Kyocera Corporation Telephone Conference Call (July 30, 2007)

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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.

Please note that Kyocera Corporation sold Kyocera Leasing Co., Ltd. in August 2006. Accordingly, figures for the three months ended June 30, 2006 (“the previous first quarter") have been retrospectively reclassified. The impact therefrom is stated in note 1 under the table. The figure unit is billion.

This was the first time for Kyocera that its consolidated net sales exceeded ¥300.0 billion in any first three-month period of the fiscal year. The result was increase by 8.3% as compared with the previous first quarter to ¥315.5 billion. Such favorable result was due to significant sales growth in the Equipment Business and solid sales in the most of the Components Business.

Profit was down in the Components Business compared with the previous first quarter due to a change in product mix in such Business, such as a slump in sales of semiconductor parts for imaging devices as well as temporary stagnation in demand of automotive components for overseas markets, while sales of new products increased. In addition, an increase in depreciation costs due in part to reviewing the accounting method based on tax revision in Japan was another cause of the decrease in profit. A substantial increase in profit in the Equipment Business, led by improved profitability in the Telecommunications Equipment Group, however, was more than to offset the decrease in profit in the Components Business mentioned above. As a result, profit from operations for Kyocera Group amounted to ¥31.6 billion, 5.7% increase compared with the previous first quarter. The ratio of profit from operations to net sales was 10.0%.

Income from continuing operations before income taxes ("pre-tax income") totaled ¥40.5 billion, an increase of 12.3%, due to increases in interest and dividend income and equity in earnings of affiliates and unconsolidated subsidiaries. The pre-tax income ratio was 12.8%. Amount of pre-tax income and the pre-tax income ratio both marked record highs as results during any first three month period of the fiscal year. Net income for the first quarter was ¥25.0 billion, an increase of 24.5% compared with the previous first quarter, and the net income ratio was 7.9%. Diluted earnings per share stood at ¥131.93.

Let’s turn to average exchange rates for the first quarter as shown two lines from the bottom of the table. The yen depreciated ¥6 against the U.S. dollar to ¥121, and ¥19 against the Euro to ¥163, as compared with to the previous first quarter. As a result, net sales and pre-tax income after translation into yen were, for calculation purposes, pushed up by approximately ¥14.0 billion and ¥5.4 billion, respectively.

Next, I will explain results by reporting segment. Page 7 and 8 of the financial results handout show net sales and operating profit by reporting segment.

Please note that the Optical Equipment Group, which was previously an independent reporting segment, has been included in “Others” from this fiscal year ending March 31, 2008 ("this fiscal year"). Accordingly, figures for the previous first quarter have been retrospectively reclassified.

First, I will explain the results of the Components Business. Sales in this business increased by 5.5% compared with the previous first quarter to ¥162.7 billion. Operating profit decreased by 8.4% compared with the previous first quarter to ¥23.5 billion and the operating profit ratio was 14.4%.

Next, I will discuss each reporting segment in the Components Business.

Sales in the Fine Ceramic Parts Group increased by 10.4% compared with the previous first quarter to ¥20.5 billion, due to an increase in sales of parts for semiconductor processing equipment. Despite this, operating profit decreased by 11.3% compared with the previous first quarter, to ¥3.0 billion due to the decrease in sales of automotive components for the overseas market and the increase in cost to start producing automotive components in local plant at China. The operating profit ratio was 14.8%.

Sales in the Semiconductor Parts Group decreased by 2.0% compared with the previous first quarter to ¥35.3 billion as a result of the change in the product mix in this Group due to an adjustment in demand of ceramic packages used in imaging devices that was more than to offset an increase in sales of organic packages and other new products. As a result, operating profit decreased by 27.0% compared with the previous first quarter to ¥4.0 billion and the operating profit ratio was 11.4%.

Sales in the Applied Ceramic Products Group increased by 6.9% compared with the previous first quarter to ¥33.4 billion on account of sales growth primarily in the solar energy business in overseas markets and cutting tools business. Profitability in the medical materials business deteriorated, however, due to erosion in official prices of medical products. As a result, operating profit in the Applied Ceramic Products Group decreased by 4.0% compared with the previous first quarter, to ¥ 6.1billion. The operating profit ratio was 18.4%.

Sales in the Electronic Device Group increased by 7.5% compared with the previous first quarter to ¥73.5 billion. Sales at AVX Corporation ("AVX") increased. In addition sales of ceramic capacitors for flat-panel TVs and game consoles and of crystal devices for mobile phone handsets also increased. Operating profit remained roughly on par with the previous first quarter at ¥10.3 billion. This is because depreciation costs affected adversely to operating profit, and because the profit margin in the thin-film device business, which includes thermal printheads, deteriorated due to a decrease in sales.

Let’s move on to results for the Equipment Business.
Sales in the Equipment Business increased by 14.8% compared with the previous first quarter, to ¥127.2 billion. Operating profit substantially increased by 55.6% compared with the previous first quarter, to ¥9.0 billion. The operating profit ratio was 7.1%.

The Telecommunications Equipment Group posted favorable sales of new slim design models of mobile phone handsets in the domestic market, notably “W44KⅡ.” As a result, sales in this segment increased by a significant 18.5%, compared with the previous first quarter, to ¥60.0 billion. Operating profit improved by ¥2.5 billion from a loss of ¥2.8 billion recorded in the previous first quarter due to sales growth in the domestic mobile phone handset business, improved profitability in Personal Handy Phone System ("PHS") related business and a reduction in loss at Kyocera Wireless Corp. (KWC).

The Information Equipment Group posted an increase in sales of 11.6%, compared with the previous first quarter, to ¥67.3 billion due to an increase in sales of color printers and multifunctional systems released in late in the previous fiscal year, coupled with the positive effects of depreciated yen. Operating profit increased by 8.7%, compared with the previous first quarter, to ¥9.4 billion due to the sales increase partly offset by market price decline. The operating profit ratio was 14.0%. Due to factors such as sales growth of color products, operating profit ratio was improved by 1.4 points over that of the previous forth quarter.

Finally, let’s look at the “Others” segment. Sales remained roughly the same as the previous first quarter at ¥31.6 billion, while operating profit increased by a considerable 82.4%, compared with the previous first quarter, to ¥1.3 billion due to diminishing loss in the optical related business and the positive effect of higher sales at Kyocera Communication Systems Co., Ltd. The operating profit ratio was 4.1%.

“Corporate,” four lines from the bottom of the table, increased by 13.2%, compared with the previous first quarter, to ¥4.9 billion due to an increase in interest and dividend income.

“Equity in earnings (losses) of affiliates and unconsolidated subsidiaries” improved by ¥2.1 billion from a loss of ¥300 million recorded in the previous first quarter to ¥1.8 billion as improved performance at Willcom, Inc. contributed due to Kyocera's equity holding therein. Taking "adjustments and eliminations" into account, consolidated pre-tax income for the first quarter amounted to ¥40.5 billion, an increase of 12.3% compared with the previous first quarter. The pre-tax income ratio was 12.8%.

<Consolidated Forecasts for the Year Ending March 31, 2008>

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

Performance in the first quarter progressed steadily in line with targets toward the attainment of full-year forecasts announced in April this year. We have not made any revisions to these forecasts.

In spite of sales growth, operating profit decreased in the Components Business in the first quarter due to factors such as a change in product mix. Production activities for personal computers and mobile phone handsets, however, are expected to be further brisk from the three-month period from July 1, 2007 to September 30, 2007 (the "second quarter") onward, which will drive expansion of demands for components. At the same time, Kyocera forecasts increase in sales of high-value added products such as organic packages, LTCC (low temperature co-fired ceramic) substrates, ultra-miniature ceramic capacitors, high-capacitance capacitors and EMI (electro-magnetic interference) filters, which are applicable to advanced equipments. Profits are therefore also expected to increase in the Components Business from the second quarter onward.

Kyocera also forecasts growth in the solar energy business in light of plans to increase production volume of solar cells and modules from the second half of this fiscal year.

In addition an ongoing program of new product introductions is expected to boost sales and profits in the Equipment Business. Kyocera will strive to achieve full-year forecasts by expanding sales and profit in both the Components Business and Equipment Business.

Continuously, Kyocera will intend to maximize net sales along with making an effort to reduce costs, supported by strengthening operational excellence, to improve operational profitability.

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

<Consolidated Statements of Income>

I will now begin with a summary of the Consolidated Statements of Income, so please turn to page 15 of the financial results handout. As President Kawamura already explained, figures for the previous fiscal year have been retroactively reclassified in line with the sale of Kyocera Leasing Co., Ltd.

Net sales in the first quarter, the first line item, amounted to ¥315.5 billion, up 8.3% compared with the previous first quarter, due to considerable sales growth in the Equipment Business and solid sales on the whole in the Components Business.

The second line item, cost of sales, stood at ¥219.8 billion, an increase of 9.7% compared with the previous first quarter. The cost of sales ratio increased by 0.9 percentage points from 68.8% in the previous first quarter to 69.7% due mainly to an increase in costs of materials in line with higher sales in the Equipment Business and an increase in depreciation costs in line with a partial revision of the method of depreciation.

Skipping one line item, selling, general and administrative expenses (SG&A expenses) increased by ¥3.1 billion over the previous first quarter, to ¥64.0 billion. This is due primary to exchange difference on costs at European sales companies owing to the weak yen, and an increase in depreciation as explained in connection with the increase in cost of sales.

As a result, profit from operations for the first quarter amounted to ¥31.6 billion, with a profit ratio of 10.0%. This result was up ¥1.7 billion, or 5.7%, compared with ¥29.9 billion recorded in the previous first quarter.

A partial revision of depreciation method led to an increase in expenses of ¥1.8 billion, which impacted profit from operations.

Next, let’s look at other income and expenses. Interest and dividend income totaled ¥6.3 billion, up ¥1.7 billion from the previous first quarter. This increase was due primarily to an increase in dividends from KDDI Corporation ("KDDI") and in interest income in Kyocera Corporation and a U.S. subsidiary.

Skipping one line item, Kyocera recorded foreign currency exchange transaction gain of ¥1.0 billion owing to the weakness of the yen against the U.S. dollar and the euro.

The next line item, equity in earnings of affiliates and unconsolidated subsidiaries improved to a gain in the amount of ¥1.8 billion from a loss of ¥300 million recorded in the previous first quarter, with equity method income from WILLCOM Inc., an affiliate of Kyocera, being the principal contributor.

Total other income increased by ¥2.7 billion compared with the previous first quarter.

Accordingly, income from continuing operations before income taxes and minority interests for the first quarter totaled ¥40.5 billion, up 12.3% compared with the previous first quarter. The profit ratio was 12.8%.

After subtracting income taxes of ¥14.0 billion, the next line item, and minority interests of ¥1.5 billion, the following line item, we are left with net income for the first quarter of ¥25.0 billion, marking an improvement of 24.5% compared with the previous first quarter. The profit ratio was 7.9%.

The primary reasons for the decline in income tax despite the increase in income before income taxes were non-taxable equity method income and diminishing loss at a U.S. subsidiary.

That concludes my presentation on the Consolidated Statements of Income. I will now explain the Consolidated Balance Sheets, so please turn back 2 pages to page 13.

<Consolidated Balance Sheets>

First, let’s look at assets. The figures in the left column are those as of the end of the previous first quarter, the figures in the middle column are those as of the end of the first quarter and the figures in the right column are those as of the end of the previous fiscal year, i.e., as of the end of March 2007 (“the previous fiscal year end”). I will explain the figures as of the end of the first quarter by making comparisons with previous fiscal year end figures.

Consolidated total assets, shown at the bottom, amounted to ¥2,151.6 billion as of the end of the first quarter, up ¥21.1 billion from ¥2,130.5 billion as of the previous fiscal year end.

Total current assets as of the end of the first quarter, at the top, amounted to ¥1,086.3 billion, up ¥39.8 billion compared with the previous fiscal year end.

Total non-current assets as of the end of the first quarter, around the middle, were ¥1,065.3 billion, down ¥18.7 billion compared with the previous fiscal year end.

Let’s look at current assets. Cash and cash equivalents increased by ¥4.4 billion, to ¥286.6 billion compared with the previous fiscal year end. Cash in from the sale of securities, particularly government bonds exceeded cash out from the payment of dividends and taxes at Kyocera Corporation, resulting in the net gain of ¥4.4 billion.

Skipping five line items, inventories increased by ¥2.6 billion from the previous fiscal year end, to ¥211.8 billion. The main reason for this was an increase in product inventory at European sales companies due to exchange difference caused by the strong euro and weak yen.

Skipping one line item, other current assets increased by ¥40.4 billion to ¥81.2 billion compared with the previous fiscal year end, as proceeds from the sale of securities as of the end of June at Kyocera Corporation were recorded as other accounts receivable.

Next, let’s look at non-current assets. Total investments and advances, around the middle of the page, amounted to ¥672.4 billion, down ¥28.2 billion compared with the previous fiscal year end.

The primary reasons for such decrease were a decrease in the market value of KDDI shares and the sale of certain securities 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 ¥2.2 billion compared with the previous fiscal year end.

Consolidated capital expenditures for the first quarter totaled ¥15.0 billion and depreciation costs totaled ¥16.3 billion.

Other assets, two lines up from the bottom, increased by ¥6.8 billion, to ¥51.6 billion compared with the previous fiscal year end. A change in U.S. accounting standards related to reserve for taxation resulted in an increase in other assets of ¥7.2 billion. That concludes my explanation of assets.

Let’s move on 1 page to page 14 and I will explain total liabilities, minority interests and stockholders’ equity.

Total liabilities decreased by ¥12.1 billion compared with the previous fiscal year end to ¥536.8 billion. Minority interests in subsidiaries, one line item below, in the amount of ¥71.5 billion, which consist primarily of interests in AVX Corporation held by investors other than Kyocera Corporation, increased by ¥4.5 billion.

Total stockholders’ equity, two lines from the bottom, increased by ¥28.7 billion, to ¥1,543.3 billion compared with the previous fiscal year end. I will explain the reason for this later.

At the top, total current liabilities decreased by ¥9.3 billion compared with the previous fiscal year end to ¥296.9 billion.

Accrued income taxes decreased by ¥20.7 billion to ¥15.7 billion due to the payment of income taxes on earnings in the previous fiscal year.

Skipping two line items, non-current liabilities decreased by ¥2.9 billion compared with the previous fiscal year end to ¥239.9 billion.

The primary reason for the decrease in non-current liabilities was decrease in deferred income taxes by ¥5.3 billion to ¥201.6 billion compared with the previous fiscal year end. This decrease was due to a decrease in income tax liabilities in line with a decrease in the market value of KDDI shares.

Total stockholders' equity increased by ¥28.7 billion compared with the previous fiscal year end, to ¥1,543.3 billion.

Retained earnings amounted to ¥1,072.9 billion. This represented an increase of ¥17.6 billion from the previous fiscal year end after deducting cash dividends in the amount of ¥11.3 billion paid in the first quarter from net income in the amount of ¥25.0 billion and adding ¥4.0 billion gained on account of a change in accounting standards for tax reserves, as mentioned earlier.

The next line item, accumulated other comprehensive income, increased by ¥8.2 billion, compared with the previous fiscal year end, to ¥211.2 billion. The breakdown of this increase is shown in the footnotes. Net unrealized gains on securities decreased by ¥7.6 billion compared with the previous fiscal year end to ¥177.1 billion, due primarily to a decrease in the market value of KDDI shares.

As a result, the total stockholders' equity ratio was 71.7% at the end of the first quarter, up 0.6 percentage points from the previous fiscal year end.

That concludes my brief presentation on the Consolidated Balance Sheets.