Kyocera Corporation Financial Presentation (May 7, 2007)

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<Slide 1: Forward-Looking Statements>

Please take note of the "Forward-Looking Statements" explanation on this slide in connection with information to be presented today.

<Slide 2: Consolidated Financial Forecast (1) – Year Ending March 31, 2008>

This slide shows financial forecasts for the year ending March 31, 2008 (fiscal 2008). With the exception of net income, Kyocera forecasts increases in sales and profits in fiscal 2008. Consolidated net sales are projected to increase by 3.6% compared with the year ended March 31, 2007 (fiscal 2007), to ¥1.33 trillion, a record high in the history of Kyocera. Profit from operations is projected to increase by 11.8%, to ¥151 billion, with an operating profit ratio of 11.4%. In line with changes to the system for depreciation, we forecast depreciation cost to increase by around ¥9 billion. Even including such increased cost, we expect to achieve double digit growth in profit from operations.

Pre-tax income is forecast to increase by 6.0%, to ¥166 billion, with a pre-tax income ratio of 12.5%. Net income is forecast to decrease slightly by 3.3% to ¥103 billion. This is primarily due to the absence of one-time gains totalling around ¥9.5 billion, that were recorded in fiscal 2007, including a tax refund accompanying voidance of a portion of an assessment related to transfer pricing adjustment and gain on sale of shares in Kyocera Leasing Co., Ltd. The net income ratio is forecast to be 7.7%.

<Slide 3: Operating Profit Ratio Trends – FY3/04 through FY3/08 (Forecast)>

This slide shows operating profit ratio trends from the year ended March 31, 2004 to the forecast for fiscal 2008. The red line graph in the middle plots the consolidated pre-tax income ratio for Kyocera Group. The white line plots the operating profit ratio for the Components Business, while the pink line plots the operating profit ratio for the Equipment Business.

Kyocera has set as one of its management targets the achievement of a pre-tax income ratio of 15% or higher on a consolidated basis. We already attained this figure in the Components Business in fiscal 2007. It is projected that this figure will be further raised to 16.7% in fiscal 2008. The operating profit ratio in the Equipment Business is forecast to be 7.6%, due primarily to improved profitability in the Telecommunications Equipment Group.

As in fiscal 2007, Kyocera forecasts increase in profit in both of Components Business and the Equipment Business in fiscal 2008. Pre-tax income is projected to increase for the third straight year. The forecast pre-tax income ratio of 12.5% on a consolidated basis for fiscal 2008 sets a solid platform for us to achieve our target pre-tax income ratio of 15% in the following fiscal year (fiscal 2009) onward.

<Slide 4: Consolidated Financial Forecast (2) – Year Ending March 31, 2008>

In this slide, you can see the assumed average exchange rates used to make the financial forecasts for fiscal 2008, with the yen projected at ¥110 against the U.S. dollar and at ¥150 against the Euro. Compared to fiscal 2007, this represents appreciation of ¥7 against the dollar, while remaining unchanged against the Euro. The yen is expected to be stronger than it is at present. Relative to fiscal 2007, the impact of exchange rate fluctuations in fiscal 2008 is expected to push down net sales by around ¥34 billion and pre-tax income by around ¥7 billion.

<Slide 5: Business Outlook – Year Ending March 31, 2008>

Let's look at the business outlook for fiscal 2008. This slide shows the production volume forecast for key electronic equipment.

The production volume for each of mobile phone handsets, PCs and digital TVs in calendar 2007 is expected to increase from levels recorded in calendar 2006.

Kyocera expects rising replacement demand and expanding demand in emerging markets for mobile phone handsets and PCs. Increase is also expected in production volume of digital TVs, including LCD and plasma TVs.

We predict burgeoning demand for components in line with an increase in set manufacturing, and so the decline in component prices is expected to be moderate. As an example, the average price of ceramic capacitors for fiscal 2008 is forecast to decline by around 10% on a full-year basis, as compared with the price as of the end of fiscal 2007.

There are variations in production levels for the mobile phone handsets from one handset maker to another. Kyocera supplies products to handset makers worldwide, however, and does not rely solely on particular customers, and as such, we believe we can capture demand from the entire mobile phone handset market.

<Slide 6: Consolidated Financial Forecast by Reporting Segment – Compared with FY3/2007>
This slide compares the full-year forecast for fiscal 2008 with fiscal 2007 results for net sales and pre-tax income by reporting segment, and shows the increase forecast. The upper part of the slide depicts net sales and the lower part depicts pre-tax income.

Strong performance in the Applied Ceramic Products Group and the Semiconductor Parts Group is expected to lead to increases in sales and profits in the Components Business. Considerable increases in sales and profits are forecast in the Equipment Business due primarily to improved profitability at Kyocera Wireless Corp. and in the PHS related business of the Telecommunications Equipment Group.

<Slide 7: Semiconductor Parts Group Strategies for FY3/08>
Now, I will explain strategies in the Semiconductor Parts Group. This segment historically has been the core business of Kyocera Group. It has contributed to growth of sales and profit and has been a high margin business within Kyocera Group. The challenge in maintaining sustainable growth in this reporting segment is to increase market share of ceramic packages. Currently, we are working hard to increase market share through further reductions in costs and development of new products in Surface Mounted Device (SMD) packages and in packages for CCD/CMOS image sensors, an area in which we already command high market share.

An additional strategy in promoting this business is to further develop our technology and mass production techniques, while taking advantage of being the market leader in ceramic packages. We will strive to increase sales of LTCC(Low Temperature Co-fired Ceramics) substrates for high-frequency electronic devices in the wireless communications market, which are expected to show continued growth.

In addition to the development of the ceramic package business, to drive growth in the Semiconductor Parts Group over the medium term, Kyocera is working to commence mass production of organic packages for game consoles at our Ayabe Plant in Japan. We have already commenced test mass production at the Ayabe Plant, and preparations are now in full swing for commencement of commercial mass production from the second half of fiscal 2008. In line with this, we expect the organic package business to become profitable from the second half.

<Slide 8: Solar Energy Business Strategies for FY3/08>
Next, I will discuss strategies in the solar energy business.

This graph shows production volume of solar cells by Kyocera. We have steadily increased production volume as environmental awareness has gained momentum around the world. From the fiscal year ended March 31, 2004 (fiscal 2004) to fiscal 2007, production volume has increased at an annual rate of 30%. In fiscal 2007, production grew a mere 5% relative to the fiscal year ended March 31, 2006 (fiscal 2006) due mainly to a raw materials procurement shortage, of which you may be aware.

Nonetheless, we aim to establish a system allowing us to secure sufficient raw materials to meet our production plans from the second half of fiscal 2008. By doing so, we plan to increase production of solar cells to 200 megawatts (MW), representing an increase of approximately 20% compared with fiscal 2007. This will enable us to increase sales and improve profitability.

We will also continue increasing the production ratio of 180μm (micron) cells to reduce costs. Kyocera has amassed over 30 years of technological expertise in this field. By leveraging our cutting-edge production technology, we can enhance productivity to outstrip competition from new market entrants from China, etc., in both quality and price.

<Slide 9: Electronic Device Group Strategies for FY3/08>

I will now explain strategies in the Electronic Device Group, which represents the largest portion of sales in the components business.

In addition to an expected increase in production volume of key electronic equipment, Kyocera forecasts an increase in numbers of components utilized in such equipment due to greater sophistication, as well as higher demand for high-value-added components. A favorable components market is therefore expected in fiscal 2008. Amid such business environment, Kyocera will strive to expand sales of high-value-added components such as miniature, high-capacitance capacitors and crystal devices for consumer equipment.

Kyocera possesses an array of electronic device technologies within the Group and this has led to a key competitive edge for the Electronic Device Group. We will continue to leverage the strength derived from these group synergies in product development going forward. As an example, we launched low-inductance capacitors in fiscal 2007 that were developed and mass-produced via synergies with AVX Corporation. We also seek to maximize group synergies not only with AVX Corporation but also with Kyocera Kinseki Corporation and Kyocera Elco Corporation, among others, enabling us to develop a wide range of products and become a comprehensive electronic device maker.

<Slide 10: Telecommunications Equipment Group Strategies for FY3/08>

Let's look now at the Telecommunications Equipment Group. We expect substantial increase in sales and profit in fiscal 2008.

The first challenge in this segment is to increase market share of mobile phone handsets by expanding sales of new models. The growth rate in the domestic mobile phone handset market in Japan has slowed. To maintain our firm position in the market and achieve further growth under such circumstances, it is imperative that we release hit products not only with advanced functionality but also with outstanding design. In fiscal 2007, we launched the slim W44K handset and this proved very popular in the Japanese market. As can be seen with the success of this product, we lead the industry in terms of design development and product planning capabilities. We intend to release further mobile phone handsets with superior performance and design as a means to boost our share of “au” products for KDDI.

Our second challenge is to increase market share of PHS handsets in Japan. Up until fiscal 2007, our primary focus was on expanding business in China. In fiscal 2008, we aim to boost profitability in the PHS business by deploying resources in the domestic PHS market. By continuously launching new models covering the spectrum from simple to sophisticated models, we aim to increase our share in the domestic PHS market.

Third, strengthening manufacturing capability is a key strategy to enhance and expand profitability in the Telecommunications Equipment Group. We believe there is still room to make improvements in this business by further reducing the cost of raw materials. To achieve this, we shall further spread our “Amoeba Management System” within Kyocera. We will keep working to reinforce manufacturing ability by enhancing "operational excellence" through improvement of productivity and reduction of material costs and shortening lead-time.

In the final part of my presentation, I will explain the challenges in fiscal 2008 to drive sustainable business growth.

<Slide 11: “Create New Value” to Promote Growth>

In fiscal 2007, one of Kyocera's key challenges was to return to the origin of the "Amoeba Management System" in order to boost "operational excellence", i.e., manufacturing capabilities and the "ability to achieve goals"(“executional excellence”) on the work-floor. The positive effects of these efforts have already started to emerge.

In addition to the reinstatement of the "Amoeba Management System", we will promote an aggressive management style in our strategic businesses in fiscal 2008.

<Slide 12: For Sustainable Business Growth>

First, we will seek to reinforce our solar energy business. For such purpose, we will expand production volume of solar cells and modules from fiscal 2008. In fiscal 2007, we achieved a production volume of 170 MW. We aim to increase this to 500 MW by fiscal 2011. We will start working toward this goal by increasing production capacity from the second half of fiscal 2008. Our objective is to attain ¥100 billion in sales as soon as possible.

Next, we will aim to increase production capacity and market share in ceramic capacitors. We are currently constructing a new factory at the Kokubu Plant in Kagoshima, Japan, planned for completion in December 2007. We aim to commence production there by the end of fiscal 2008. In fiscal 2009 when all production facilities are running at full strength, our production capacity for ceramic capacitors in Japan is expected to be double the current level.

In addition, we will seek to cultivate new markets in the Semiconductor Parts Group. As a comprehensive package supplier we will expand our business. For this purpose, we are already striving to expand sales of ceramic packages such as LTCC substrates, of which we have commenced mass-production, and to increase our production volume of organic packages for game consoles and SiP(System-in-a-Package) organic substrates.

Finally, we will work to expand the business of the Information Equipment Group. As this market is competitive, Kyocera has implemented a strategy focused on differentiation and to this end is striving to boost sales of products based on the “ECOSYS” concept. In Europe, where environmental awareness is high, the “ECOSYS” concept, which means long lasting, ecological and economical, is highly appreciated. Europe is therefore seen as a key market in which there are already foundations to support sales expansion. We will increase awareness of the “ECOSYS” concept in Japan and the United States markets, and work to boost sales of color models in those markets. In Eastern Europe and the BRICs, we will expand sales of black and white models.

<Slide 13: Trend in Capital Expenditures>

While striving to attain our financial forecast for fiscal 2008, Kyocera has been making heavy capital investments in the solar energy business and the ceramic capacitor business to increase production capacity. This graph shows the trend in capital expenditures. Total capital expenditure for fiscal 2008 is projected to be roughly the same as the amount spent in fiscal 2006.

The markets for both the solar energy business and the ceramic capacitor business are expected to continue growing. Accordingly, we believe that by making aggressive investments to increase capacity in such businesses we can establish a firm market position and raising market share. By making such investments, Kyocera aims to expand sales and improve profitability in core businesses, as these are believed to be key growth drivers for Kyocera Group.