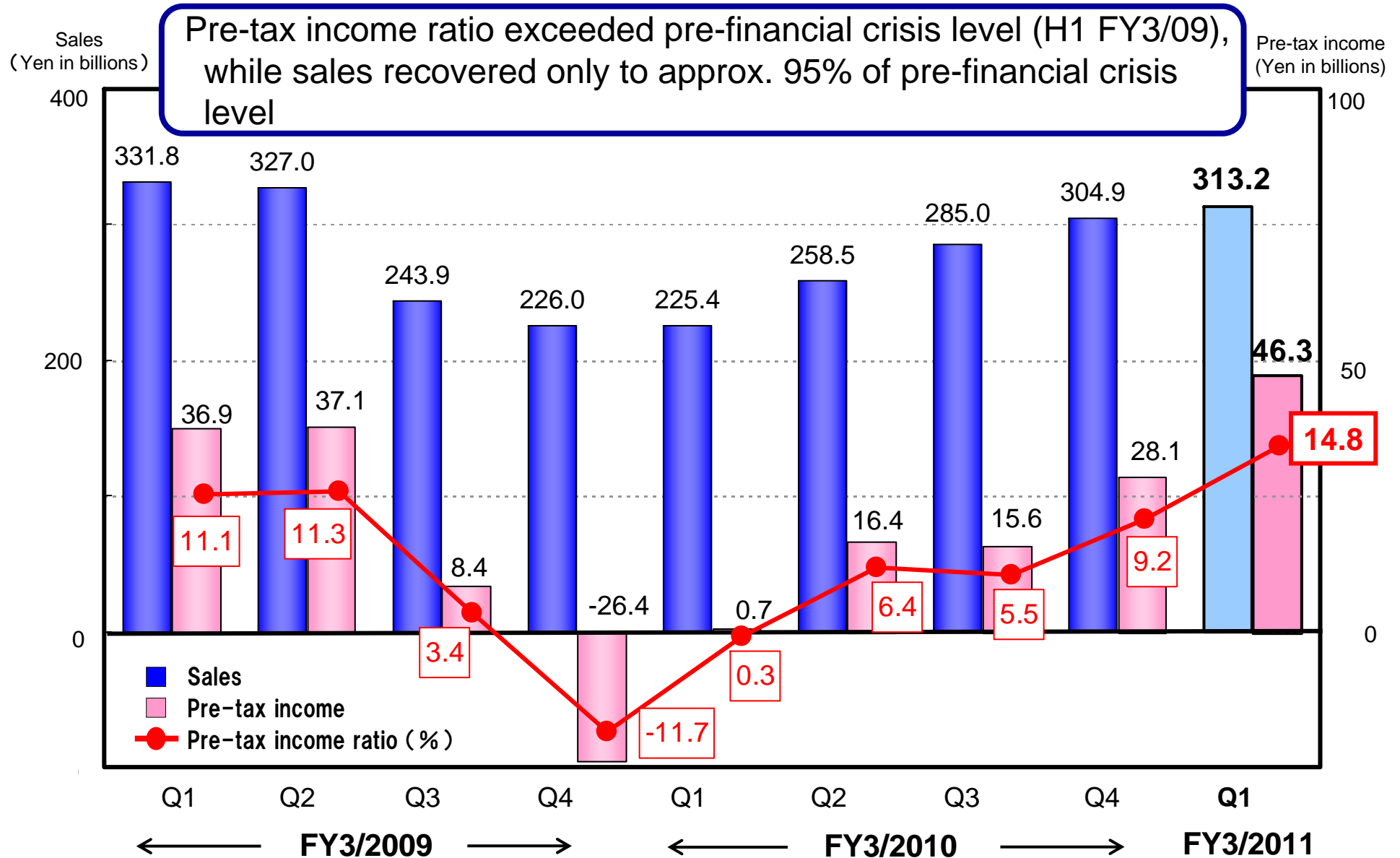
### Compared with Q1 FY3/2010: Significant growth in sales and profit

- ① Improved business environment  Increase in component demand
- ② Launched new products and expanded sales activity  Expanded sales in the Telecommunications Equipment Group
- ③ Strengthened foundations in each business through cost reductions  Considerable improvement in profitability

### Compared with Q4 FY3/2010: Achieved sales and profit increases

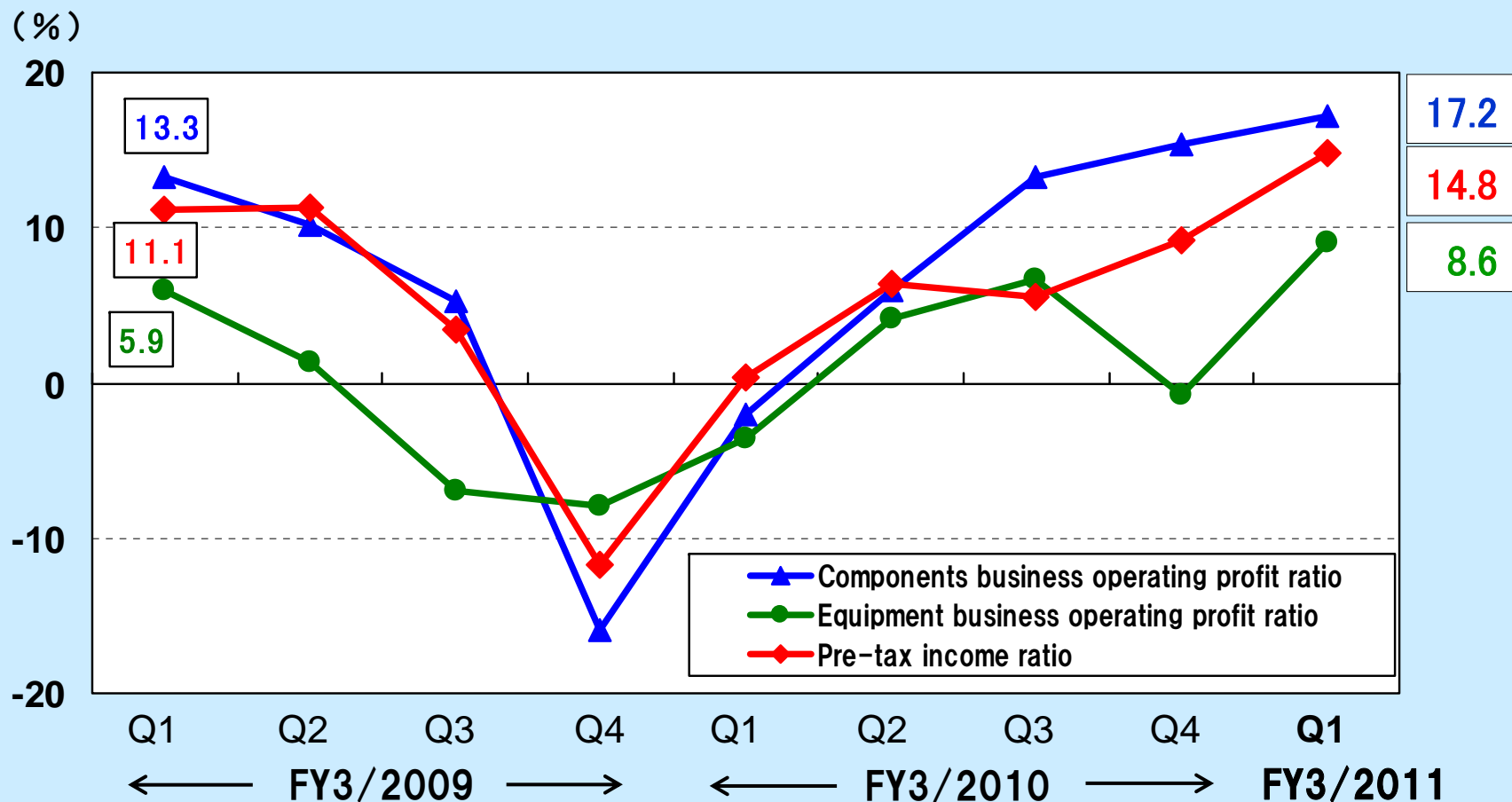
- ① Increased in component demand  Improved profitability in Components Business
- ② Improved profitability in mobile phone handset business overseas  Increased profit in the Telecommunications Equipment Group

# Quarterly Business Trends



## Quarterly Profit Ratio Trends

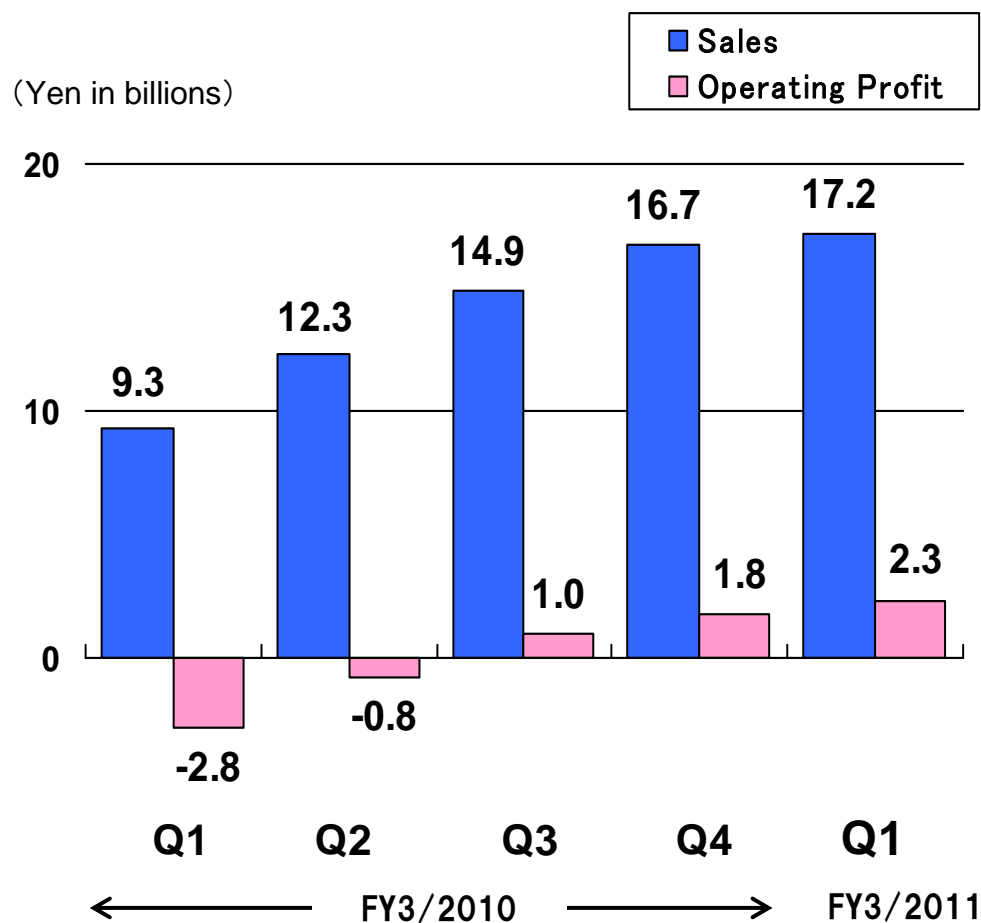
- Operating profit ratio in Components Business improved to 17.2%
- Both Components and Equipment Businesses posted operating profit ratios exceeding pre-financial crisis level





# Quarterly Trends by Reporting Segment

## Fine Ceramic Parts Group



### Compared with Q1 FY3/2010

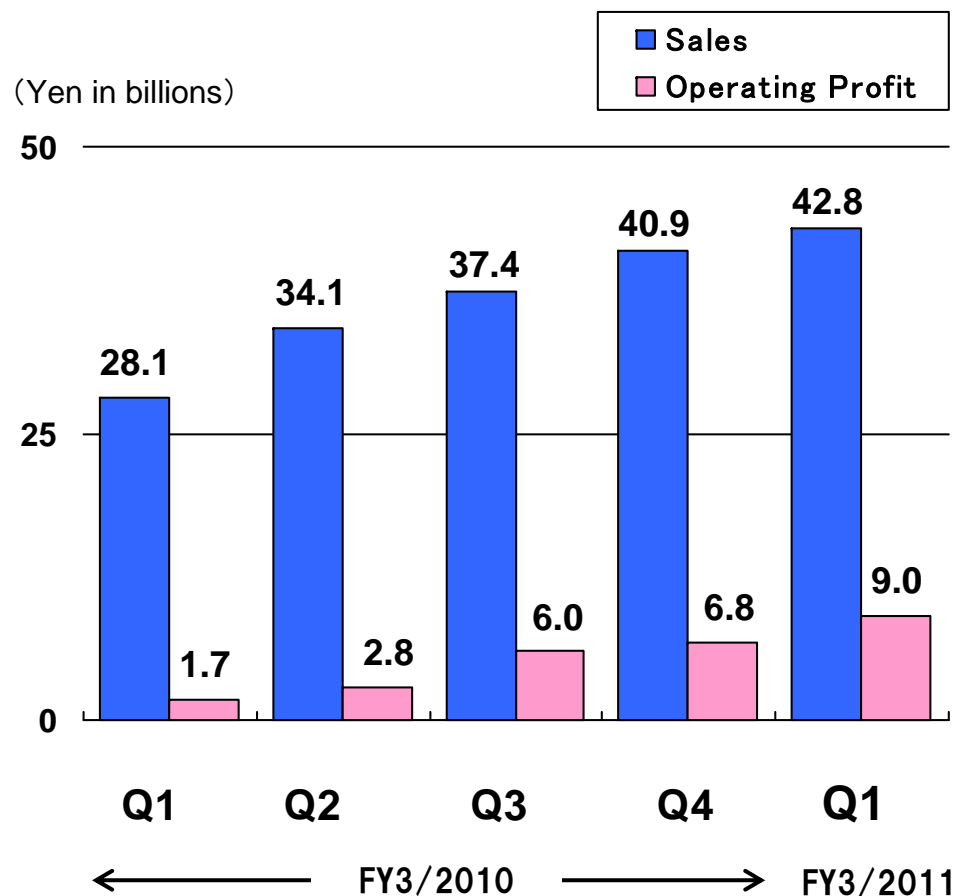
- Sales increased significantly due to growing component demand for industrial machinery and automotive market
- Operating profit increased significantly due to higher sales and cost reductions, etc.

### Compared with Q4 FY3/2010

- Sales and operating profit increased due to growing component demand, especially for semiconductor fabrication equipment components, and to improved profitability in each business

# Quarterly Trends by Reporting Segment

## Semiconductor Parts Group



### Compared with Q1 FY3/2010

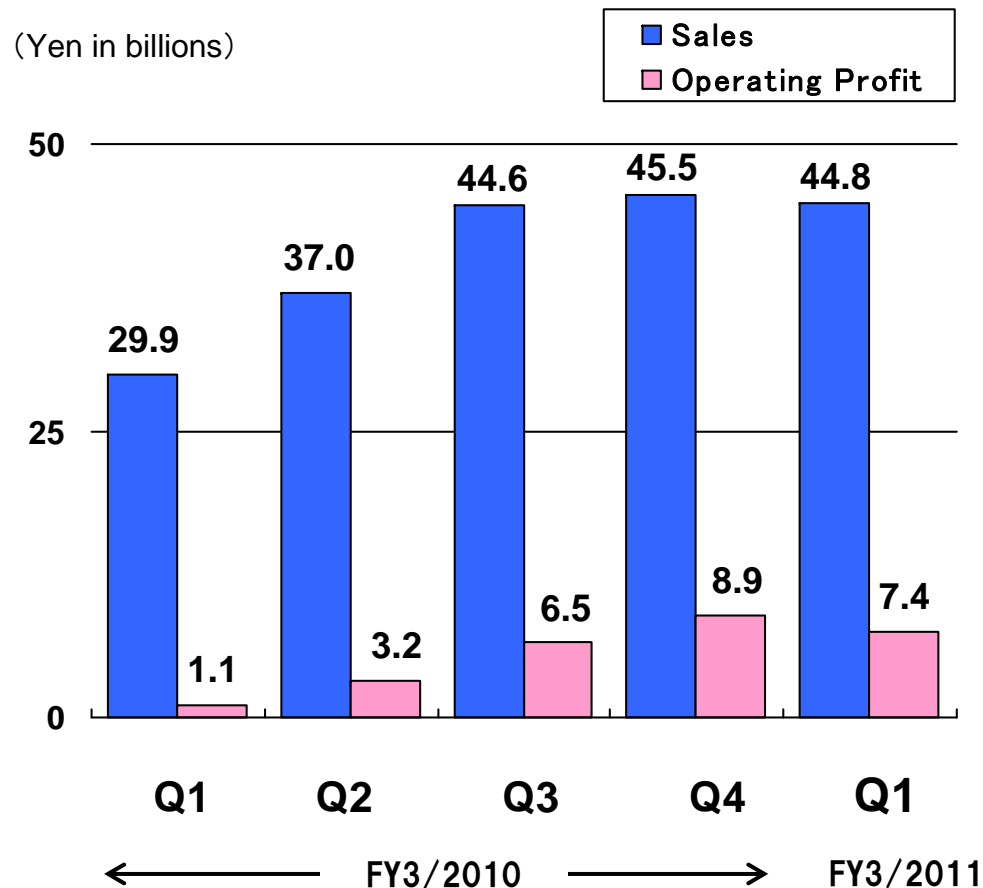
- Sales and operating profit increased due to growing demand for ceramic packages and organic packages

### Compared with Q4 FY3/2010

- Demand for both ceramic and organic packages grew solidly
- Operating profit increased due to higher sales and improved profitability

# Quarterly Trends by Reporting Segment

## Applied Ceramic Products Group



### Compared with Q1 FY3/2010

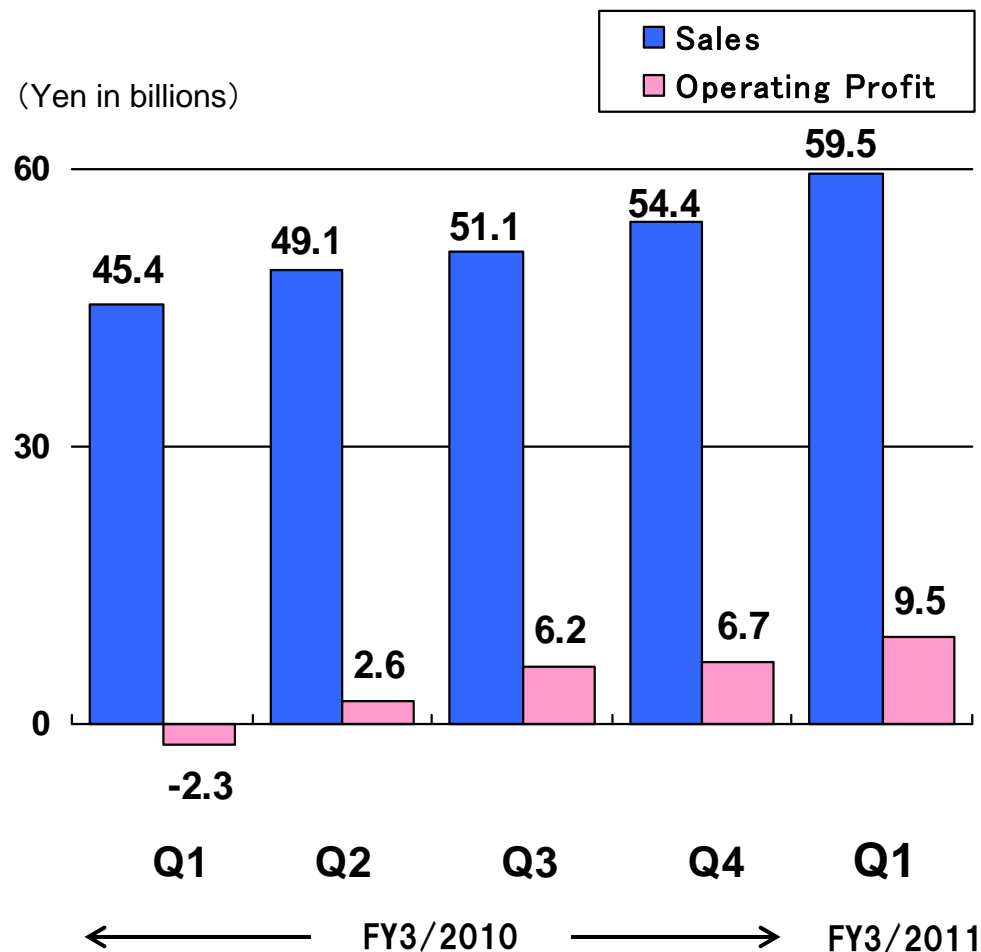
- Sales and operating profit increased, despite yen appreciation, due to growing demand in solar energy business and cutting tool business, and promoting cost-cutting measures

### Compared with Q4 FY3/2010

- Steady growth in demand for cutting tool business
- Sales and operating profit decreased in solar energy business due to yen appreciation and to delayed commencement of subsidies in the domestic housing sector this fiscal year

# Quarterly Trends by Reporting Segment

## Electronic Device Group



### Compared with Q1 FY3/2010

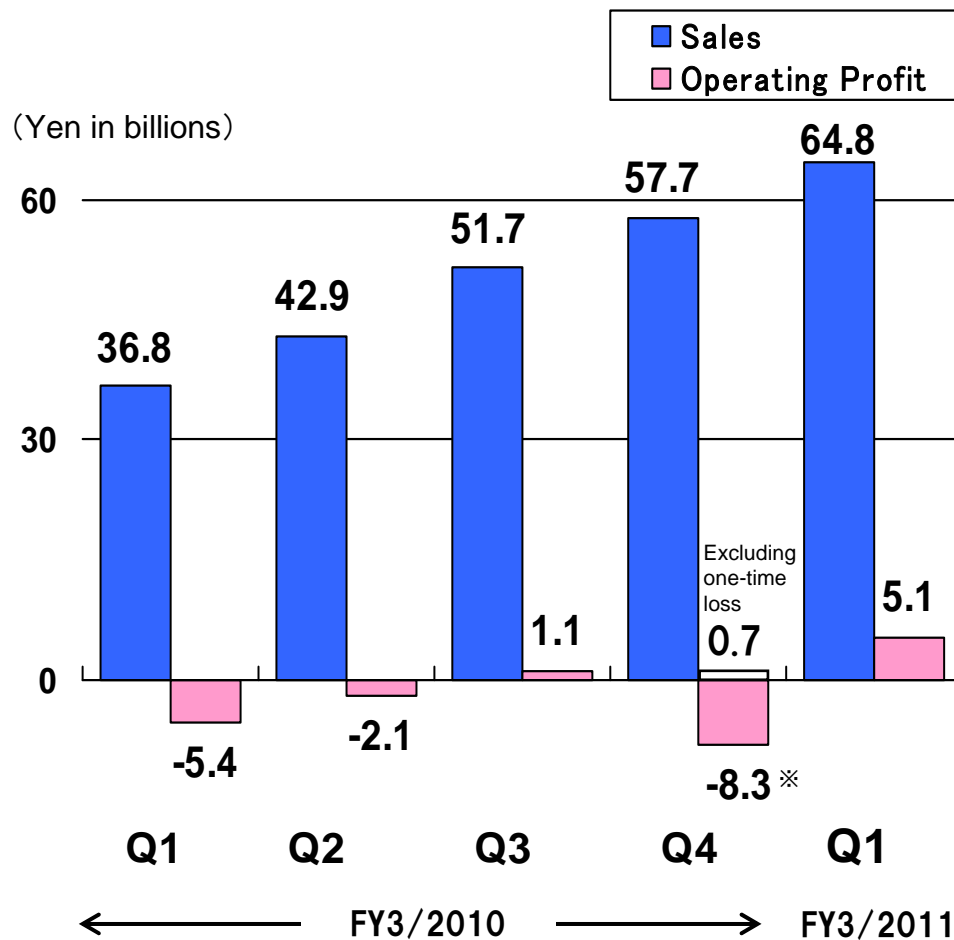
- Sales increased due to growing component demand for digital consumer equipment and for industrial use
- Operating profit increased significantly due to higher sales and improved profitability

### Compared with Q4 FY3/2010

- Sales and operating profit increased continuously due to growing component demand for digital consumer equipment and for industrial use

# Quarterly Trends by Reporting Segment

## Telecommunications Equipment Group



### Compared with Q1 FY3/2010

- Sales increased due to sales increase of mobile phone handsets in Japan and an increase in mobile phone handset models marketed overseas
- Operating profit improved significantly due to higher sales and the effects of business structural reforms

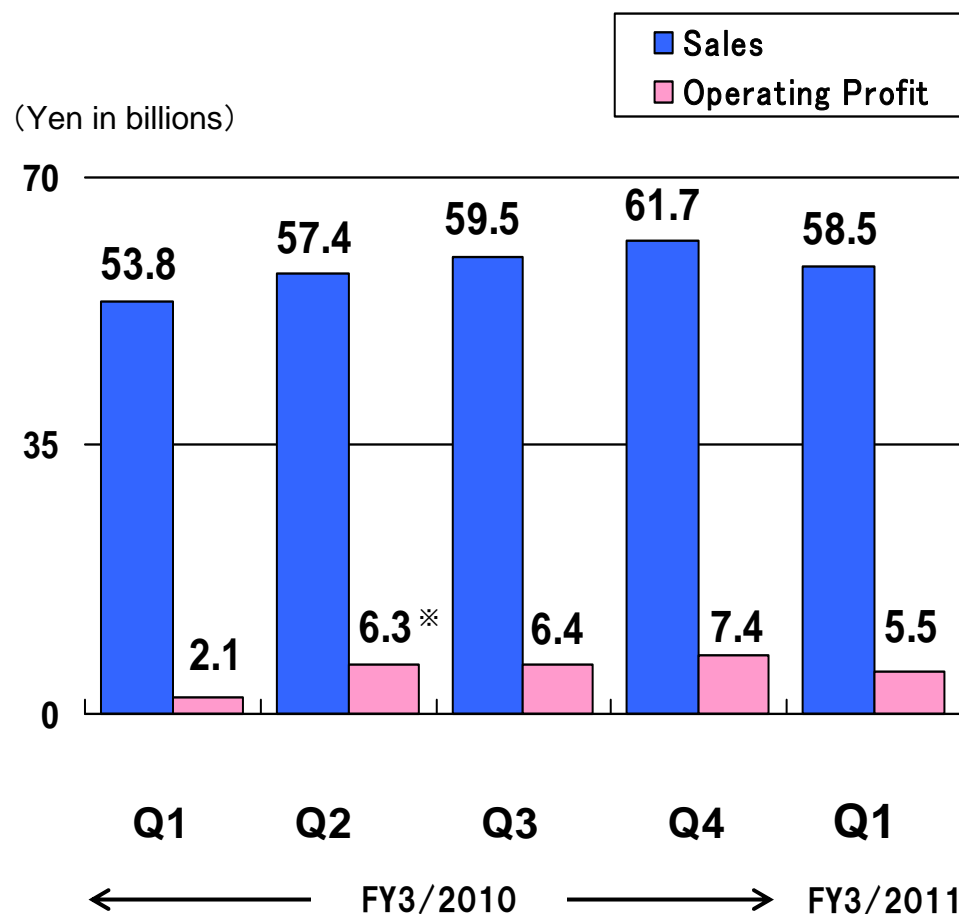
### Compared with Q4 FY3/2010

- Sales increased, particularly as a result of capturing replacement demand in the Japanese market
- Operating profit increased substantially due to higher sales and improved profitability overseas, even eliminating the impact of one-time loss recorded in Q4 FY3/2010

\*Includes one-time loss of ¥9.0 billion related to WILLCOM, Inc.

# Quarterly Trends by Reporting Segment

## Information Equipment Group



### Compared with Q1 FY3/2010

- Sales and operating profit increased due to higher sales of color products, despite curtailment of information technology investment and yen appreciation

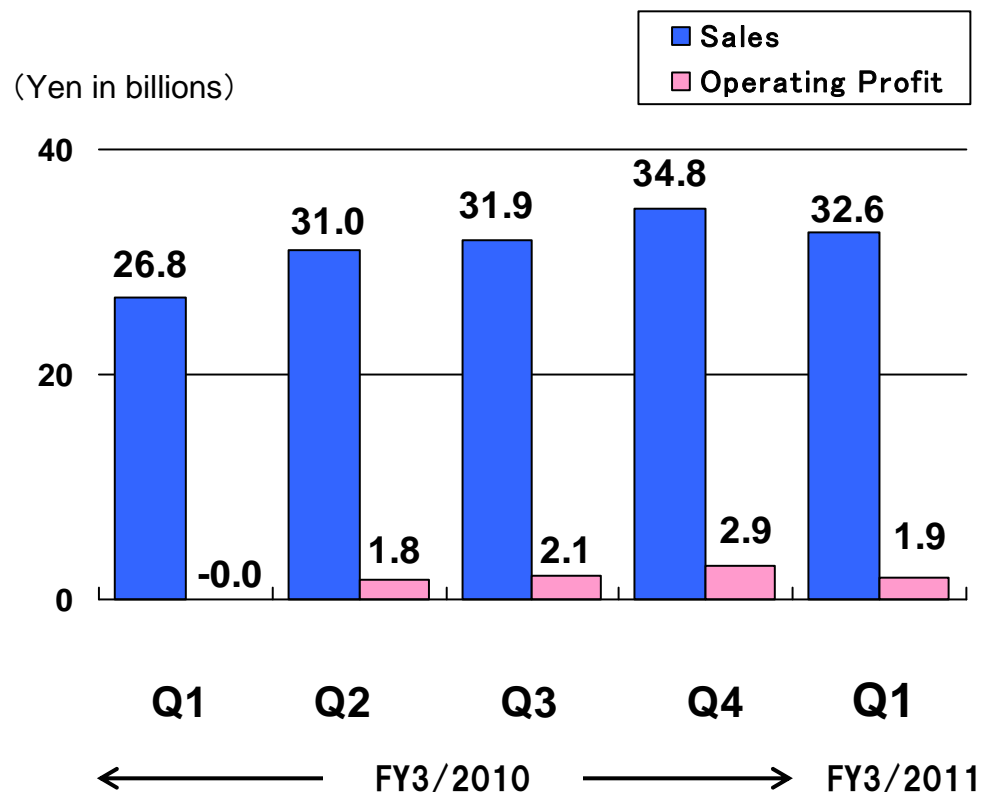
### Compared with Q4 FY3/2010

- Sales and operating profit decreased due to seasonal influence and yen appreciation against the Euro, despite efforts to expand sales through new product launches

\*Includes approximately ¥1.5 billion in gain on sale of fixed assets.

## Quarterly Trends by Reporting Segment

### Others



#### Compared with Q1 FY3/2010

- Sales and operating profit increased at both Kyocera Communication Systems Co., Ltd. and Kyocera Chemical Corp. due to an improvement in the business environment and improved profitability

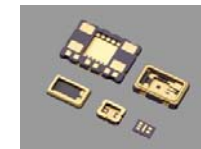
#### Compared with Q4 FY3/2010

- Although sales and operating profit increased at Kyocera Chemical Corp., sales and profit decreased at Kyocera Communication Systems Co., Ltd. due to seasonal influence

## Key initiatives for FY3/2011

### 1. Expand sales of components for digital consumer equipment

- Translate brisk orders into sales expansion



### 2. Expand sales in solar energy business

- Start operation at Yasu plant, Japan: Start production of solar cells in August 2010 (planned)
- Expand module production: Started operation of San Diego plant in June 2010  
Expand production capacity (increase approx. 50% compared with the end of March 2010)

### 3. Expand sales of the Telecommunications Equipment Group

- Introduce new handset models constantly and expand sales
- Cultivate Central and South American markets



Zio M6000  
(smart phone)



# Financial Forecast

## - Year ending March 31, 2011 -

(Unit: Yen in billions)

	Year ended March 31, 2010		Year ending March 31, 2011		Change	
	Amount	% of net sales	Amount	% of net sales	Amount	%
<b>Net sales</b>	<b>1,073.8</b>	<b>100.0</b>	<b>1,200.0</b>	<b>100.0</b>	<b>126.2</b>	<b>11.8</b>
<b>Profit from operations</b>	<b>63.9</b>	<b>5.9</b>	<b>122.0</b>	<b>10.2</b>	<b>58.1</b>	<b>91.0</b>
<b>Pre-tax income</b>	<b>60.8</b>	<b>5.7</b>	<b>132.0</b>	<b>11.0</b>	<b>71.2</b>	<b>117.1</b>
Net income attributable to shareholders of Kyocera Corporation	<b>40.1</b>	<b>3.7</b>	<b>85.0</b>	<b>7.1</b>	<b>44.9</b>	<b>112.0</b>
EPS attributable to shareholders of Kyocera Corporation (diluted-yen)	<b>218.47</b>	—	<b>463.16</b>	—	<b>244.69</b>	—
<b>Capital expenditures</b>	<b>37.9</b>	<b>3.5</b>	<b>60.0</b>	<b>5.0</b>	<b>22.1</b>	<b>58.4</b>
<b>Depreciation</b>	<b>60.6</b>	<b>5.6</b>	<b>70.0</b>	<b>5.8</b>	<b>9.4</b>	<b>15.5</b>
<b>R&amp;D expenses</b>	<b>49.9</b>	<b>4.6</b>	<b>60.0</b>	<b>5.0</b>	<b>10.1</b>	<b>20.2</b>
	Year ended March 31, 2010		Year ending March 31, 2011 (Revised in July 2010)		Year ending March 31, 2011 (Announced in April 2010)	
Average exchange rate (yen)	US\$: ¥93	€: ¥ 131	US\$: ¥ 88	€: ¥ 110	US\$: ¥ 90	€: ¥ 120
Foreign currency fluctuation effect on: (compared with the previous fiscal year)	net sales	Approx. ¥ -49.0 billion	Approx. ¥ -65.0 billion		Approx. ¥ -41.0 billion	
	pre-tax income	Approx. ¥ -13.5 billion	Approx. ¥ -23.0 billion		Approx. ¥ -13.0 billion	

Note: Forecast of earnings per share attributable to shareholders of Kyocera Corporation is computed based on the diluted average number of shares outstanding during the three months ended June 30, 2010

## Sales Forecast by Reporting Segment - Year ending March 31, 2011 -

(Unit: Yen in billions)

■ Reporting Segment	Year ended March 31, 2010		Year ending March 31, 2011		Change	
	Amount	% of total net sales	Amount	% of total net sales	Amount	%
■ Fine Ceramic Parts Group	53.1	5.0	64.0	5.3	10.9	20.6
■ Semiconductor Parts Group	140.5	13.1	158.0	13.2	17.5	12.4
■ Applied Ceramic Products Group	157.0	14.6	201.0	16.8	44.0	28.0
■ Electronic Device Group	199.9	18.6	217.0	18.1	17.1	8.5
<b>Components business</b>	<b>550.5</b>	<b>51.3</b>	<b>640.0</b>	<b>53.4</b>	<b>89.5</b>	<b>16.3</b>
■ Telecommunications Equipment Group	189.1	17.6	200.0	16.7	10.9	5.8
■ Information Equipment Group	232.4	21.6	243.0	20.2	10.6	4.6
<b>Equipment business</b>	<b>421.5</b>	<b>39.2</b>	<b>443.0</b>	<b>36.9</b>	<b>21.5</b>	<b>5.1</b>
■ Others	124.6	11.6	142.0	11.8	17.4	14.0
Adjustment and eliminations	-22.8	-2.1	-25.0	-2.1	-2.2	-
<b>Total net sales</b>	<b>1,073.8</b>	<b>100.0</b>	<b>1,200.0</b>	<b>100.0</b>	<b>126.2</b>	<b>11.8</b>

# Operating Profit Forecast by Reporting Segment

## - Year ending March 31, 2011 -

(Unit: Yen in billions)

■ Reporting Segment	Year ended March 31, 2010		Year ending March 31, 2011		Change	
	Amount	% of net sales	Amount	% of net sales	Amount	%
■ Fine Ceramic Parts Group	-0.8	-	10.0	15.6	10.8	-
■ Semiconductor Parts Group	17.2	12.3	25.0	15.8	7.8	45.1
■ Applied Ceramic Products Group	19.9	12.6	29.0	14.4	9.1	46.0
■ Electronic Device Group	13.2	6.6	28.0	12.9	14.8	111.6
<b>Components business</b>	<b>49.5</b>	<b>9.0</b>	<b>92.0</b>	<b>14.4</b>	<b>42.5</b>	<b>85.7</b>
■ Telecommunications Equipment Group	-14.7	-	6.0	3.0	20.7	-
■ Information Equipment Group	22.1	9.5	22.1	9.1	0.0	0.0
<b>Equipment business</b>	<b>7.4</b>	<b>1.7</b>	<b>28.1</b>	<b>6.3</b>	<b>20.7</b>	<b>281.5</b>
■ Others	6.8	5.4	7.8	5.5	1.0	15.2
<b>Operating profit</b>	<b>63.7</b>	<b>5.9</b>	<b>127.9</b>	<b>10.7</b>	<b>64.2</b>	<b>100.9</b>
Corporate and others	-2.9	-	4.1	-	7.0	-
<b>Pre-tax income</b>	<b>60.8</b>	<b>5.7</b>	<b>132.0</b>	<b>11.0</b>	<b>71.2</b>	<b>117.1</b>

Operating profit represents profit from operating activities.

Please refer to forward-looking statements on the final page.

## Forward-Looking Statements

Certain of the statements made in this document are forward-looking statements (within the meaning of Section 21E of the U.S. Securities and Exchange Act of 1934), which are based on our current assumptions and beliefs in light of the information currently available to us. These forward-looking statements involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors include, but are not limited to the following lists. General economic conditions in our markets, which are primarily Japan, North America, Europe and Asia, particularly China; Unexpected changes in economic, political and legal conditions in countries where we operate; Our ability to develop, launch and produce innovative products, including meeting quality and delivery standards, and our ability to otherwise meet the advancing technological requirements of our customers, particularly in the highly competitive markets for ceramics, semiconductor parts and electronic components; Manufacturing delays or defects resulting from outsourcing or internal manufacturing processes which may adversely affect our production yields and operating results; Factors that may affect our exports, including a strong yen, political and economic instability, difficulties in collection of accounts receivable, decrease in cost competitiveness of our products, increases in shipping and handling costs, difficulty in staffing and managing international operations and inadequate protection of our intellectual property; Changes in exchange rates, particularly between the yen and the U.S. dollar and Euro, respectively, in which we make significant sales; Exposure to credit risk on trade receivables due to customers' worsening financial condition; Inability to secure skilled employees, particularly engineering and technical personnel; Insufficient protection of our trade secrets and intellectual property rights including patents; Our continuing to hold licenses to manufacture and sell certain of our products; The possibility that future initiatives and in-process research and development may not produce the desired results; The possibility that companies or assets acquired by us may not produce the returns or benefits, or bring in business opportunities, which we expect, and may require more cost than expected for integration; Events that may impact negatively on our markets or supply chain, including terrorist acts and outbreaks of disease or war; The occurrence of natural disasters, such as earthquakes, in locations where our manufacturing and other key business facilities are located; The possibility of future tightening of environmental laws and regulations in Japan and other countries which may increase our environmental liability and costs and expenses to observe the obligations; Fluctuations in the value of, and impairment losses on, securities and other assets held by us; The possibility that deferred tax assets may not be realized or additional liabilities for unrecognized tax benefits may be required; and Changes in accounting principles. Such risks, uncertainties and other factors may cause our actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. We undertake no obligation to publicly update any forward-looking statements included in this document.