Kyocera Corporation Telephone Conference Call (October. 30, 2007)

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President, Makoto Kawamura

<Consolidated Results for the Six Months Ended September 30, 2007>

I will discuss consolidated financial results for the six months ended September 30, 2007 (the first half). Please look at the table on page 5 of the financial results handout.

Consolidated net sales in the first half amounted to ¥636.6 billion, an increase of 3.4% compared with the six months ended September 30, 2006 (the previous first half). This result was a new record high for the interim period.

Despite an increase of ¥3.6 billion in depreciation in the first half compared with the previous first half on account of a comprehensive revaluation of non current assets to reflect tax revisions, profit from operations increased by 7.4% to ¥67.8 billion. The ratio of profit from operations to net sales was 10.7%. Income from continuing operations before income taxes (pre-tax income) for the first half totaled ¥81.5 billion, an increase of 12.6% compared with the previous first half. The pre-tax income ratio was 12.8%.

Let's look at the performance in each business segment. The Components Business posted an increase in sales and a decrease in operating profit for the first half compared with the previous first half, and the Equipment Business posted increases in both sales and operating profit. Although sales in the Components Business increased steadily on the whole, this business recorded a decrease in operating profit for the first half due primarily to an increase in depreciation costs in the amount of ¥5.8 billion compared with the previous first half.

Both sales and operating profit in the Equipment Business increased substantially as a result of strong performance in the Information Equipment Group.

Net income during the first half decreased by 5.4% to ¥50.6 billion compared with the previous first half. This decrease was due to the absence of tax refunds accompanying voidance of a portion of a tax assessment relating to transfer pricing adjustment, and to the absence of one-off gains including gain on sale of shares of Kyocera Leasing Co., Ltd. that occurred in the previous first half. The net income ratio was 8.0%.

Diluted earnings per share stood at ¥267.06.

Let's turn to average exchange rates for the first half as shown two lines from the bottom of the table. The yen depreciated ¥4 against the U.S. dollar to ¥119, and ¥16 against the Euro to ¥162 for the first half as compared with the previous first half. As a result, net sales and pre-tax income after translation into yen were, for calculation purposes, pushed up by approximately ¥22.6 billion and ¥8.9 billion, respectively.

Next, I will explain results by reporting segment. The tables on page 9 of the financial results handout shows net sales and operating profit by reporting business and segment.

First, I will explain the results of the Components Business. Sales in this business for the first half increased by 4.6% compared with the previous first half to ¥333.1 billion. Operating profit for the first half decreased by 1.7% compared with the previous first half to ¥48.9 billion due in part to an increase in depreciation costs. The operating profit ratio was 14.7%.

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

Sales in the Fine Ceramic Parts Group for the first half increased by 7.1% compared with the previous first half to ¥41.3 billion due to an increase in demand for dielectric ceramic parts for base stations and sapphire substrates for LEDs, reflecting growth in the mobile phone market, and to growth in sales of piezo stacks for automobiles. Operating profit for the first half decreased by 16.0% compared with the previous first half to ¥6.2 billion, however, due in part to an increase in depreciation costs. The operating profit ratio was 15.0%.

In the Semiconductor Parts Group, demand for ceramic packages, a core product line in this reporting segment, increased moderately for use in mobile phone handsets in the three-month period ended September 30, 2007 (the second quarter) relative to the three-month period ended June 30, 2007 (the first quarter). Despite this, sales and profit in this reporting segment for the first half fell short of the high levels recorded in the previous first half. Sales decreased by 3.0% to ¥73.5 billion. Operating profit decreased by 29.6% to ¥8.4 billion for the first half due in part to the increase in depreciation costs. The operating profit ratio was 11.4%.

Sales and operating profit in the Applied Ceramic Products Group increased substantially for the first half compared with the previous first half, due mainly to marked growth in sales and operating profit in the solar energy business. Overall segment sales increased by 8.7% to ¥69.7 billion, while operating profit was up a considerable 49.8% to ¥13.4 billion. The operating profit ratio was 19.3%.

The Electronic Device Group recorded an increase of 6.1% in sales for the first half compared with the previous first half to ¥148.6 billion. Besides an increase in sales at AVX Corporation, sales of ceramic capacitors for flat-panel TVs and game consoles and of timing devices for mobile phone handsets increased. Despite the positive effect of higher sales, operating profit decreased by 2.9% to ¥20.9 billion owing to an increase in depreciation costs. The operating profit ratio was 14.1%.

Let’s move on to results for the Equipment Business.

For the first half sales in the Equipment Business increased by 3.7% to ¥250.8 billion, and operating profit increased by a significant 32.1% to ¥19.1 billion compared with the previous first half. The operating profit ratio was 7.6%.

Sales in the Telecommunications Equipment Group decreased by 2.8% for the first half compared with the previous first half to ¥113.9 billion due to a decline in sales at Kyocera Wireless Corp. (KWC). Operating loss was reduced by approximately ¥0.9 billion for the first half from a loss of ¥1.0 billion in the previous first half as a result of enhanced profit in the PHS-related business in Japan.

In the Information Equipment Group, sales increased by 9.9% for the first half to ¥136.9 billion and operating profit increased by 24.1% to ¥19.2 billion compared with the previous first half, due to strong sales of printers and color digital multifunctional systems, especially in Europe, coupled with the positive effects of yen depreciation against the Euro. The operating profit ratio was 14.0%.

Finally, let’s look at the Others segment. Sales in this reporting segment decreased by 2.1% for the first half to ¥65.3 billion compared with the previous first half due to a decline in sales of optical related business. Operating profit increased considerably for the first half by 39.1% compared with the previous first half to ¥4.0 billion, however, due to improved profitability at Kyocera Communication Systems Co., Ltd. and reduced loss in the optical related business. The operating profit ratio was 6.1%.

“Corporate,” four lines from the bottom of the table, increased by 14.4% for the first half compared with the previous first half to ¥5.9 billion due to an increase in interest and dividend income.

Taking “Equity in earnings of affiliates and unconsolidated subsidiaries” into account, consolidated pre-tax income for the first half was up 12.6% compared with the previous first half.

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

I will now explain consolidated financial forecasts for the year ending March 31, 2008 (this fiscal year), so please turn to the tables on page 12 of the financial results handout.

With regard to the economy and market environment in the six months ending March 31, 2008 (the second half), despite concerns over stagnation in the U.S. economy due to the negative impact of issues related to housing loans for individuals with low creditworthiness, steady demand in the digital consumer equipment market is expected to continue. Kyocera therefore projects solid demand for equipment and components used in these products.

In addition to such market environment outlook, sales performance in the second quarter surpassed the first quarter, while significant quarterly growth was also posted in profit from operations, despite the recording in the second quarter of depreciation costs of buildings and other structures having specified useful lives in the total amount of ¥3.5 billion. Profitability is therefore steadily increasing and we will strive to make further improvement in the second half.

There are no changes to the overall consolidated financial forecasts for Kyocera Group for this fiscal year, which were announced on April 26, 2007. Financial forecasts for reporting segments, however, have been revised to reflect the results in each business through the end of the first half, the projected market environment in the second half and the change in accounting method for depreciation. New sales projections by reporting segment are shown in the table on page 13, while new operating profit forecasts are shown on page 14.

First, sales in the Components Business, shown on page 13, is forecast at ¥695.0 billion, revised up by ¥19.0 billion compared with the initial forecast of ¥676.0 billion.

Operating profit, shown around the middle of table on page 14, is forecast at ¥108.0 billion, revised down by ¥5.0 billion compared with the initial forecast of ¥113.0 billion, in light of the business performance in the first half.

Sales in the Equipment Business, shown on the fourth line from the bottom of the table on page 13, are forecast at ¥512.0 billion, revised down by ¥27.0 billion compared with the initial forecast of ¥539.0 billion.

There are no changes to the operating profit forecast for the Equipment Business, as shown on page 14.

In the Others segment, sales are forecast at ¥142.0 billion, revised up by ¥2.0 billion compared with the initial forecast in the amount of ¥140.0 billion, while operating profit is forecast at ¥6.0 billion, revised down by ¥1.0 billion compared with the initial forecast in the amount of ¥7.0 billion.

Kyocera will continue striving to expand profitability in both the Components and Equipment Businesses in the second half through vigorous product introductions and cost-cutting measures.

< Notice regarding Revision of Amounts of Interim Dividend and Annual Total Dividend for the Fiscal Period Ending March 31, 2008 >

Finally, I will explain the interim dividend and the annual total dividend. Please look at the table on page 2 of the handout titled “Notice regarding Revision of Amounts of Interim Dividend and Annual Total Dividend for the Fiscal Period Ending March 31, 2008 (54th Fiscal Period)”, which we released together with the interim financial results handout today.

Based on performance in the first half and pursuant to Kyocera’s dividend policy, we will distribute an interim dividend in the amount of ¥60 per share, an increase of ¥10 compared with the previous first half. Kyocera plans to distribute an annual total dividend of ¥120 per share, up ¥10 over the initial projection of ¥110 per share. This will be the fourth consecutive year that we have increased dividends.

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

<Consolidated Statements of Income>

I will now begin with a brief summary of the consolidated statements of income, so please turn to page 22 of the financial results handout.

Net sales, the first line item, amounted to ¥636.6 billion in the first half, up 3.4% compared with the previous first half, due to steady overall growth in sales in both the Components Business and the Equipment Business.

The second line item, cost of sales, stood at ¥441.3 billion for the first half, an increase of 2.7% compared with the previous first half, in line with the increase in sales. Despite an increase in depreciation costs due to a revision in the accounting method for depreciation, the cost of sales ratio decreased by 0.5 percentage points for the first half from 69.8% in the previous first half, to 69.3%.

Skipping one line item, selling, general and administrative expenses (SG&A expenses) amounted to ¥127.4 billion for the first half, an increase of ¥4.8 billion compared with ¥122.6 billion recorded in the previous first half. This was due primarily to exchange difference on costs at European sales companies due to the weak yen, and an increase in depreciation.

As a result, operating profit for the first half stood at ¥67.8 billion, with a profit ratio of 10.7%. This result was up ¥4.7 billion, or 7.4%, compared with ¥63.1 billion in the previous first half.

The revision of our depreciation method impacted cost of sales by ¥6.7 billion and SG&A expenses by ¥0.8 billion, resulting in a total impact in the amount of ¥7.5 billion.

Next, let’s look at other income and expenses. Interest and dividend income totaled ¥9.7 billion, up ¥3.0 billion from the previous first half. 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 two line items, equity in earnings of affiliates and unconsolidated subsidiaries for the first half increased significantly to ¥3.6 billion from ¥0.3 billion in the previous first half as improved performance at WILLCOM, Inc. contributed to Kyocera’s equity holding therein. Total other income for the first half increased by ¥4.4 billion compared with the previous first half to ¥13.7 billion.

Accordingly, income from continuing operations before income taxes and minority interests (“pre-tax income”) for the first half totaled ¥81.5 billion, up 12.6% compared with the previous first half. The profit ratio was 12.8%.

After subtracting income taxes in the amount of ¥27.2 billion and minority interests in the amount of ¥3.7 billion from pre-tax income, we are left with net income for the first half in the amount of ¥50.6 billion, down 5.4% from the previous first half. The profit ratio was 8.0%.

The primary reasons for the decline in net income in the first half were the absence of income from discontinued operations resulting from the sale of shares in Kyocera Leasing in the amount of ¥5.2 billion and the absence of tax refunds accompanying voidance of a portion of a tax assessment relating to transfer pricing adjustment in the amount of ¥4.3 billion, which were included in net income for the previous first half.

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 30.

<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 half, the figures in the middle column are those as of the end of the first half and the figures in the right column are those as of the end of the previous fiscal year ended March 31, 2007 (“the previous fiscal year end”). I will explain figures as of the end of the first half by making comparisons with previous fiscal year end figures.

Consolidated total assets, shown at the bottom, amounted to ¥2,107.1 billion as of the end of the first half, down ¥23.4 billon from ¥2,130.5 billion as of the previous fiscal year end.

Total current assets amounted to ¥1,112. 2billion as of the end of the first half, up ¥65.7 billion compared with the previous fiscal year end.

Total non-current assets were ¥994.9 billion as of the end of the first half, down ¥89.1 billion compared with the previous fiscal year end.

Let’s look at current assets. The first item, cash and cash equivalents, decreased by ¥7.7 billion to ¥274.5 billion as of the end of the first half, as compared with the previous fiscal year end. As a result of cash outflow from the acquisition of American Technical Ceramics Corp. (“ATC”) by AVX Corporation (“AVX”), a U.S. subsidiary, cash and cash equivalents at AVX decreased. The amount of such outflow exceeded the amount of cash inflow from the sale of securities, particularly government bonds, at Kyocera Corporation.

Short-term investments, the next line item, increased by ¥74.2 billion to ¥287.7 billion as of the end of the first half, as compared with the previous fiscal year end. This increase was due primarily to the purchase of negotiable certificates of deposit from cash and cash equivalents at Kyocera Corporation.

Skipping four line items, inventories as of the end of the first half decreased by ¥0.3 billion from the previous fiscal year end, to ¥208.9 billion. Despite an increase in product inventory due to the acquisition of ATC, mobile telecommunications related inventory at Kyocera Corporation and raw materials inventory in Kyocera Mita Group decreased.

Skipping one line item, other current assets as of the end of the first half increased by ¥11.2 billion to ¥51.9 billion compared with the previous fiscal year end, due primarily to a gain resulting from a change in U.S. accounting standards related to reserve for taxation.

Next, let's look at non-current assets. Total investments and advances totaled ¥593.7 billion as of the end of the first half, down ¥107.0 billion compared with the previous fiscal year end.

The primary reasons for this 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.

The next line item, property, plant and equipment at cost, including less accumulated depreciation, decreased by ¥0.6 billion as of the end of the first half, as compared with the previous fiscal year end.

Consolidated capital expenditures for the first half totaled ¥32.6 billion, and depreciation costs totaled ¥37.3 billion, including ¥7.5 billion resulting from the revision in the accounting method for depreciation.

Goodwill as of the end of the first half amounted to ¥42.0 billion, an increase of ¥9.1 billion compared with the previous fiscal year end. Intangible assets, the next line item, totaled ¥33.6 billion as of the end of the first half, an increase of ¥9.0 billion compared with the previous fiscal year end. This increase was due primarily to the impact of the acquisition of ATC by AVX. That concludes my explanation of assets.

Let's move on one page to page 21 and I will explain total liabilities, minority interests and stockholders' equity.

Total liabilities, around the middle of the page, decreased by ¥41.5 billion to ¥507.5 billion as of the end of the first half, as compared with the previous fiscal year end. One line item below, minority interests in subsidiaries, which consist primarily of interests in AVX held by investors other than Kyocera Corporation, increased by ¥2.6 billion as of the end of the first half, in the amounting to ¥69.6 billion.

Total stockholders' equity, two lines from the bottom, increased by ¥15.5 billion as of the end of the first half to ¥1,530.1 billion. I will explain the reason for this later.

Total current liabilities decreased by ¥15.7 billion to ¥290.5 billion as of the end of the first half, as compared with the previous fiscal year end.

Accrued income taxes as of the end of the first half decreased by ¥11.7 billion to ¥24.8 billion compared with the previous fiscal year end due to payment of income taxes on earnings in the previous fiscal year.

Non-current liabilities as of the end of the first half decreased by ¥25.8 billion compared with the previous fiscal year end to ¥217.0 billion.

The primary reason for the decrease in non-current liabilities was a decrease of ¥25.8 billion in deferred income taxes to ¥181.1 billion. This was due to a decrease in income tax liabilities in line with a decrease in the market value of KDDI shares.

Next, let’s look at stockholders’ equity. Retained earnings, around the middle, amounted to ¥1,098.6 billion as of the end of the first half. This represented an increase of ¥43.3 billion from the previous fiscal year end after deducting cash dividends in the amount of ¥11.3 billion paid in the first half from net income in the amount of ¥50.6 billion, and adding ¥4.0 billion gained on account of a change in accounting standards for tax reserves.

The next line item, accumulated other comprehensive income, decreased by ¥34.4 billion to ¥168.7 billion as of the end of the first half, as compared with the previous fiscal year end,. The breakdown of this decrease is shown in the footnotes. Net unrealised gains on securities as of the end of the first half decreased by ¥31.6 billion compared with the previous fiscal year end to ¥153.1 billion, due primarily to a decrease in the market value of KDDI shares.

As a result, the total stockholders’ equity ratio was 72.6% at the end of the first half, up 1.5 percentage points from 71.1% as of the previous fiscal year end.

That concludes my brief presentation on the Consolidated Balance Sheets.