

Consolidated Results of Kyocera Corporation and its Subsidiaries
for the Three Months ended June 30, 2008

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America.

1. Consolidated financial information for the three months ended June 30, 2008 :

(1) Consolidated results of operations :

| | (Japanese yen) | |
|-----------------------------------|------------------------------------|-------------------------|
| | <u>Three months ended June 30,</u> | |
| | <u>2007</u> | <u>2008</u> |
| Net sales | ¥315,450 million | ¥331,758 million |
| % change from the previous period | 8.3% | 5.2% |
| Profit from operations | 31,616 million | 27,962 million |
| % change from the previous period | 5.7% | (11.6)% |
| Income before income taxes | 40,484 million | 36,905 million |
| % change from the previous period | 12.3% | (8.8)% |
| Net income | 24,984 million | 21,962 million |
| % change from the previous period | 24.5% | (12.1)% |
| Earnings per share : | | |
| Basic | ¥132.30 | ¥115.89 |
| Diluted | 131.93 | 115.82 |

(2) Consolidated financial position :

| | (Japanese yen) | |
|--------------------------------------|-----------------------|---------------------------|
| | <u>March 31, 2008</u> | <u>June 30, 2008</u> |
| Total assets | ¥1,976,746 million | ¥2,078,635 million |
| Stockholders' equity | 1,451,165 million | 1,498,242 million |
| Stockholders' equity to total assets | 73.4% | 72.1% |
| Stockholders' equity per share | ¥7,659.72 | ¥7,903.51 |

2. Dividends :

| | (Japanese yen) | |
|------------------------------|----------------------------------|-----------------------------------|
| | <u>Year ended March 31, 2008</u> | <u>Year ending March 31, 2009</u> |
| Interim dividends per share | ¥60 | — |
| Year-end dividends per share | 60 | — |
| Annual dividends per share | 120 | ¥120 |

Note :

Dividends per share for the year ending March 31, 2009 are forecasted to be 120 yen on annual basis.

3. Consolidated financial forecast for the year ending March 31, 2009 :

| | (Japanese yen) | |
|---|-----------------------------------|--|
| | <u>Year ending March 31, 2009</u> | |
| Net sales | ¥1,476,000 million | |
| % change from the year ended March 31, 2008 | 14.4% | |
| Profit from operations | 145,000 million | |
| % change from the year ended March 31, 2008 | (4.9)% | |
| Income before income taxes | 165,000 million | |
| % change from the year ended March 31, 2008 | (5.6)% | |
| Net income | 102,000 million | |
| % change from the year ended March 31, 2008 | (4.9)% | |

Note :

Forecast of earnings per share : **¥537.91**

Earnings per share amount is computed based on Statement of Financial Accounting Standards (SFAS) No.128.

Forecast of earnings per share is computed based on the diluted average number of shares outstanding during the three months ended June 30, 2008.

4. Others :

(1) Increase or decrease in significant subsidiaries during this period :

None.

(2) Adoption of simplified accounting method :

Not applicable.

(3) Change in accounting policies :

There were changes in accounting policies due to new accounting standards.

Please refer to the accompanying “4. Others, Change in accounting policies : Recently adopted Accounting Standards” on page 13.

(4) Number of shares (common stock) :

| | <u>March 31, 2008</u> | <u>June 30, 2008</u> |
|--|------------------------------------|------------------------------------|
| Number of shares issued | 191,309,290 | 191,309,290 |
| Number of shares in treasury | 1,855,119 | 1,742,620 |
| | | |
| | <u>Three months ended June 30,</u> | <u>Three months ended June 30,</u> |
| | <u>2007</u> | <u>2008</u> |
| Number of shares outstanding (average) | 188,846,096 | 189,501,926 |

With regard to forecasts set forth above, please refer to the accompanying “Forward-Looking Statements” on page 12.

Business Results, Financial Conditions and Prospects

1. Business Results for the Three Months Ended June 30, 2008

(1) Economic Situation and Business Environment

During the three months ended June 30, 2008 (the first quarter), continuing concern over financial instability coupled with rising prices for crude oil and raw materials led to heightened likeliness of a slowdown in world economy. Corporate earnings and private capital investment posted sluggish growth, and personal consumption weakened due to deteriorating employment conditions in Europe and the United States, and to increasing global inflation fears.

In the digital consumer equipment market, which is the principal market for Kyocera Corporation and its consolidated subsidiaries (“Kyocera Group” or “Kyocera”), although production of personal computers was steady compared with the three months ended June 30, 2007 (the previous first quarter), demand for mobile phone handsets with advanced functions slackened in the European and U.S. markets, and there were production adjustments in the Chinese market, which led to weakened surrounding environment for the components business. The solar energy market continued to expand on the back of burgeoning demand amid increasing awareness of solar power as a viable alternative energy.

(2) Consolidated Financial Results

Consolidated net sales for the first quarter amounted to ¥331,758 million, an increase of 5.2% compared with the previous first quarter due to the addition of sales from the mobile phone business of SANYO Electric Co., Ltd. (SANYO), acquired on April 1, 2008 and an increase in sales of solar energy business, etc.

Profit from operations for the first quarter decreased by 11.6% to ¥27,962 million compared with the previous first quarter due to appreciation of yen against U.S. dollars and to an increase in depreciation expense, etc. Income before income taxes for the first quarter decreased by 8.8% to ¥36,905 million compared with the previous first quarter. Net income for the first quarter also decreased by 12.1% to ¥21,962 million compared with the previous first quarter.

| | (Yen in millions, except per share amounts and exchange rate) | | | | |
|----------------------------|---|--------|-------------------|--------------|-------------------------------|
| | Three months ended June 30, | | | | |
| | 2007 | | 2008 | | Increase (Decrease) (%) |
| Amount | % of net sales | Amount | % of net sales | | |
| Net sales | 315,450 | 100.0 | 331,758 | 100.0 | 5.2 |
| Profit from operations | 31,616 | 10.0 | 27,962 | 8.4 | (11.6) |
| Income before income taxes | 40,484 | 12.8 | 36,905 | 11.1 | (8.8) |
| Net income | 24,984 | 7.9 | 21,962 | 6.6 | (12.1) |
| Diluted earnings per share | 131.93 | — | 115.82 | — | (12.2) |
| Average US\$ exchange rate | 121 | — | 105 | — | — |
| Average Euro exchange rate | 163 | — | 163 | — | — |

(3) Consolidated Financial Results by Reporting Segment

Consolidated results by reporting segment are as follows.

Components Business:

Sales in the components business increased by 3.8% compared with the previous first quarter to ¥168,820 million, while operating profit decreased by 3.9% to ¥22,534 million with an operating profit ratio of 13.3%.

1) Fine Ceramic Parts Group

This reporting segment includes fine ceramic components and automotive components.

As a result of a decrease in sales of components for semiconductor fabrication equipment and automotive components, overall sales and operating profit in this reporting segment decreased compared with the previous first quarter.

2) Semiconductor Parts Group

This reporting segment includes ceramic packages and organic packages.

Sales of ceramic packages for crystal and SAW devices and ceramic packages for image sensors increased, reflecting growing use in mobile phone handsets and digital still cameras. Furthermore, improved profitability was achieved for organic packages business through the effect of increased sales and productivity. As a result, overall sales and operating profit increased significantly compared with the previous first quarter.

3) Applied Ceramic Products Group

This reporting segment includes solar cells and modules, solar power generating systems, cutting tools, medical and dental implants, and jewelry and applied ceramic related products.

Both sales and operating profit increased considerably for the first quarter in this reporting segment compared with the previous first quarter due mainly to substantial growth in sales in the solar energy business overseas, notably in Europe and the United States.

4) Electronic Device Group

This reporting segment includes electronic components such as various types of capacitors, crystal related products and connectors, and thin-film products such as thermal printheads.

Sales of crystal units and so forth for digital consumer equipment grew steadily for the first quarter. However, a decline in unit selling prices for ceramic capacitors due to deterioration in the supply and demand relationship, particularly in the Asia region, led to decreases in overall sales and operating profit in this reporting segment compared with the previous first quarter.

Equipment Business:

Sales in the equipment business increased by 7.8% to ¥137,109 million, while operating profit decreased by 11.1% compared with the previous first quarter to ¥8,038 million with an operating profit ratio of 5.9%.

1) Telecommunications Equipment Group

This reporting segment includes mobile phone handsets as well as PHS base stations and handsets.

Sales in this reporting segment increased significantly during the first quarter compared with the previous first quarter due to the addition of the mobile phone business of SANYO in April and an increase in sales of PHS related products. Operating profit increased compared with the previous first quarter due to a successful reduction in production costs in the domestic mobile phone handset business and the positive effect of sales growth in PHS related products.

2) Information Equipment Group

This reporting segment includes ECOSYS brand printers and digital MFPs.

Sales and operating profit for the first quarter both decreased in this reporting segment compared with the previous first quarter due to weakened demand for printers and digital multifunctional peripherals on the back of a decline in investment in information equipment in the corporate sector reflecting sluggish market conditions in the United States, coupled with a severe business environment, characterized in particular by intensifying price competition.

Others:

This reporting segment includes various information and communications technology services and chemical materials for electronic components.

Sales in this reporting segment for the first quarter increased by 1.7% compared with the previous first quarter to ¥32,178 million due primarily to increases in sales in the Information & Communication Technology (ICT) business and the telecommunications engineering business of Kyocera Communication Systems Co., Ltd. Operating profit decreased by 58.1% to ¥543 million compared with the previous first quarter, with an operating profit ratio of 1.7% due to an increase in overhead costs.

Consolidated Sales by Reporting Segment

(Yen in millions)

| | Three months ended June 30, | | | | | Increase (Decrease) % |
|------------------------------------|-----------------------------|-------------------|----------------|-------------------|------------|-----------------------------|
| | 2007 | | 2008 | | % | |
| | Amount | % of net sales | Amount | % of net sales | | |
| Fine Ceramic Parts Group | 20,545 | 6.5 | 18,776 | 5.7 | (8.6) | |
| Semiconductor Parts Group | 35,277 | 11.2 | 41,167 | 12.4 | 16.7 | |
| Applied Ceramic Products Group | 33,420 | 10.6 | 41,163 | 12.4 | 23.2 | |
| Electronic Device Group | 73,453 | 23.3 | 67,714 | 20.4 | (7.8) | |
| Total Components Business | 162,695 | 51.6 | 168,820 | 50.9 | 3.8 | |
| Telecommunications Equipment Group | 59,959 | 19.0 | 75,995 | 22.9 | 26.7 | |
| Information Equipment Group | 67,272 | 21.3 | 61,114 | 18.4 | (9.2) | |
| Total Equipment Business | 127,231 | 40.3 | 137,109 | 41.3 | 7.8 | |
| Others | 31,628 | 10.0 | 32,178 | 9.7 | 1.7 | |
| Adjustments and eliminations | (6,104) | (1.9) | (6,349) | (1.9) | — | |
| Net sales | <u>315,450</u> | <u>100.0</u> | <u>331,758</u> | <u>100.0</u> | <u>5.2</u> | |

Consolidated Operating Profit by Reporting Segment

(Yen in millions)

| | Three months ended June 30, | | | | | Increase (Decrease) % |
|--|-----------------------------|--------------------------|---------------|--------------------------|--------------|-----------------------------|
| | 2007 | | 2008 | | % | |
| | Amount | % of segment sales | Amount | % of segment sales | | |
| Fine Ceramic Parts Group | 3,045 | 14.8 | 1,800 | 9.6 | (40.9) | |
| Semiconductor Parts Group | 4,023 | 11.4 | 6,198 | 15.1 | 54.1 | |
| Applied Ceramic Products Group | 6,136 | 18.4 | 9,307 | 22.6 | 51.7 | |
| Electronic Device Group | 10,252 | 14.0 | 5,229 | 7.7 | (49.0) | |
| Total Components Business | 23,456 | 14.4 | 22,534 | 13.3 | (3.9) | |
| Telecommunications Equipment Group | (369) | — | 1,151 | 1.5 | — | |
| Information Equipment Group | 9,406 | 14.0 | 6,887 | 11.3 | (26.8) | |
| Total Equipment Business | 9,037 | 7.1 | 8,038 | 5.9 | (11.1) | |
| Others | 1,297 | 4.1 | 543 | 1.7 | (58.1) | |
| Operating profit | 33,790 | 10.7 | 31,115 | 9.4 | (7.9) | |
| Corporate | 4,917 | — | 4,181 | — | (15.0) | |
| Equity in earnings of affiliates and unconsolidated subsidiaries | 1,772 | — | 1,485 | — | (16.2) | |
| Adjustments and eliminations | 5 | — | 124 | — | — | |
| Income before income taxes | <u>40,484</u> | <u>12.8</u> | <u>36,905</u> | <u>11.1</u> | <u>(8.8)</u> | |

(4) Consolidated Sales by Geographic Area

(Yen in millions)

| | Three months ended June 30, | | | | Increase (Decrease) (%) |
|--------------------------|-----------------------------|-------------------|-----------------------|---------------------|-------------------------------|
| | 2007 | | 2008 | | |
| | Amount | % of net sales | Amount | % of net sales | |
| Japan | 121,804 | 38.6 | 139,835 | 42.1 | 14.8 |
| United States of America | 62,692 | 19.9 | 60,949 | 18.4 | (2.8) |
| Europe | 55,383 | 17.6 | 56,946 | 17.2 | 2.8 |
| Asia | 57,480 | 18.2 | 53,177 | 16.0 | (7.5) |
| Others | 18,091 | 5.7 | 20,851 | 6.3 | 15.3 |
| Net sales | <u>315,450</u> | <u>100.0</u> | <u>331,758</u> | <u>100.0</u> | <u>5.2</u> |

1) Japan

Sales increased compared with the previous first quarter due to an increase in sales in the Telecommunication Equipment Group, notably of mobile phone handsets.

2) United States of America

Sales decreased compared with the previous first quarter due mainly to a decline in sales of printers and digital multifunctional peripherals in the Information Equipment Group.

3) Europe

Sales increased compared with the previous first quarter due to sales growth in solar energy business in the Applied Ceramic Products Group.

4) Asia

Sales decreased compared with the previous first quarter due mainly to a decline in sales in the Electronic Device Group.

5) Others

Sales increased compared with the previous first quarter due to increase in sales of mobile phone handsets in the Telecommunication Equipment Group.

2. Consolidated Financial Position

Cash Flow

Cash and cash equivalents at June 30, 2008 decreased by ¥135,905 million to ¥311,681 million compared with those at March 31, 2008.

| | (Yen in millions) | |
|--|------------------------------------|------------------|
| | <u>Three months ended June 30,</u> | |
| | <u>2007</u> | <u>2008</u> |
| Cash flows from operating activities | 35,010 | 40,638 |
| Cash flows from investing activities | (35,060) | (173,240) |
| Cash flows from financing activities | (3,549) | (12,151) |
| Effect of exchange rate changes on cash and cash equivalents | 7,953 | 8,848 |
| Net increase (decrease) in cash and cash equivalents | 4,354 | (135,905) |
| Cash and cash equivalents at beginning of period | 282,208 | 447,586 |
| Cash and cash equivalents at end of period | 286,562 | 311,681 |

(1) Cash flow from operating activities

Net cash provided by operating activities in the first quarter increased by ¥5,628 million to ¥40,638 million from ¥35,010 million in the previous first quarter. Despite net income decreased, cash inflows with receivables increased.

(2) Cash flow from investing activities

Net cash used in investing activities in the first quarter increased by ¥138,180 million to ¥173,240 million from ¥35,060 million in the previous first quarter. This was due mainly to a large increase in acquisition of certificate deposits and time deposits, and payments for acquisitions of businesses.

(3) Cash flow from financing activities

Net cash used in financing activities in the first quarter increased by ¥8,602 million to ¥12,151 million from ¥3,549 million in the previous first quarter. This was due mainly to an increase in payments of short-term debt and a decrease in reissuance of treasury stock.

3. Consolidated Financial Forecast for the Year Ending March 31, 2009 (fiscal 2009)

Although we have revised our forecast for the average exchange rate of the Japanese yen against the Euro, there are no changes to full-year consolidated financial forecasts for the fiscal 2009 since the effect of this revision is insignificant.

Consolidated Forecasts for Fiscal 2009

| | (Yen in millions, except per share amounts and exchange rates) | | | |
|----------------------------|--|------------------------------------|------------------|-------------------------------|
| | Fiscal 2008 Results | Fiscal 2009 Forecasts Announced on | | Increase (Decrease) (%) |
| | | April 25, 2008 | July 30, 2008 | |
| Net sales | 1,290,436 | 1,476,000 | 1,476,000 | 14.4 |
| Profit from operations | 152,420 | 145,000 | 145,000 | (4.9) |
| Income before income taxes | 174,842 | 165,000 | 165,000 | (5.6) |
| Net income | 107,244 | 102,000 | 102,000 | (4.9) |
| Diluted earnings per share | 565.80 | 538.13 | 537.91 | (4.9) |
| Average US\$ exchange rate | 114 | 100 | 100 | — |
| Average Euro exchange rate | 162 | 152 | 155 | — |

Note : The forecast of earnings per share announced on July 30, 2008 is computed based on the diluted average number of shares outstanding during the first quarter.

The global economic situation in Japan and overseas is expected to remain severe during the second quarter of fiscal 2009 and thereafter due to continuing concern over financial instability in the United States and to heightened inflation worries triggered primarily by the rising costs of crude oil and raw materials. Despite these, production activities for digital consumer equipment are expected to expand steadily, and as a result, Kyocera forecasts moderate recovery in demand for components used in these products in the second half of fiscal 2009.

Based on this market environment outlook, we will strive to attain full-year forecasts by strengthening the foundations of each business, cultivating new markets and customers, and improving productivity, aiming for continuous expansion of sales and improvement of profitability of Kyocera Group as a whole.

Note : 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.

- (1) General economic conditions in our markets, which are primarily Japan, North America, Europe and Asia, particularly China
- (2) Unexpected changes in economic, political and legal conditions in China
- (3) 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
- (4) Manufacturing delays or defects resulting from outsourcing or internal manufacturing processes which may adversely affect our production yields and operating results
- (5) 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
- (6) Changes in exchange rates, particularly between the yen and the U.S. dollar and euro, respectively, in which we make significant sales
- (7) Inability to secure skilled employees, particularly engineering and technical personnel
- (8) Insufficient protection of our trade secrets and patents
- (9) Our continuing to hold licenses to manufacture and sell certain of our products
- (10) Future initiatives and in-process research and development may not produce the desired results
- (11) The possibility that companies or assets acquired by us may require more cost than expected for integration, and may not produce returns or benefits, or bring in business opportunities, which we expect
- (12) Events that may impact negatively on our markets or supply chain, including terrorist acts and outbreaks of diseases
- (13) The occurrence of natural disasters, such as earthquakes, in locations where our manufacturing and other key business facilities are located
- (14) The possibility of the future tightening of environmental laws and regulations in Japan and other countries which may increase our environmental liability and compliance obligations
- (15) Fluctuations in the value of, and impairment losses on, securities and other assets held by us, 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.

4. Others

Change in accounting policies :

Recently adopted Accounting Standards

In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 157, “Fair Value Measurements.” The purpose of SFAS No. 157 is to define fair value, establish a framework for measuring fair value and enhance disclosures about fair value measurements. The measurement and disclosure requirements related to financial assets and financial liabilities are effective April 1, 2008. The adoption of SFAS No. 157 for financial assets and financial liabilities has no material impact on Kyocera’s consolidated results of operations and financial position.

In September 2006, the FASB issued SFAS No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No.87, 88, 106, and 132 (R).” SFAS No. 158 requires an employer to measure the funded status of a benefit plan as of the date of its fiscal year-end statement of financial position for the years ending after December 15, 2008. Kyocera adopts this measurement date provision in the year ending March 31, 2009 and starts to measure the funded status of its benefit plans at the date of its fiscal year-end statement of financial position. As a result of applying the transition method of this provision, retained earnings and other comprehensive income at the beginning of the first quarter decreased by ¥522 million and ¥418 million, respectively.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115.” SFAS No.159 provides companies with an option to report selected financial assets and liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected will be recognized in earnings. SFAS No.159 is effective beginning after April 1, 2008. The adoption of SFAS No. 159 has no significant impact on Kyocera’s consolidated results of operations or financial position.

CONSOLIDATED BALANCE SHEETS

(Yen in millions)

| | (Unaudited) | | | | Increase (Decrease) |
|---|-------------------|--------------|-------------------|--------------|------------------------|
| | June 30, 2008 | | March 31, 2008 | | |
| | Amount | % | Amount | % | |
| Current assets : | | | | | |
| Cash and cash equivalents | ¥ 311,681 | | ¥ 447,586 | | ¥(135,905) |
| Short-term investments | 245,219 | | 147,503 | | 97,716 |
| Trade notes receivables | 22,441 | | 20,375 | | 2,066 |
| Trade accounts receivables | 222,711 | | 205,522 | | 17,189 |
| Less allowances for doubtful accounts and sales returns | (4,609) | | (4,352) | | (257) |
| Inventories | 230,424 | | 205,212 | | 25,212 |
| Deferred income taxes | 44,196 | | 41,244 | | 2,952 |
| Other current assets | 62,540 | | 55,135 | | 7,405 |
| Total current assets | <u>1,134,603</u> | <u>54.6</u> | <u>1,118,225</u> | <u>56.6</u> | <u>16,378</u> |
| Non-current assets : | | | | | |
| Investments and advances : | | | | | |
| Investments in and advances to affiliates and unconsolidated subsidiaries | 18,406 | | 16,753 | | 1,653 |
| Securities and other investments | 470,556 | | 437,369 | | 33,187 |
| Total investments and advances | <u>488,962</u> | <u>23.5</u> | <u>454,122</u> | <u>23.0</u> | <u>34,840</u> |
| Property, plant and equipment : | | | | | |
| Land | 59,580 | | 57,155 | | 2,425 |
| Buildings | 294,300 | | 274,206 | | 20,094 |
| Machinery and equipment | 752,824 | | 718,812 | | 34,012 |
| Construction in progress | 7,664 | | 17,920 | | (10,256) |
| Less accumulated depreciation | (809,868) | | (782,194) | | (27,674) |
| Total property, plant and equipment | <u>304,500</u> | <u>14.6</u> | <u>285,899</u> | <u>14.4</u> | <u>18,601</u> |
| Goodwill | 56,576 | 2.7 | 39,794 | 2.0 | 16,782 |
| Intangible assets | 47,090 | 2.3 | 29,829 | 1.5 | 17,261 |
| Other assets | 46,904 | 2.3 | 48,877 | 2.5 | (1,973) |
| Total non-current assets | <u>944,032</u> | <u>45.4</u> | <u>858,521</u> | <u>43.4</u> | <u>85,511</u> |
| Total assets | <u>¥2,078,635</u> | <u>100.0</u> | <u>¥1,976,746</u> | <u>100.0</u> | <u>¥ 101,889</u> |

| | (Yen in millions) | | | | |
|--|-------------------|--------------|--------------------|--------------|------------------------|
| | (Unaudited) | | | | |
| | June 30, 2008 | | March 31, 2008 | | Increase (Decrease) |
| | Amount | % | Amount | % | |
| Current liabilities : | | | | | |
| Short-term borrowings | ¥ 8,436 | | ¥ 7,279 | | ¥ 1,157 |
| Current portion of long-term debt | 3,397 | | 3,432 | | (35) |
| Trade notes and accounts payable | 120,097 | | 95,390 | | 24,707 |
| Other notes and accounts payable | 68,878 | | 66,757 | | 2,121 |
| Accrued payroll and bonus | 51,868 | | 43,207 | | 8,661 |
| Accrued income taxes | 17,391 | | 27,118 | | (9,727) |
| Other accrued liabilities | 33,008 | | 32,815 | | 193 |
| Other current liabilities | 42,270 | | 25,684 | | 16,586 |
| Total current liabilities | <u>345,345</u> | <u>16.6</u> | <u>301,682</u> | <u>15.3</u> | <u>43,663</u> |
| Non-current liabilities : | | | | | |
| Long-term debt | 6,810 | | 8,298 | | (1,488) |
| Accrued pension and severance liabilities | 15,049 | | 15,041 | | 8 |
| Deferred income taxes | 127,015 | | 118,016 | | 8,999 |
| Other non-current liabilities | 17,287 | | 17,542 | | (255) |
| Total non-current liabilities | <u>166,161</u> | <u>8.0</u> | <u>158,897</u> | <u>8.0</u> | <u>7,264</u> |
| Total liabilities | <u>511,506</u> | <u>24.6</u> | <u>460,579</u> | <u>23.3</u> | <u>50,927</u> |
| Minority interests in subsidiaries | 68,887 | 3.3 | 65,002 | 3.3 | 3,885 |
| Stockholders' equity : | | | | | |
| Common stock | 115,703 | | 115,703 | | — |
| Additional paid-in capital | 162,949 | | 162,864 | | 85 |
| Retained earnings | 1,153,894 | | 1,143,821 | | 10,073 |
| Accumulated other comprehensive income | 80,062 | | 44,066 | | 35,996 |
| Treasury stock, at cost | (14,366) | | (15,289) | | 923 |
| Total stockholders' equity | <u>1,498,242</u> | <u>72.1</u> | <u>1,451,165</u> | <u>73.4</u> | <u>47,077</u> |
| Total liabilities, minority interests and stockholders' equity | <u>¥2,078,635</u> | <u>100.0</u> | <u>¥ 1,976,746</u> | <u>100.0</u> | <u>¥101,889</u> |

Note : Accumulated other comprehensive income is as follows :

| | (Yen in millions) | |
|---|-------------------|----------------|
| | June 30, 2008 | March 31, 2008 |
| Net unrealized gains on securities | ¥ 81,454 | ¥ 64,799 |
| Net unrealized (losses) gains on derivative financial instruments | ¥ (66) | ¥ 196 |
| Pension adjustments | ¥ 11,939 | ¥ 12,865 |
| Foreign currency translation adjustments | ¥ (13,265) | ¥ (33,794) |

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

| | (Yen in millions and shares in thousands, except per share amounts) | | | | | |
|--|---|-------|-----------|-------|------------|--------|
| | Three months ended June 30, | | | | Increase | |
| | 2007 | | 2008 | | (Decrease) | |
| | Amount | % | Amount | % | Amount | % |
| Net sales | ¥ 315,450 | 100.0 | ¥ 331,758 | 100.0 | ¥ 16,308 | 5.2 |
| Cost of sales | 219,826 | 69.7 | 238,948 | 72.0 | 19,122 | 8.7 |
| Gross profit | 95,624 | 30.3 | 92,810 | 28.0 | (2,814) | (2.9) |
| Selling, general and administrative expenses | 64,008 | 20.3 | 64,848 | 19.6 | 840 | 1.3 |
| Profit from operations | 31,616 | 10.0 | 27,962 | 8.4 | (3,654) | (11.6) |
| Other income (expenses) : | | | | | | |
| Interest and dividend income | 6,309 | 2.0 | 5,910 | 1.8 | (399) | (6.3) |
| Interest expense | (410) | (0.1) | (207) | (0.1) | 203 | — |
| Foreign currency transaction gains, net | 1,009 | 0.3 | 1,322 | 0.4 | 313 | 31.0 |
| Equity in earnings of affiliates and unconsolidated subsidiaries | 1,772 | 0.6 | 1,485 | 0.5 | (287) | (16.2) |
| Other, net | 188 | 0.0 | 433 | 0.1 | 245 | 130.3 |
| Total other income | 8,868 | 2.8 | 8,943 | 2.7 | 75 | 0.8 |
| Income before income taxes and minority interests | 40,484 | 12.8 | 36,905 | 11.1 | (3,579) | (8.8) |
| Income taxes | 13,972 | 4.4 | 13,746 | 4.1 | (226) | (1.6) |
| Income before minority interests | 26,512 | 8.4 | 23,159 | 7.0 | (3,353) | (12.6) |
| Minority interests | (1,528) | (0.5) | (1,197) | (0.4) | 331 | — |
| Net income | ¥ 24,984 | 7.9 | ¥ 21,962 | 6.6 | ¥ (3,022) | (12.1) |

Earnings per share :

| | | |
|---|----------|----------|
| Net income : | | |
| Basic | ¥ 132.30 | ¥ 115.89 |
| Diluted | ¥ 131.93 | ¥ 115.82 |
| Weighted average number of shares of common stock outstanding : | | |
| Basic | 188,846 | 189,502 |
| Diluted | 189,378 | 189,623 |

Notes :

1. Kyocera applies SFAS No.130, "Financial Reporting of Comprehensive Income." Based on this standard, comprehensive income for the three months ended June 30, 2007 and 2008 were an increase of ¥33,141 million and an increase of ¥58,376 million, respectively.
2. Earnings per share amounts were computed based on SFAS No.128, "Earnings per Share." Under SFAS No.128, basic earnings per share was computed based on the weighted average number of shares of common stock outstanding during each period and diluted earnings per share assumed the dilution that could occur if securities or other contracts to issue common stock were converted into common stock, exercised or resulted in the issuance of common stock.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Yen in millions and shares in thousands)

| (Number of shares of common stock) | Common stock | Additional paid-in capital | Retained earnings | Accumulated other comprehensive income | Treasury stock | Comprehensive income |
|---|-----------------|----------------------------------|----------------------|---|-------------------|-------------------------|
| Balance, March 31, 2007 (188,649) | ¥115,703 | ¥162,363 | ¥1,055,293 | ¥ 203,056 | ¥(21,855) | |
| Cumulative effect of applying FIN 48 to opening balance | | | 3,968 | | | |
| Net income for the year | | | 107,244 | | | ¥ 107,244 |
| Other comprehensive income | | | | (158,990) | | (158,990) |
| Total comprehensive income for the year | | | | | | <u>¥ (51,746)</u> |
| Cash dividends | | | (22,684) | | | |
| Purchase of treasury stock (18) | | | | | (211) | |
| Reissuance of treasury stock (823) | | 254 | | | 6,777 | |
| Stock option plan of subsidiaries | | 247 | | | | |
| Balance, March 31, 2008 (189,454) | <u>115,703</u> | <u>162,864</u> | <u>1,143,821</u> | <u>44,066</u> | <u>(15,289)</u> | |
| (Unaudited) | | | | | | |
| Adjustment for applying SAFS No. 158 to opening balance (Note) | | | (522) | (418) | | |
| Net income for the period | | | 21,962 | | | ¥ 21,962 |
| Other comprehensive income | | | | 36,414 | | 36,414 |
| Total comprehensive income for the period | | | | | | <u>¥ 58,376</u> |
| Cash dividends | | | (11,367) | | | |
| Purchase of treasury stock (4) | | | | | (37) | |
| Reissuance of treasury stock (117) | | 44 | | | 960 | |
| Stock option plan of subsidiaries | | 41 | | | | |
| Balance, June 30, 2008 (189,567) | <u>¥115,703</u> | <u>¥162,949</u> | <u>¥1,153,894</u> | <u>¥ 80,062</u> | <u>¥(14,366)</u> | |

Note :
 SFAS No. 158 - "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans-an amendment of FASB Statements No. 87, 88, 106, and 132 (R)."
 Please refer to page 13 "4. Others, Change in accounting policies : Recently adopted Accounting Standards."

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

| | (Yen in millions) | |
|--|-----------------------------|-----------|
| | Three months ended June 30, | |
| | 2007 | 2008 |
| Cash flows from operating activities : | | |
| Net income | ¥ 24,984 | ¥ 21,962 |
| Adjustments to reconcile net income to net cash provided by operating activities : | | |
| Depreciation and amortization | 19,242 | 22,968 |
| Write-down of inventories | 2,205 | 1,932 |
| Minority interests | 1,528 | 1,197 |
| Equity in earnings of affiliates and unconsolidated subsidiaries | (1,772) | (1,485) |
| Decrease in receivables | 17,132 | 34,137 |
| (Increase) decrease in inventories | 1,953 | (7,239) |
| Decrease in notes and accounts payable | (16,223) | (32,079) |
| Decrease in accrued income taxes | (20,013) | (11,067) |
| Increase in other current liabilities | 11,605 | 9,770 |
| Other, net | (5,631) | 542 |
| Net cash provided by operating activities | 35,010 | 40,638 |
| Cash flows from investing activities : | | |
| Payments for purchases of securities | (11,915) | (14,158) |
| Sales and maturities of securities | 21,316 | 15,828 |
| Acquisitions of businesses, net of cash acquired | — | (35,149) |
| Payments for purchases of property, plant and equipment, and intangible assets | (17,839) | (26,951) |
| Proceeds from sales of property, plant and equipment, and intangible assets | 300 | 629 |
| Acquisition of certificate deposits and time deposits | (49,664) | (146,762) |
| Withdrawal of certificate deposits and time deposits | 22,533 | 33,853 |
| Other, net | 209 | (530) |
| Net cash used in investing activities | (35,060) | (173,240) |
| Cash flows from financing activities : | | |
| Increase in short-term debt | 5,847 | 689 |
| Payments of long-term debt | (914) | (1,731) |
| Dividends paid | (11,174) | (11,419) |
| Purchase of treasury stock | (60) | (37) |
| Reissuance of treasury stock | 2,901 | 1,004 |
| Other, net | (149) | (657) |
| Net cash used in financing activities | (3,549) | (12,151) |
| Effect of exchange rate changes on cash and cash equivalents | 7,953 | 8,848 |
| Net increase (decrease) in cash and cash equivalents | 4,354 | (135,905) |
| Cash and cash equivalents at beginning of period | 282,208 | 447,586 |
| Cash and cash equivalents at end of period | ¥ 286,562 | ¥ 311,681 |

SEGMENT INFORMATION (Unaudited)

1. Reporting segments :

| | (Yen in millions) | | | |
|--|-----------------------------|------------------|------------------|--------------|
| | Three months ended June 30, | | Increase | |
| | 2007 | 2008 | (Decrease) | |
| | Amount | Amount | Amount | % |
| Net sales : | | | | |
| Fine Ceramic Parts Group | ¥ 20,545 | ¥ 18,776 | ¥ (1,769) | (8.6) |
| Semiconductor Parts Group | 35,277 | 41,167 | 5,890 | 16.7 |
| Applied Ceramic Products Group | 33,420 | 41,163 | 7,743 | 23.2 |
| Electronic Device Group | 73,453 | 67,714 | (5,739) | (7.8) |
| Telecommunications Equipment Group | 59,959 | 75,995 | 16,036 | 26.7 |
| Information Equipment Group | 67,272 | 61,114 | (6,158) | (9.2) |
| Others | 31,628 | 32,178 | 550 | 1.7 |
| Adjustments and eliminations | (6,104) | (6,349) | (245) | — |
| | <u>¥ 315,450</u> | <u>¥ 331,758</u> | <u>¥ 16,308</u> | <u>5.2</u> |
| Operating profit : | | | | |
| Fine Ceramic Parts Group | ¥ 3,045 | ¥ 1,800 | ¥ (1,245) | (40.9) |
| Semiconductor Parts Group | 4,023 | 6,198 | 2,175 | 54.1 |
| Applied Ceramic Products Group | 6,136 | 9,307 | 3,171 | 51.7 |
| Electronic Device Group | 10,252 | 5,229 | (5,023) | (49.0) |
| Telecommunications Equipment Group | (369) | 1,151 | 1,520 | — |
| Information Equipment Group | 9,406 | 6,887 | (2,519) | (26.8) |
| Others | 1,297 | 543 | (754) | (58.1) |
| | 33,790 | 31,115 | (2,675) | (7.9) |
| Corporate | 4,917 | 4,181 | (736) | (15.0) |
| Equity in earnings of affiliates and unconsolidated subsidiaries | 1,772 | 1,485 | (287) | (16.2) |
| Adjustments and eliminations | 5 | 124 | 119 | — |
| Income before income taxes and minority interests | <u>¥ 40,484</u> | <u>¥ 36,905</u> | <u>¥ (3,579)</u> | <u>(8.8)</u> |
| Depreciation and amortization : | | | | |
| Fine Ceramic Parts Group | ¥ 1,459 | ¥ 1,830 | ¥ 371 | 25.4 |
| Semiconductor Parts Group | 3,129 | 3,099 | (30) | (1.0) |
| Applied Ceramic Products Group | 2,006 | 2,279 | 273 | 13.6 |
| Electronic Device Group | 5,274 | 5,826 | 552 | 10.5 |
| Telecommunications Equipment Group | 2,241 | 4,517 | 2,276 | 101.6 |
| Information Equipment Group | 2,788 | 2,978 | 190 | 6.8 |
| Others | 1,561 | 1,753 | 192 | 12.3 |
| Corporate | 784 | 686 | (98) | (12.5) |
| Total | <u>¥ 19,242</u> | <u>¥ 22,968</u> | <u>¥ 3,726</u> | <u>19.4</u> |
| Capital expenditures : | | | | |
| Fine Ceramic Parts Group | ¥ 1,174 | ¥ 1,271 | ¥ 97 | 8.3 |
| Semiconductor Parts Group | 2,027 | 2,142 | 115 | 5.7 |
| Applied Ceramic Products Group | 1,717 | 2,312 | 595 | 34.7 |
| Electronic Device Group | 5,113 | 5,927 | 814 | 15.9 |
| Telecommunications Equipment Group | 542 | 1,232 | 690 | 127.3 |
| Information Equipment Group | 1,924 | 1,764 | (160) | (8.3) |
| Others | 792 | 1,210 | 418 | 52.8 |
| Corporate | 1,755 | 2,109 | 354 | 20.2 |
| Total | <u>¥ 15,044</u> | <u>¥ 17,967</u> | <u>¥ 2,923</u> | <u>19.4</u> |

2. Geographic segments (Sales and Operating profits by geographic area) :

| | (Yen in millions) | | | |
|--|-----------------------------|------------------|---------------------|--------|
| | Three months ended June 30, | | Increase (Decrease) | |
| | 2007 | 2008 | Amount | % |
| | Amount | Amount | | |
| Net sales : | | | | |
| Japan | ¥ 128,689 | ¥ 146,839 | ¥ 18,150 | 14.1 |
| Intra-group sales and transfer between geographic areas | 93,725 | 107,640 | 13,915 | 14.8 |
| | 222,414 | 254,479 | 32,065 | 14.4 |
| United States of America | 73,213 | 73,032 | (181) | (0.2) |
| Intra-group sales and transfer between geographic areas | 8,739 | 7,773 | (966) | (11.1) |
| | 81,952 | 80,805 | (1,147) | (1.4) |
| Europe | 57,739 | 59,313 | 1,574 | 2.7 |
| Intra-group sales and transfer between geographic areas | 10,546 | 8,290 | (2,256) | (21.4) |
| | 68,285 | 67,603 | (682) | (1.0) |
| Asia | 49,761 | 46,437 | (3,324) | (6.7) |
| Intra-group sales and transfer between geographic areas | 42,908 | 59,786 | 16,878 | 39.3 |
| | 92,669 | 106,223 | 13,554 | 14.6 |
| Others | 6,048 | 6,137 | 89 | 1.5 |
| Intra-group sales and transfer between geographic areas | 3,587 | 3,502 | (85) | (2.4) |
| | 9,635 | 9,639 | 4 | 0.0 |
| Adjustments and eliminations | (159,505) | (186,991) | (27,486) | — |
| | ¥ 315,450 | ¥ 331,758 | ¥ 16,308 | 5.2 |
| Operating Profits : | | | | |
| Japan | ¥ 23,897 | ¥ 24,081 | ¥ 184 | 0.8 |
| United States of America | 2,203 | 2,307 | 104 | 4.7 |
| Europe | 2,758 | 2,202 | (556) | (20.2) |
| Asia | 5,592 | 4,384 | (1,208) | (21.6) |
| Others | 774 | 497 | (277) | (35.8) |
| | 35,224 | 33,471 | (1,753) | (5.0) |
| Adjustments and eliminations | (1,429) | (2,232) | (803) | — |
| | 33,795 | 31,239 | (2,556) | (7.6) |
| Corporate | 4,917 | 4,181 | (736) | (15.0) |
| Equity in earnings of affiliates and unconsolidated subsidiaries | 1,772 | 1,485 | (287) | (16.2) |
| Income before income taxes and minority interests | ¥ 40,484 | ¥ 36,905 | ¥ (3,579) | (8.8) |

3. Geographic segments (Sales by region) :

| | (Yen in millions) | | | | | |
|----------------------------------|-----------------------------|-------|----------|-------|---------------------|-------|
| | Three months ended June 30, | | | | Increase (Decrease) | |
| | 2007 | | 2008 | | Amount | |
| | Amount | % | Amount | % | Amount | % |
| Japan | ¥121,804 | 38.6 | ¥139,835 | 42.1 | ¥ 18,031 | 14.8 |
| United States of America | 62,692 | 19.9 | 60,949 | 18.4 | (1,743) | (2.8) |
| Europe | 55,383 | 17.6 | 56,946 | 17.2 | 1,563 | 2.8 |
| Asia | 57,480 | 18.2 | 53,177 | 16.0 | (4,303) | (7.5) |
| Others | 18,091 | 5.7 | 20,851 | 6.3 | 2,760 | 15.3 |
| Net sales | ¥315,450 | 100.0 | ¥331,758 | 100.0 | ¥ 16,308 | 5.2 |
| Sales outside Japan | ¥193,646 | | ¥191,923 | | ¥ (1,723) | (0.9) |
| Sales outside Japan to net sales | 61.4% | | 57.9% | | | |

Note for the assumption of continuing operation :

Not applicable.

Note in case where the amount of shareholders' equity significantly changed :

Please refer to page 18 "CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY."

Appendix

1. Consolidated Orders by Reporting Segment

| | (Yen in millions) | | | | |
|------------------------------------|------------------------------------|------------------------------------|-----------------|------------------------------------|--|
| | <u>Three months ended June 30,</u> | | | | |
| | <u>2007</u> | <u>% of segment orders</u> | <u>2008</u> | <u>% of segment orders</u> | <u>Increase (Decrease) (%)</u> |
| | <u>Amount</u> | | <u>Amount</u> | | |
| Fine Ceramic Parts Group | ¥ 21,194 | 6.8 | ¥ 19,124 | 5.5 | (9.8) |
| Semiconductor Parts Group | 36,062 | 11.6 | 41,470 | 11.8 | 15.0 |
| Applied Ceramic Products Group | 34,162 | 10.9 | 41,770 | 11.9 | 22.3 |
| Electronic Device Group | 75,645 | 24.2 | 70,743 | 20.1 | (6.5) |
| Total Components Business | 167,063 | 53.5 | 173,107 | 49.3 | 3.6 |
| Telecommunications Equipment Group | 50,872 | 16.3 | 89,527 | 25.5 | 76.0 |
| Information Equipment Group | 67,601 | 21.7 | 61,469 | 17.5 | (9.1) |
| Total Equipment Business | 118,473 | 38.0 | 150,996 | 43.0 | 27.5 |
| Others | 32,256 | 10.3 | 33,247 | 9.5 | 3.1 |
| Adjustments and eliminations | (5,799) | (1.8) | (6,175) | (1.8) | — |
| Orders | <u>¥311,993</u> | <u>100.0</u> | <u>¥351,175</u> | <u>100.0</u> | <u>12.6</u> |

2. Consolidated Production by Reporting Segment

(Yen in millions)

| | Three months ended June 30, | | | | |
|------------------------------------|-----------------------------|-------------------------------|----------|-------------------------------|-------------------------------|
| | 2007 | | 2008 | | Increase (Decrease) (%) |
| | Amount | % of segment production | Amount | % of segment production | |
| Fine Ceramic Parts Group | ¥ 20,634 | 6.5 | ¥ 19,766 | 5.8 | (4.2) |
| Semiconductor Parts Group | 35,642 | 11.3 | 42,737 | 12.6 | 19.9 |
| Applied Ceramic Products Group | 35,208 | 11.2 | 44,240 | 13.0 | 25.7 |
| Electronic Device Group | 75,306 | 23.9 | 70,456 | 20.8 | (6.4) |
| Total Components Business | 166,790 | 52.9 | 177,199 | 52.2 | 6.2 |
| Telecommunications Equipment Group | 55,697 | 17.7 | 75,008 | 22.1 | 34.7 |
| Information Equipment Group | 69,103 | 21.9 | 63,404 | 18.7 | (8.2) |
| Total Equipment Business | 124,800 | 39.6 | 138,412 | 40.8 | 10.9 |
| Others | 23,569 | 7.5 | 23,874 | 7.0 | 1.3 |
| Production | ¥315,159 | 100.0 | ¥339,485 | 100.0 | 7.7 |

3. Capital Expenditures, Depreciation and Research and Development Costs

(Yen in millions)

| | Three months ended June 30, | | | | |
|----------------------|-----------------------------|-------------------|----------|-------------------|-------------------------------|
| | 2007 | | 2008 | | Increase (Decrease) (%) |
| | Amount | % of net sales | Amount | % of net sales | |
| Capital expenditures | ¥ 15,044 | 4.8 | ¥ 17,967 | 5.4 | 19.4 |
| Depreciation | 16,281 | 5.2 | 19,251 | 5.8 | 18.2 |
| R&D Costs | 15,315 | 4.9 | 16,914 | 5.1 | 10.4 |