

Kyocera Corporation Telephone Conference Call (January 30, 2007)

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President, Makoto Kawamura

I will discuss consolidated financial results for the nine months ended December 31, 2006 (the "nine months"). Please look at the table in the middle of page 4 of the financial results handout.

<Consolidated Results for the Nine Months Ended December 31, 2006>

Please note that Kyocera Corp. sold Kyocera Leasing Co., Ltd. in August 2006. Accordingly, figures for the nine months ended December 31, 2005 (the "previous nine months") have been retrospectively reclassified.

Amid a favorable market environment this fiscal year characterized by burgeoning demand for digital consumer equipment, Kyocera worked hard to introduce new products and to boost productivity with the objective of expanding business. We also reinforced the "Amoeba Management System", Kyocera's unique management system, under which each employee creates innovative ways to achieve his or her lofty goals for improvement of productivity and reduction of costs. As a result, we achieved significant sales and profit gains in the components and equipment businesses compared with the previous nine months.

Consolidated net sales for the nine months increased by 11% to ¥955.3 billion compared with the previous nine months.

Profit from operations increased by 52% to ¥101.4 billion, and income from continuing operations before income taxes increased by 37% to ¥116.2 billion. These two financial indicators both posted double digit margin of 10.6% and 12.2%, respectively, to net sales.

Net income was ¥79.3 billion, up 59% compared with the previous nine months due to tax refunds accompanying the voidance of a portion of the assessment related to transfer pricing adjustment. The net income ratio was 8.3%.

Let's turn to average exchange rates for the nine months as shown two lines from the bottom of the table. The yen depreciated ¥4 against the U.S. dollar, to ¥116, and ¥11 against the Euro, to ¥148. Consequently, net sales and income from continuing operations before income taxes after translation into yen were pushed up by ¥28.8 billion and ¥11.8 billion, respectively.

Next, I will explain results by reporting segment. Page 6 of the financial results handout shows net sales and operating profit by reporting segment. First, I will explain the components business.

The components business recorded increases in sales and operating profit in all reporting segments. Among others, the Fine Ceramic Parts Group, the Semiconductor Parts Group and the Electronic Device Group each posted a substantial increase in operating profit of over 50% compared with the previous nine months. As a result, Kyocera achieved an operating profit ratio of 16.0% for the components business as a whole for the nine months.

I will now touch on results for the nine months by reporting segment.

Sales in the Fine Ceramic Parts Group increased by 18% compared with the previous nine months due primarily to an increase in demand for ceramic parts used in semiconductor fabrication equipment on the back of strong production activity in the semiconductor industry. Operating profit increased by 59%. As a result, the operating profit ratio was 19.4%, which is very close to 20%.

Sales in the Semiconductor Parts Group increased by 17% compared with the previous nine months due to rising demand for ceramic packages used in mobile phone handsets and digital cameras, among others. Operating profit in this segment increased by 50%, and the operating profit ratio was 15.4%.

The Applied Ceramic Products Group posted an increase in sales of 15% on account of strong sales in the solar energy business and the medical materials business. Operating profit, even after setting aside product warranty costs, also one-time costs, in the amount of ¥3.9 billion, increased by 5%. The operating profit ratio was 16.1%.

I will now explain results for the Electronic Device Group, the final segment in the components business. Sales of capacitors, crystal related products and connectors, among others, increased due to an increase in production of digital consumer equipment. In addition, steady growth was posted at AVX Corporation, a U.S. subsidiary. As a result, sales in this segment increased by 11% compared with the previous nine months, and operating profit increased a significant 74%. The operating profit ratio was 15.4%.

That concludes my explanation of results for the components business for the nine months. Let's look at results for the equipment business.

The Telecommunications Equipment Group posted favorable sales of new models of mobile phone handsets both in the domestic and overseas markets, resulting in an increase in sales of 13% compared with the previous nine months. Operating profit was improved by ¥6.3 billion from loss of ¥5.7 billion in the previous nine months due to the positive effect of higher sales of mobile phone handsets in Japan coupled with profit recorded at KWC in the third quarter, which followed on from a gain in the second quarter also.

Sales and operating profits in the Information Equipment Group increased by 8% and 17%, respectively, compared with the previous nine months, due to robust sales of digital multifunctional products and printers overseas resulting from aggressive new product introductions, along with the positive effect of yen depreciation against European currencies and the U.S. dollar. The operating profit ratio was 12.6%.

Sales in the Optical Equipment Group decreased by 25% compared with the previous nine months due mainly to the downsizing of the camera equipment business. Operating loss was ¥1.6 billion reduced by ¥3.4 billion from the ¥5.0 billion recorded in the previous nine months, due to a decrease in costs for structural reforms.

Sales and operating profit in "Others" segment increased by 8% and 14%, respectively, compared with the previous nine months due to sales growth in the telecommunications engineering business of Kyocera Communication Systems Co., Ltd. and in the electronic device materials business of Kyocera Chemical Corporation. The operating profit ratio was 6.4%.

In the last part of my explanation of financial results for the nine months, I will explain "Corporate".

The amount decreased by 50% compared with the previous nine months due to the absence of gain on sale of investment in Taito Corporation, which was recorded in the previous nine months.

"Equity in earnings (losses) of affiliates and unconsolidated subsidiaries" improved by ¥1.2 billion from loss of ¥1.1 billion of the previous nine months owing to improved result of Willcom, Inc. And taking into account "Adjustments and eliminations", consolidated income from continuing operations before income taxes amounted to ¥116.2 billion, up 37% compared with the previous nine months. And the ratio to sales was 12.2%.

<Consolidated Forecasts for the Year Ending March 31, 2007>

Finally, I will explain revisions to consolidated financial forecasts for the full fiscal year ending March 31, 2007 ("this fiscal year"), so please turn to page 11 of the financial results handout.

Business performance in the third quarter ended December 31, 2006 was stronger than the forecasts previously announced on October 30, 2006. Kyocera projects that this favorable market condition will continue in the fourth quarter ending March 31, 2007; accordingly, Kyocera has revised its previously announced forecast of consolidated sales for the full fiscal year from ¥1,250.0 billion to ¥1,270.0 billion, an increase of ¥20.0 billion. As a result, Kyocera projects that consolidated operating profit in the components business will surpass the forecast previously announced.

On the other hand, in the Telecommunications Equipment Group, costs in the total amount of approximately ¥5.0-6.0 billion on a consolidated basis, including inventories write-downs in the

amount of approximately ¥2.5-3.0 billion, are projected to be incurred with the goal of improving profitability and strengthening business foundations in the forthcoming fiscal years, and as a consequence there has been no change in the forecast of consolidated profits from the forecasts previously announced.

Revisions have also been made to forecasts for each reporting segment, as outlined in pages 12 and 13.

In the fourth quarter, Kyocera will continue launching new products, expanding high-value-added products and cultivating new markets in the components business to maintain profitability. In the equipment business, Kyocera will strive to expand sales, particularly of new models of mobile phone handsets and digital multifunctional products that meet market needs.

During this fiscal year, we have continued striving to reinforce the “Amoeba Management System,” and this has led to revitalization on the work-floor, led by the production department. This means that the ability to achieve goals has been enhanced and that we have established the foundations for a highly profitable structure. We aim to keep promoting the “Amoeba Management System”, while looking to create new businesses and markets and to strengthen strategic businesses by leveraging group synergies. We will implement measures to achieve sustainable sales expansion and a high profit ratio from the next fiscal year onward.

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 Statement of Income, so please turn to page 17 of the financial results handout.

Net sales in the nine months, the first line item, amounted to ¥955.3 billion, up 11.1% compared with the previous nine months, on the back of burgeoning components demand coupled with aggressive new product launches in the equipment business.

Cost of sales was ¥669.3 billion, an increase of 8.8% from the previous nine months in line with the increase in sales. The cost of sales ratio improved by 1.4 percentage points from 71.5% in the previous nine months to 70.1%, due to improved productivity.

Selling, general and administrative expenses (SG&A expenses) increased by ¥6.7 billion over the previous nine months, to ¥184.7 billion. The primary reasons for this were increases in sales promotion costs associated with aggressive marketing and sales activities and software development costs for the equipment business.

As a result, profit from operations for the nine months amounted to ¥101.4 billion, with a profit ratio of 10.6%. This result was an increase of ¥34.5 billion, or 51.6%, compared with ¥66.9

billion recorded in the previous nine months.

In other income or expenses, interest and dividend income totaled ¥12.1 billion, up ¥4.7 billion compared with the previous nine months. This was due primarily to increases in dividends from KDDI Corp. and in interest income in Kyocera Corporation and its U.S. subsidiary. Adding gain on sales and maturities of securities, net, in the amount of ¥3.2 billion, total other income amounted to ¥14.8 billion. In the previous nine months, Kyocera Corporation recorded gains on exchange for the shares in the amount of ¥5.3 billion resulting from the exchange of shares in UFJ Holdings, Inc. and gain on sale of investment in an affiliate resulting from the sale of shares in Taito Corporation in the amount of ¥6.9 billion. Due to the absence of such factors, total other income for the nine months was down ¥3.4 billion compared with the previous nine months.

Accordingly, income from continuing operations before income taxes and minority interests for the nine months totaled ¥116.2 billion, marking a significant increase of 36.5% compared with the previous nine months. The profit ratio was 12.2%.

Income taxes, in the amount of ¥37.6 billion, includes refunded tax in the amount of ¥4.3 billion resulting from partial avoidance of the tax assessment relating to transfer pricing adjustment. Subtracting minority interests, shown one row below, in the amount of ¥4.4 billion from income before income taxes, and adding in ¥5.2 billion in net income from discontinued operations comprised of gain on the sale of shares in Kyocera Leasing Co., Ltd, we are left with net income for the nine months in the amount of ¥79.3 billion, a considerable improvement of 58.7% over the previous nine months. The profit ratio was 8.3%.

<Consolidated Balance Sheets>

First, let's look at assets. Please turn back two pages to page 15.

Total assets, shown at the bottom, amounted to ¥2,010.7 billion as of the end of the nine months, up ¥79.2 billion from ¥1,931.5 billion as of March 31, 2006 (the "previous fiscal year end").

Total assets as of the previous fiscal year end included total assets of Kyocera Leasing Co., Ltd. in the amount of ¥125.1 billion.

Total current assets amounted to ¥965.7 billion, an increase of ¥45.0 billion as compared with the previous fiscal year end. Total non-current assets amounted to ¥1,045.1 billion, a increase of ¥34.2 billion as compared with the previous fiscal year end.

Let's look at current assets. Cash and cash equivalents as of the end of the nine months decreased by ¥38.4 billion as compared with the previous fiscal year end, to ¥262.4 billion. Cash out from the payment of dividends and the purchase of negotiable certificates of deposit and long-term fixed deposits, the primary factors behind the decrease, exceeded cash in from the sale of shares in Kyocera Leasing Co., Ltd. at Kyocera Corporation and from the sale of government bonds.

Short-term investments increased by ¥44.0 billion as compared with the previous fiscal year end, to ¥132.0 billion. This increase was due primarily to the purchase of negotiable certificates of deposit, as I just mentioned.

Trade accounts receivable amounted to ¥239.6 billion, up ¥29.2 billion, due mainly to the increase in sales.

Although Kyocera previously included the short-term loan receivables of Kyocera Leasing Co., Ltd. in short-term finance receivables, this amount outstanding has disappeared due to the sale of Kyocera Leasing Co., Ltd.

Inventories amounted to ¥219.3 billion, an increase of ¥28.7 billion from the previous fiscal year end. The primary reasons for this increase were an increase in inventories at Kyocera Mita Corporation due to the introduction of new products and an increase in work in process at Kyocera Corporation and AVX Corporation in line with an increase in production.

Next, let's look at non-current assets. Total investments and advances totaled ¥674.0 billion as of the end of the nine months, an increase of ¥113.2 billion from the previous fiscal year end. The primary reason for this increase was an increase in the market value of KDDI Corp. shares held by Kyocera Corporation included in securities and other investments and the purchase of long-term fixed deposits, as mentioned earlier.

In long-term finance receivables, the amount outstanding has disappeared due to the sale of Kyocera Leasing Co., Ltd.

Property, plant and equipment, net of depreciation, increased by ¥3.6 billion. Capital expenditures for the nine months totaled ¥54.5 billion and depreciation totaled ¥51.1 billion. That concludes my explanation of assets.

Let's move on one page to page 16 and I will explain total liabilities, minority interests and stockholders' equity.

Total liabilities decreased by ¥60.5 billion as of the end of the nine months as compared with the previous fiscal year end, to ¥517.0 billion. Minority interests in subsidiaries, one line item below, in the amount of ¥71.5 billion, which consists primarily of interests in AVX Corporation held by shareholders other than Kyocera Corporation, increased by ¥6.6 billion.

Total stockholders' equity increased by ¥133.1 billion to ¥1,422.2 billion. I will explain the reason for this increase later.

Total current liabilities decreased by ¥70.6 billion to ¥308.1 billion.

Short-term borrowings decreased by ¥69.3 billion compared with the previous fiscal year end, to ¥21.6 billion, due mainly to the sale of Kyocera Leasing Co., Ltd.

Current portion of long-term debt decreased for the same reason just mentioned.

Non-current liabilities increased by ¥10.1 billion compared with those as of the previous fiscal

year end, to ¥208.9 billion.

The reason for the decrease in long-term debt was the sale of Kyocera Leasing Co., Ltd.

Deferred income taxes were ¥165.4 billion, up ¥39.7 billion from 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 Corp. shares.

Next, let's look at stockholders' equity. Retained earnings increased by ¥60.5 billion to ¥1,028.1 billion after deducting cash dividends in the amount of ¥18.8 billion paid during the nine months from net income of ¥79.3 billion.

Accumulated other comprehensive income increased by ¥67.9 billion to ¥140.8 billion. The breakdown of this increase is shown in the footnotes. Net unrealized gains on securities increased by ¥55.9 billion compared with the previous fiscal year end to ¥138.6 billion due primarily to a rise in the market value of KDDI Corp. shares.

As a result, the stockholders' equity ratio was 70.7% at the end of the nine months, up 4.0 percentage points from 66.7% at the previous fiscal year end. The main reason for this increase was the significant decrease in liabilities due to the sale of Kyocera Leasing Co., Ltd.