

Kyocera Corporation Telephone Conference Call (January 28, 2010)

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I will explain consolidated financial results for the third quarter of the year ending March 31, 2010 (“Fiscal 2010”), including those for the nine months ended December 31, 2009 (the “nine months”).

<P.1: Financial Results of First Nine Months of FY3/2010 – Comparison with first nine months of FY3/2009>

First, I will explain consolidated financial results for the nine months. Net sales for the nine months decreased by 14.8% compared with the nine months ended December 31, 2008 (the “previous nine months”) to ¥768.9 billion due to a year-on-year decline in component demand until the second quarter coupled with decreases in sales of mobile phone handsets and information equipment in the equipment business, and yen appreciation against the Euro and the U.S. dollar.

In terms of profit, Kyocera promoted further cost-cutting measures that included reducing production costs and aimed to improve productivity throughout the Kyocera Group. These efforts were insufficient to cover the negative impact affected by a decline in sales, however, and profit from operations for the nine months decreased by 43.5% compared with the previous nine months to ¥38.0 billion. Income before income taxes and net income attributable to shareholders of Kyocera Corporation for the nine months decreased by 60.3% to ¥32.7 billion and 67.4% to ¥18.5 billion, respectively, compared with the previous nine months, due to the recognizing of an impairment loss of approximately ¥20.0 billion on its investment in WILLCOM, Inc., (WILLCOM) an affiliate company of Kyocera in the third quarter.

Capital expenditures, depreciation and R&D expenses for the nine months each decreased compared with the previous nine months.

<P.2: Sales by Reporting Segment – Nine months ended December 31, 2009>

The digital consumer equipment market has recovered since the start of fiscal 2010, while production activities in industrial machinery and automotive related markets have been on a recovery track since the third quarter, and as a result, production in Kyocera's components business has been more vigorous on the whole as well. Kyocera also worked to expand sales in the equipment business, including aggressively launching new mobile phone handsets and information equipment. However, sales for the nine months in both the components business and the equipment business fell short of levels recorded in the previous nine months.

<P.3: Operating Profit by Reporting Segment – Nine months ended December 31, 2009>

Operating profit for the nine months decreased by 43.8% compared with the previous nine months, due to the decline in sales and yen appreciation. Nonetheless, operating profit in the Electronic Device Group increased by 26.8%, due to a contribution by our subsidiary AVX Corporation, effects of initiatives to reduce costs and improve profitability. In addition, the equipment business, shown in the middle of the table, significantly enhanced profitability by 110.4% compared with the previous nine months through structural reforms and cost reductions in the Telecommunications Equipment Group.

<P.4: Summary of First Nine of Months FY3/2010 – Comparison with first nine months of FY3/2009>

The first point concerns yen appreciation. Average exchange rates for the nine months were ¥94 to the U.S. dollar and ¥133 to the Euro, representing appreciation of ¥9 from ¥103 to the U.S. dollar, and appreciation of ¥18 from ¥151 to the Euro, compared with the previous nine months. As a result, net sales and pre-tax income after translation into yen were pushed down by approximately ¥48.5 billion and ¥13.5 billion, respectively, compared with the previous nine months.

The second point concerns efforts to reduce costs throughout the Kyocera Group since the start of fiscal 2010. Kyocera aimed to reduce costs by ¥56.0 billion in fiscal 2010 compared with fiscal 2009, but already achieved this target by the second quarter. In the nine months, we cut costs by approximately ¥70.0 billion compared with the previous nine months. Going forward, we will remain fully committed to

reducing costs.

The third point concerns the recording of one-time gain and loss, which amounted to approximately ¥18.5 billion of loss for the nine months.

In terms of one-time loss, Kyocera recognized an impairment loss of approximately ¥20.0 billion on its investment in WILLCOM, a PHS service provider, in the third quarter. We own 30% of outstanding shares of WILLCOM and revaluated its fair value based on our regular calculation, and its fair value went below the booking value for investments. This loss was included in Corporate under segment information.

In terms of one-time gain, the Information Equipment Group recorded gain on sale of fixed assets in the second quarter in the amount of approximately ¥1.5 billion.

That concludes my summary of financial results for the nine months. Next, I will explain financial results for the three months from October 1, 2009 to December 31, 2009 (the “third quarter”).

<P.5: Financial Results for the three months ended December 31, 2009>

The table at top shows a comparison of results in the third quarter with the previous third quarter (October 1, 2008 to December 31, 2008), and the table at bottom shows a comparison with the previous quarter, or the second quarter of fiscal 2010.

Sales increased by double digit in the third quarter compared with both the previous third quarter and the second quarter. Profit from operations increased significantly as a result of the increase in sales, a reduction in costs and an improvement in productivity.

<P.6: Quarterly Trends by Reporting Segment – Fine Ceramic Parts Group>

The graphs at left show trends in sales and operating profit for each reporting segment by quarter, with the factors for the increase or decrease relative to the previous third quarter and the second quarter provided at right. Due to time restrictions, I will explain comparisons with the second quarter.

In the Fine Ceramic Parts Group, demand for core components such as components for industrial machineries, including semiconductor fabrication equipment parts and automotive parts, both of which stagnated until the second quarter, showed tones of recovery in the third quarter. As a result, sales and operating profit in this reporting segment increased compared with the second quarter.

<P.7: Quarterly Trends by Reporting Segment – Semiconductor Parts Group>

In the Semiconductor Parts Group, demand for ceramic packages for crystal and SAW devices and for CCD/CMOS image sensors used in digital consumer equipment such as mobile phone handsets and digital cameras increased. Demand also increased for organic packages. This resulted in an increase in sales in this reporting segment compared with the second quarter. Operating profit increased considerably due to the increase in sales coupled with a reduction in costs and an improvement in productivity. In particular, we significantly improved profitability through the volume efficiency of ceramic packages.

<P.8: Quarterly Trends by Reporting Segment – Applied Ceramic Products Group>

Let's turn to the Applied Ceramic Products Group. For the solar energy business, demand continued to expand rapidly in the Japanese market on the back of governmental subsidy policies, while demand recovered moderately in overseas markets. In addition, demand for cutting tools, mainly for automotive industries, was on a recovery track. Consequently, sales in this reporting segment increased compared with the second quarter.

Operating profit increased significantly due to the increase in sales and a reduction in costs.

<P.9: Quarterly Trends by Reporting Segment – Electronic Device Group>

In the Electronic Device Group, demand for digital consumer equipment components continued to grow, leading to an increase in sales. Operating profit increased substantially beyond the growth in sales on the whole in this reporting segment due to the increase in sales along with a significant improvement in profitability of core products such as crystal related products, thin-film devices and capacitors, through

comprehensive cost reductions.

<P.10: Quarterly Trends by Reporting Segment – Telecommunications Equipment Group>

In the Telecommunications Equipment Group, the number of models in the market increased compared with the second quarter due to the launch of new models in Japan and overseas in line with plans. Sales increased significantly thanks to efforts to secure new customers overseas. Operating profit was recorded for the first time in six quarters as the effects of an increase in sales and cost reduction through structural reforms.

<P.11: Quarterly Trends by Reporting Segment – Information Equipment Group>

In the Information Equipment, although corporations and public offices, the core customers in this reporting segment, continued to restrict information technology investment, sales contribution of new products, notably TASKalfa multifunctional peripherals, led to an increase in sales in this reporting segment compared with the second quarter.

Operating profit in the third quarter remained roughly on par with the second quarter. However, excluding approximately ¥1.5 billion in one-time gain recorded in the second quarter, operating profit in the third quarter actually increased by over 30% as the effects of cost reductions, including consolidation of development and production systems promoted in fiscal 2009.

<P.12: Quarterly Trends by Reporting Segment – Others>

In Others segment, sales and operating profit both increased due to an increase in sales at Kyocera Communication Systems Co., Ltd. and enhanced profitability at Kyocera Chemical Corp. through an improvement in productivity.

That concludes my presentation of results for the third quarter.

<P.13: Financial Forecast – Year ending March 31, 2010>

Next, I will explain financial forecasts for the year ending March 31, 2010 (“fiscal

2010”).

Kyocera revised its financial forecasts for the full year of fiscal 2010 that were announced in October 2009, as you can see in this table, in light of results for the nine months and the business environment outlook for the fourth quarter. Sales and profit from operations have been revised upwards from the previous forecasts. Despite an impairment loss on our investment in WILLCOM in the third quarter in the amount of ¥20.0 billion, we project that we will be able to achieve the forecast for pre-tax income announced in October, 2009.

As you know, WILLCOM has applied for Alternative Dispute Resolution (ADR) process, and received acceptance for the ADR procedure. Kyocera’s accounts receivable balance with regard to WILLCOM amounted to approximately ¥15.5 billion at December 31, 2009, flattish amount compared with the amount at second quarter end. Depending on the progress of the business revitalization ADR, there may be a material effect on Kyocera’s business results, which has not yet been reflected in the financial forecasts for fiscal 2010 as of the present moment.

Next, in term of capital expenditures, depreciation and R&D expenses, forecasts for capital expenditures and depreciation have been revised downwards relative to previous forecasts in light of results for the nine months.

<P. 14: Sales Forecast by Reporting Segment FY3/2010 - Year ending March 31, 2010 - >

<P. 15: Operating Profit Forecast by Reporting Segment FY3/2010- Year ending March 31, 2010 - >

Forecasts for sales and operating profit by reporting segment are stated on pages 14 and 15, respectively.

In term of operating profit forecast, amount change from the previous forecasts is shown at right in chart. We revised operating profit upward by ¥16.0 billion in the components business and ¥5.0 billion in the equipment business, respectively.

I will explain factors in revising forecasts.

<P.16: Factors in Revising Forecasts for FY3/2010 (compared with previous forecasts)>

First, component demand in core markets has recovered. Production activity in the digital consumer equipment market recovered beyond expectations from the beginning of fiscal 2010. Also, an increase in demand for the solar energy business has made a significant contribution to performance.

In response to this rapid recovery in demand, Kyocera relocated personnels in the components business, and established optimal production system quickly. We also bolstered production capacity in growth businesses such as the solar energy business as planned. As a result, these initiatives contributed to increased sales and profits.

In terms of the market outlook for the fourth quarter, component demand is projected to decrease no more than in previous years due to seasonal influence.

The second point concerns an improvement in profitability. Through initiatives to comprehensively reduce costs and improve productivity, and to strengthen management foundations based primarily on reorganizing business systems for the Telecommunications Equipment Group, we were able to enhance profitability in all reporting segments. Since the second half of fiscal 2009, we have been striving to reinforce the foundations of each business throughout the Kyocera Group by viewing the current adverse conditions as a chance to take the next leap forward. Kyocera aims to be a high-growth, highly-profitable company and will continue working to further strengthen our management foundations to achieve this goal.

<P. 17: Financial Forecast by Reporting Segment FY3/2010>

This slide shows changes of financial forecasts in sales and profit by reporting segment compared with previous forecasts.

In term of the components business, sales in all four reporting segments will surpass previous forecasts which were announced in October, 2009. Also, operating profit in all reporting segment except the Fine Ceramic Parts Group will surpass previous

forecasts. We forecast significant improvement in profitability in the components business.

In terms of the equipment business, although sales in the Telecommunications Equipment Group will be lower than the number we announced previously, we expect that comprehensive initiatives to strengthen business foundations will contribute to decreased operating loss in the reporting segment. Also, in the Information Equipment Group, profitability will be improved by the effect of cost reductions and contribution of new models.

As a conclusion, we will aim to achieve the financial forecasts as a matter of high priority in order to significantly enhance performance in the following fiscal year.

I ask for your continued support as we strive to achieve our goals.

That concludes my presentation. Thank you for your attention.