

Kyocera Corporation Financial Presentation

(Six Months Ended September 30, 2006)

November 6, 2006
Kyocera Corporation

Outline of Presentation

1

Consolidated Financial Results

– Six Months Ended September 30, 2006 –

2

Consolidated Financial Forecast

– Year Ending March 31, 2007 –

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: general economic conditions in our markets, which are primarily Japan, North America, Europe, and Asia, including in particular China; changes in exchange rates, particularly between the yen and the U.S. dollar and euro, respectively, in which we make significant sales; our ability to launch innovative products and otherwise meet the advancing technical requirements of our customers, particularly in the highly competitive markets for ceramics, semiconductor parts and electronic components; and the extent and pace of future growth or contraction in information technology-related markets around the world, including those for communications and personal computers; fluctuations in the value of securities and other assets held by us and changes in accounting principles; business performance of other companies with which we maintain business alliances; laws and regulations relating to taxation, and to manufacturing and trade; events that may impact negatively on our markets or supply chain, including terrorist acts and outbreaks of disease; and the occurrence of natural disasters, such as earthquakes, in locations where our manufacturing and other key business facilities are located. 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.

Consolidated Financial Results (1)

- Six Months Ended September 30, 2006 -

(Unit: Yen in millions)

	Six months ended September 30				Percentage change(%)
	2005		2006		
	Amount	% to net sales	Amount	% to net sales	
Net sales	542,238	—	615,390	—	13.5
Profit from operations	33,764	6.2	63,128	10.3	87.0
Pre-tax income	44,329	8.2	72,385	11.8	63.3
Net income	24,214	4.5	53,493	8.7	120.9
EPS (diluted - yen)	129.15	—	284.14	—	—

Capital expenditures	50,637	9.3	37,239	6.1	-26.5
Depreciation	28,034	5.2	33,682	5.5	20.1
R&D expenses	29,328	5.4	30,257	4.9	3.2

Average exchange rate	H1 FY3/06	H1 FY3/07
U.S. dollar (yen)	109	115
Euro (yen)	136	146

Effect of foreign currency fluctuation compared with H1 FY3/06	
on Net sales	on Pre-tax income
¥21.8 billion	¥8.2 billion

Consolidated Financial Results (2)




- Six Months Ended September 30, 2006 -

(Unit: Yen in millions)

		Six months ended September 30,		
		2005	2006	% change
Components Business	Net sales	277,937	318,523	14.6%
	Operating profit	32,564	49,799	52.9%
	Operating profit margin (%)	11.7%	15.6%	—
Equipment Business	Net sales	217,773	247,690	13.7%
	Operating profit	-160	13,576	Turned black
	Operating profit margin (%)	—	5.5%	—

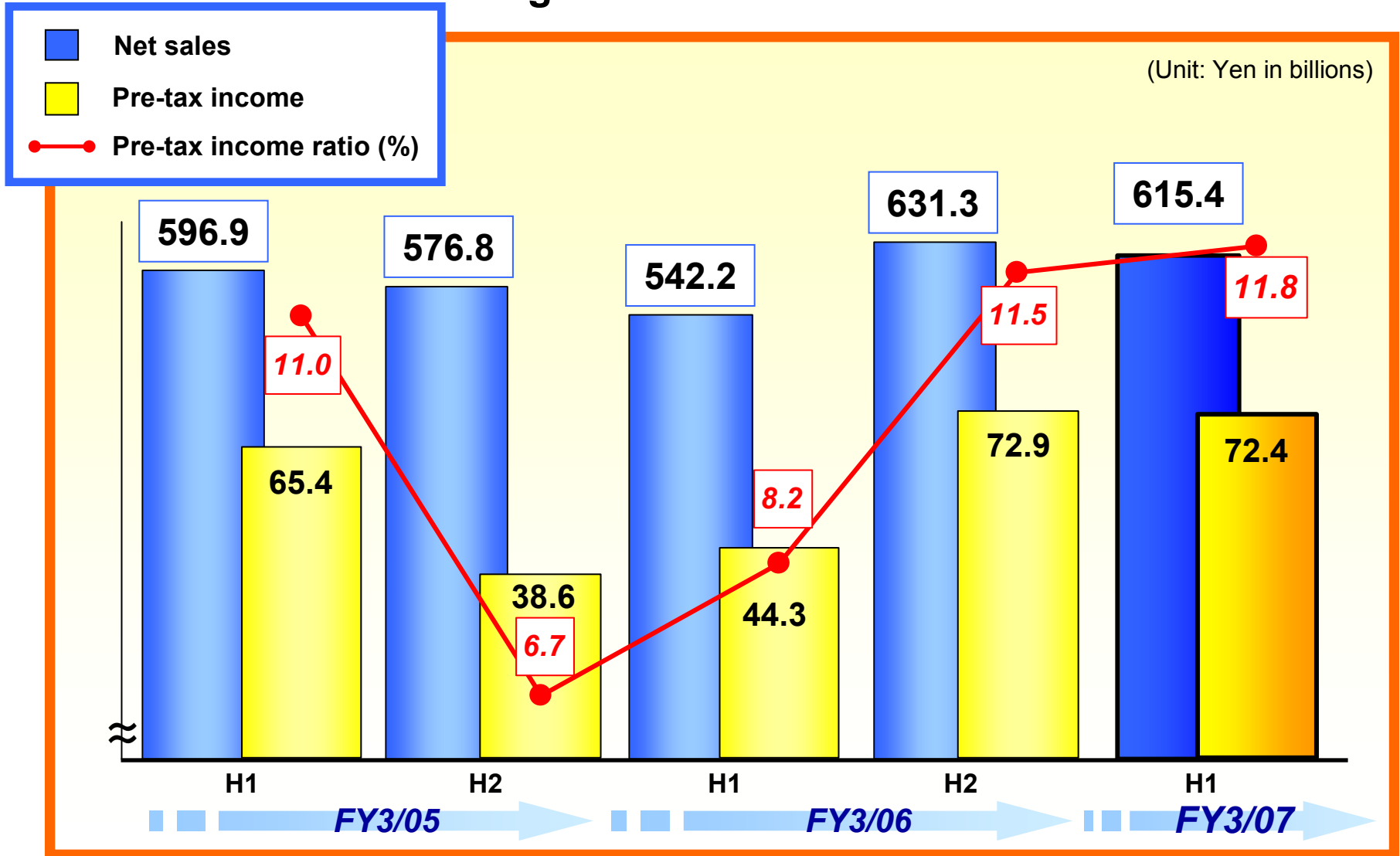
Extraordinary Items Affecting Profits in H1 FY3/07

(Unit: Yen in billions)

Items	Impact on Pre-tax income	Impact on Net income
 Gain on sale of investment in Kyocera Leasing Co., Ltd. (KLC), etc.	—	+5.2
 Reimbursement of previously imposed tax	—	+4.3
 Provision for warranty reserve (Solar Energy Business)	-3.9	-2.3

Consolidated Net Sales and Pre-tax Income Trends

- Through H1 FY3/05 to H1 FY3/07 -



Outline of Presentation

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Consolidated Financial Results
– Six Months Ended September 30, 2006 –

2

Consolidated Financial Forecast
– Year Ending March 31, 2007 –

Consolidated Financial Forecast

- Year Ending March 31, 2007 -

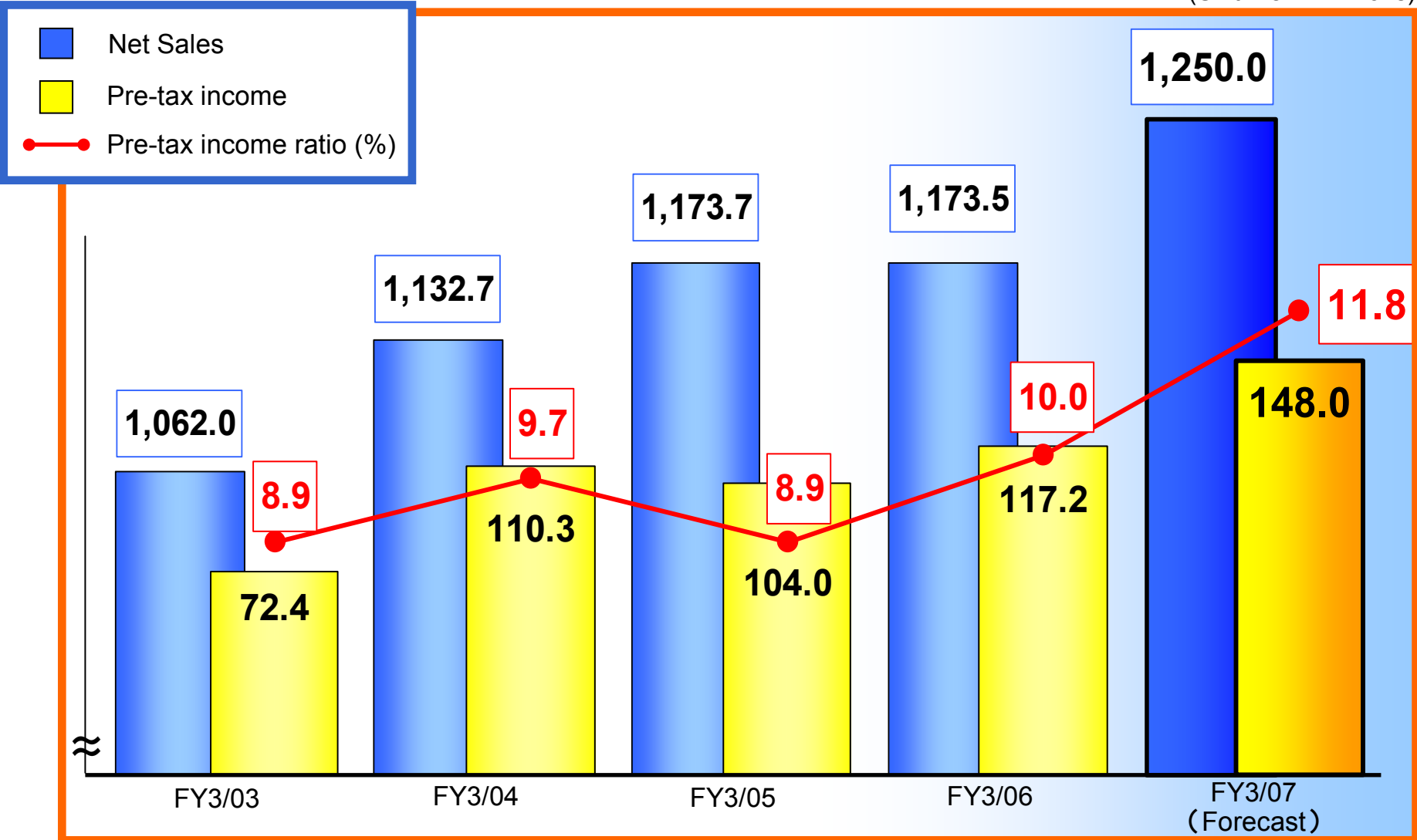
(Unit: Yen in millions)

	Year ended March 31, 2006		Year ending March 31, 2007				Percentage change (%)
	Amount	% to net sales	Previous forecast (April 2006)		Revised forecast (October 2006)		
			Amount	% to net sales	Amount	% to net sales	
Net sales	1,173,544	—	1,230,000	—	1,250,000	—	6.5
Profit from operations	99,695	8.5	123,000	10.0	133,000	10.6	33.4
Pre-tax income	117,237	10.3	138,000	11.2	148,000	11.8	26.2
Net income	69,696	5.9	83,000	6.7	96,000	7.7	37.7
EPS (diluted - yen)	371.43	—	440.83	—	509.92	—	—
Capital expenditures	88,860	7.6	72,000	5.9	72,000	5.8	-19.0
Depreciation	62,942	5.4	71,000	5.8	70,000	5.6	11.2
R&D expenses	57,436	4.9	63,000	5.1	63,000	5.0	9.7
Average exchange rate	FY3/06	FY3/07		Effect of foreign currency fluctuation compared with FY3/06			
		Previous forecast	Revised forecast				
U.S. dollar (yen)	113	109	114	on Net sales		on Pre-tax income	
Euro (yen)	138	140	145	¥15.1 billion		¥7.8 billion	

Consolidated Net Sales and Pre-tax Income Trends

- Through FY3/03 to FY3/07 (Forecast) -

(Unit: Yen in Billions)



Business Environment Outlook

- Production Volume Forecast -

(Kyocera's Forecast)

Worldwide Production Volume Forecast for Key Electronic Equipment

	CY2005 (Units in Millions)	CY2006 Forecast (% change compared with CY05)	CY2007 Forecast (% change compared with CY06)
Mobile phone handsets	800	+20%	+5%
PCs	220	+5~10%	+10%
Digital TVs	30	+80%	+50%

Components Price Trend of FY3/07

Expect ordinary annual decline of approximately 10% from the end of FY3/06

Outlook and Challenges for Key Reporting Segments (1)

- Semiconductor Parts Group -

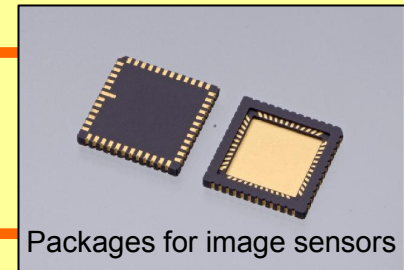
FY3/07

First Half

Second Half

Ceramic packages

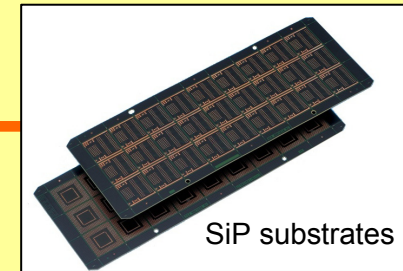
Expand sales of surface mount devices packages for electronic components, packages for image sensors and optical device packages



Improve profitability through capacity utilization and cost reductions at a Chinese plant

Organic packages

Expand sales of SiP substrates for digital cameras and mobile phone handsets



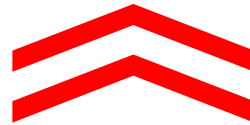
Slow sales of packages for game consoles

Establish automated mass-production technology

Outlook and Challenges for Key Reporting Segments (1)

- Challenges in Organic Package Business -

Improve profitability in organic package business for game consoles



Establish automated mass-production technology

- Improve processing capability
- Further strengthen process control system



Ayabe plant (Kyoto)

Increase sales

Increase production quantity by raising number of customer approved items

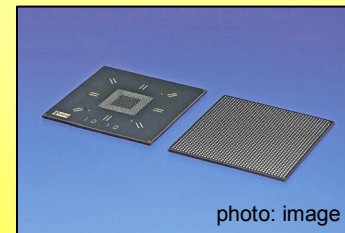
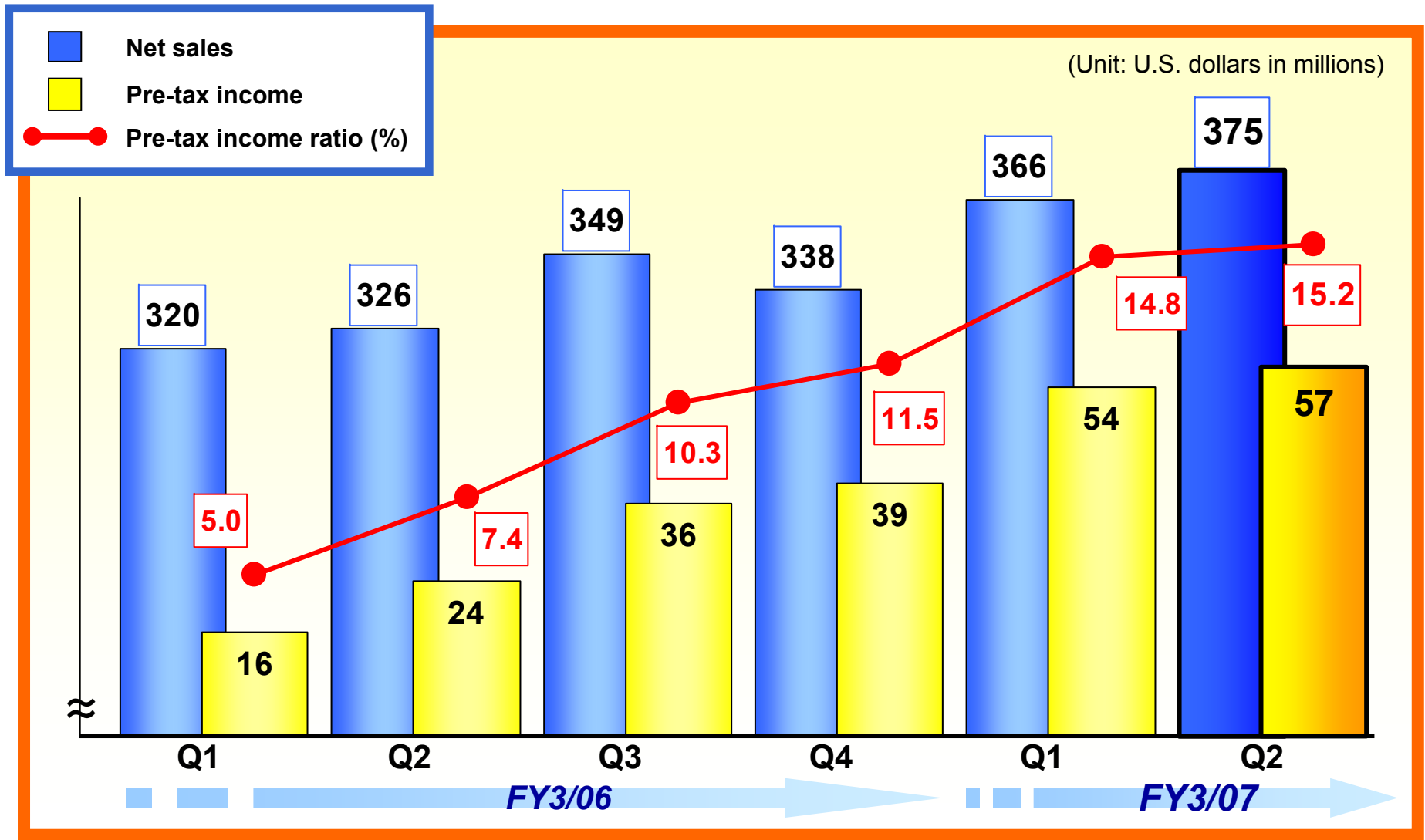


photo: image

Flip chip packages

Outlook and Challenges for Key Reporting Segments (2)

- Sales and Pre-tax Income Trends of AVX -



Outlook and Challenges for Key Reporting Segments (2)

- Electronic Device Group -

FY3/07

First Half

Second Half

Capacitors
(Ceramic/tantalum)

Solid orders in Asia, Expand production capacity

Expand sales of high-value-added products

Improve productivity in overseas plants (China and Czech)

Increase product variety on the production lines at Chinese plants

Crystal Devices

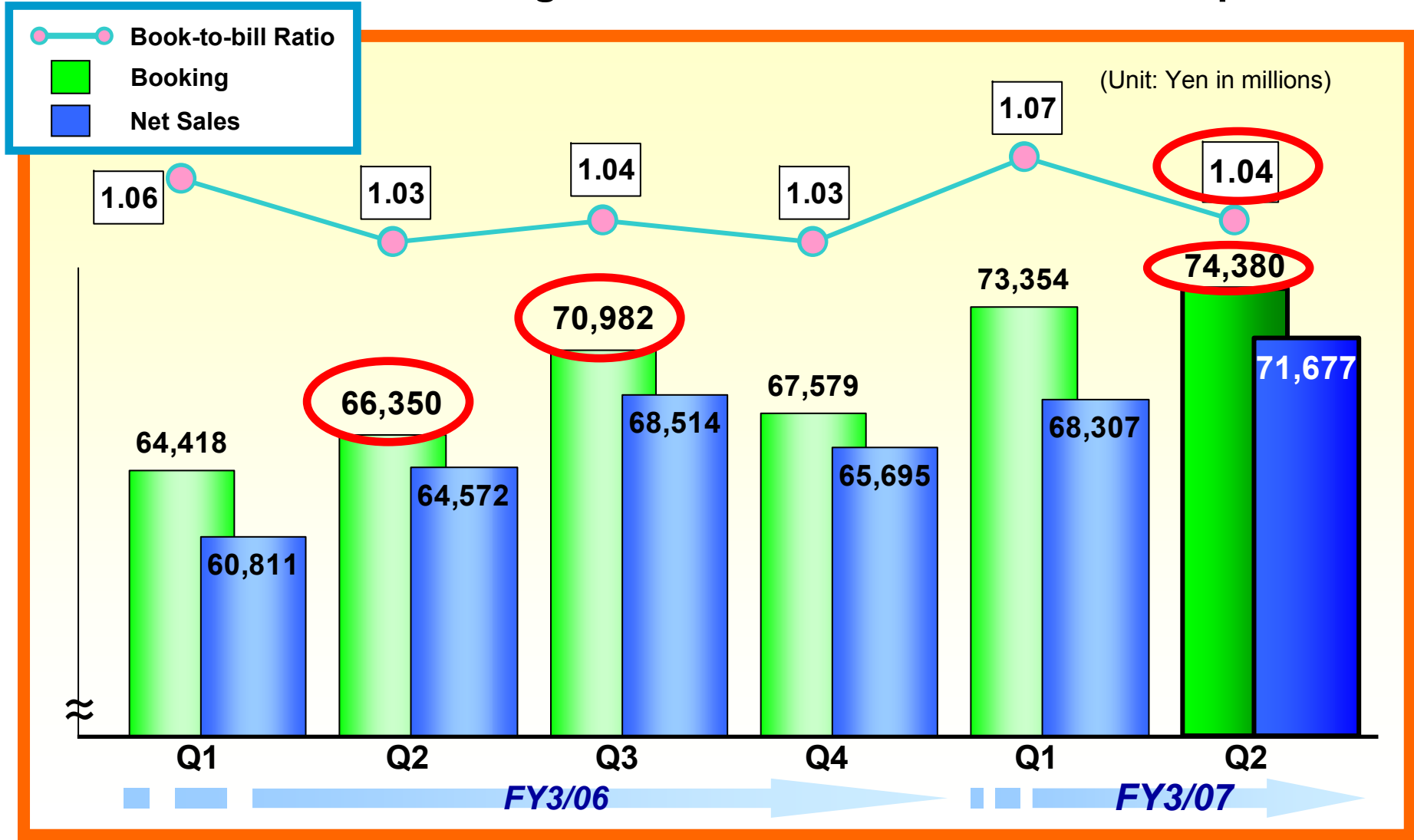
Expand sales of crystal units and TCXOs

Expand sales of 2520 sized crystal units and TCXOs

Improve productivity in domestic plants

Outlook and Challenges for Key Reporting Segments (2)

- Sales and Booking Trends of Electronic Device Group -



Outlook and Challenges for Key Reporting Segments (3)

- Domestic Telecommunications Equipment Business -

FY3/07

First Half

Second Half

Mobile phone handsets

Increase sales of new models (W42K, A5521K)

Expand sales by releasing new models (W43K, W44K)

W42K



A5521K



W43K



W44K



PHS handsets/ base stations

Increased subscribers at WILLCOM, Inc., and high sales of WX300K

Expand sales by launching new products

Outlook and Challenges for Key Reporting Segments (3)

- FY3/07 New Handset Models for Japanese Market -

First Half

Second Half

WIN

W42K



Launched in June 2006

TV and music entertainments

Analog TV function

WIN

W43K



New release
(October 2006)

Sophisticated music functions

Credit card settlement function

2.6 inch QVGA-LCD

CDMA 1x

A5521K



Launched in June 2006

0.7 inch slim design

2.4 inch ASV-LCD

WIN

W44K



Coming soon
(November 2006)

Thinnest (0.6 inch) among
WIN handsets *

2 mega-pixel camera

2.4 inch QVGA-LCD

* as of November 1, 2006

Outlook and Challenges for Key Reporting Segments (3)

- New Models to be Launched in H2 FY3/07, W43K -

Advanced music functions



Listen to music with audiophile-quality sound just by placing a handset on the charging base



Let it also become a portable music player and carry it all around

Outlook and Challenges for Key Reporting Segments (3)

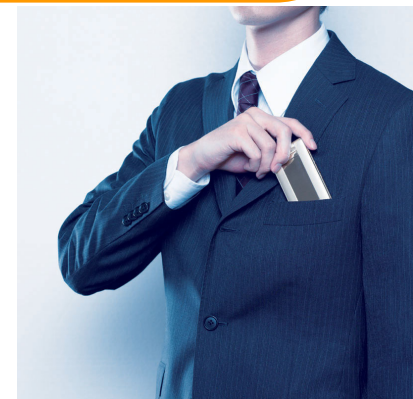
- New Models to be Launched in H2 FY3/07, W44K -



Thinnest (0.6 inch) among WIN handsets *

2 mega-pixel camera

Sophisticated music functions



* as of November 1, 2006

Outlook and Challenges for Key Reporting Segments (3)

- Telecommunications Equipment Group -

FY3/07

First Half

Second Half

KWC

Q1: operating loss

Q2: made operating profit

Increase sales by focusing on mass consumers

Strobe



K320 series



K130 series



K120 series



**PHS handsets/
base stations**

Delay in commencement of packet service in China

**- Commercialize the packet service
- Sell base stations and handsets with packet capability**

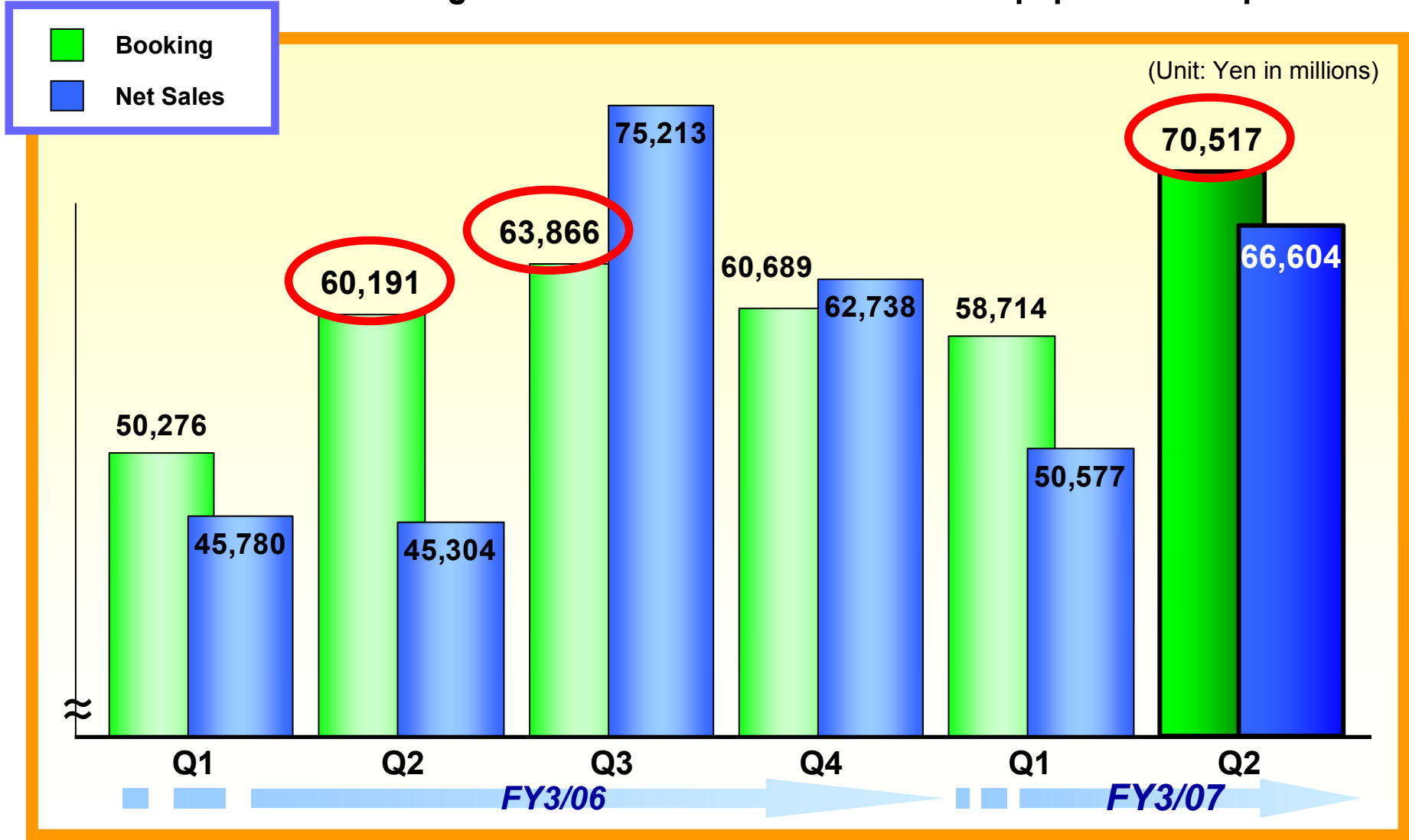
iBurst™

Cultivate highly potential markets such as Russia, India and U.S., etc.

iBurst™ is a trademark of ArrayComm, Inc.

Outlook and Challenges for Key Reporting Segments (3)

- Sales and Booking Trends of Telecommunications Equipment Group -



Consolidated Sales Forecast by Reporting Segment

- Year Ending March 31, 2007 -

(Unit: Yen in millions)

■ Reporting segment	Year ended March 31, 2006		Year ending March 31, 2007				% change
			Previous forecast (April 2006)		Revised forecast (October 2006)		
	Amount	% of total	Amount	% of total	Amount	% of total	
■ Fine Ceramic Parts Group	69,373	5.9	71,000	5.8	78,000	6.2	12.4
■ Semiconductor Part Group	135,299	11.6	145,000	11.8	150,000	12.0	10.9
■ Applied Ceramic Products Group	117,555	10.0	122,000	9.9	129,000	10.3	9.7
■ Electronic Device Group	259,592	22.1	263,000	21.4	276,000	22.1	6.3
Components Business	581,819	49.6	601,000	48.9	633,000	50.6	8.8
■ Telecommunications Equipment Group	229,035	19.5	245,000	19.9	245,000	19.6	7.0
■ Information Equipment Group	249,381	21.2	260,000	21.1	260,000	20.8	4.3
■ Optical Equipment Group	14,947	1.3	11,000	0.9	11,000	0.9	-26.4
Equipment Business	493,363	42.0	516,000	41.9	516,000	41.3	4.6
■ Others	117,409	10.0	133,000	10.8	125,000	10.0	6.5
Adjustments and Eliminations	-19,047	-1.6	-20,000	-1.6	-24,000	-1.9	—
Total net sales	1,173,544	100.0	1,230,000	100.0	1,250,000	100.0	6.5

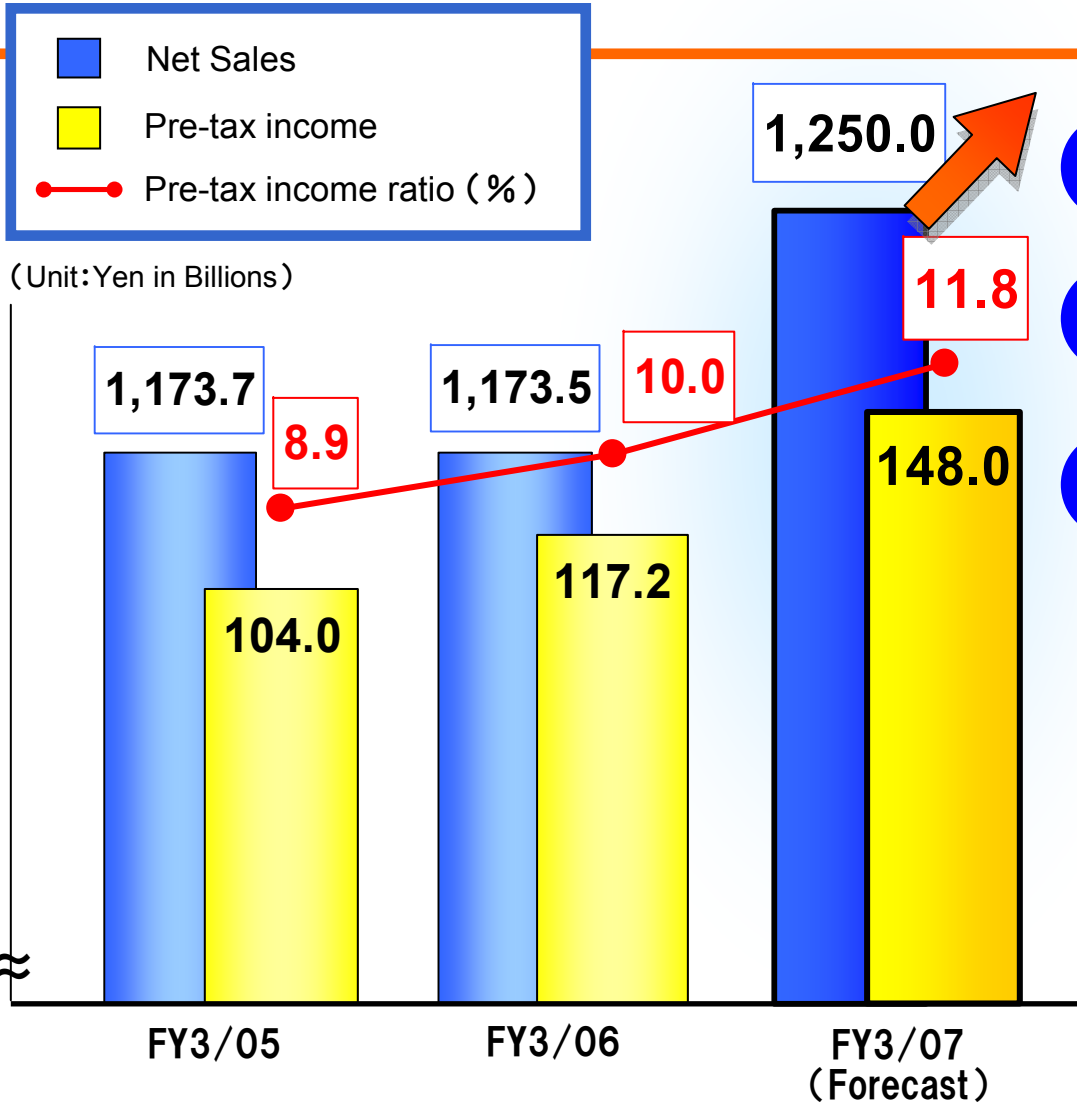
Consolidated Operating Profit Forecast by Reporting Segment

- Year Ending March 31, 2007 -

(Unit: Yen in millions)

■ Reporting segment	Year ended March 31, 2006		Year ending March 31, 2007				% change
			Previous forecast (April 2006)		Revised forecast (October 2006)		
	Amount	% to net sales	Amount	% to net sales	Amount	% to net sales	
■ Fine Ceramic Parts Group	11,014	15.9	11,500	16.2	14,500	18.6	31.7
■ Semiconductor Part Group	17,742	13.1	21,000	14.5	23,500	15.7	32.5
■ Applied Ceramic Products Group	21,876	18.6	21,500	17.6	20,000	15.5	-8.6
■ Electronic Device Group	27,170	10.5	28,500	10.8	42,000	15.2	54.6
Components Business	77,802	13.4	82,500	13.7	100,000	15.8	28.5
■ Telecommunications Equipment Group	-1,706	—	9,000	3.7	4,000	1.6	—
■ Information Equipment Group	26,412	10.6	28,500	11.0	30,000	11.5	13.6
■ Optical Equipment Group	-5,774	—	0	—	-1,000	—	—
Equipment Business	18,932	3.8	37,500	7.3	33,000	6.4	74.3
■ Others	8,983	7.7	14,000	10.5	9,000	7.2	0.2
Operating profit	105,717	9.0	134,000	10.9	142,000	11.4	34.3
Corporate and Others	11,520	—	4,000	—	6,000	—	-47.9
Pre-tax income	117,237	10.0	138,000	11.2	148,000	11.8	26.2

Aim to be a Creative Company that Continues to Grow



- 1 . Establish highly profitable structure
- 2 . Practice the “customer-first” principle
- 3 . Further promote global management



Note for Consolidated Financial results

Kyocera sold Kyocera Leasing Co., Ltd., a subsidiary engaged in financing. As a result, operating results and gain on sales of Kyocera Leasing Co., Ltd. for the six months ended September 30, 2006 have been recorded as income from discontinued operations in accordance with accounting principles generally accepted in the U.S. Some figures for the years from 2003 to 2006 have been retrospectively reclassified.

THE NEW VALUE FRONTIER

