

Kyocera Corporation Financial Presentation (May 8, 2006)

Slide 1 /Chairman, Noboru Nakamura

Slide 3 /President, Makoto Kawamura

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<Slide 1:Forward-Looking Statements>

Please take note of the “Forward-Looking Statements” explanation on slide 1 in connection with information to be presented today.

I would like to begin by thanking you all for your continued guidance and support of Kyocera Group.

On April 1 this year, Kyocera Group initiated a new management system, and today I will discuss the purpose of introducing this new system. But first, I will give you a brief self-introduction.

I joined Kyocera in 1967 and was involved primarily in the fine ceramics business. I was then engaged in management at Kyocera Chemical Corporation, which became a group company in August 2002. From September 2005, I worked in management at Japan Medical Materials Corporation, which was established through the integration of the medical materials businesses of Kobe Steel and Kyocera.

My primary objectives were to create profitable operations there, especially in manufacturing, to expand business scale and to improve the business structure, which are in fact the management goals of Kyocera at present, as President Kawamura has mentioned.

Using the experience I have gained over the years, I now take on the supervisory role of group-wide operations. I will also provide comprehensive support to President Kawamura to further advance Kyocera Group.

<Slide 2: New Group Management System>

This slide shows the composition of the new group management system and its objectives.

In June 2005, Kyocera initiated a management system with the roles of CEO, CFO and COO. But, Kyocera decided that its traditional management system, which was in action for many years, enables faster decision-making across-the-board through the use of a top management system comprising chairman, deputy chairman and president. With this setup, the chairman takes on the position as the head of the board of directors, providing guidance to the president, while the

president has total responsibility for daily business execution.

It is also believed that more accurate management decisions can be made with the traditional system as the chairman, deputy chairman and president can provide diverse perspectives on critical issues. These were the main reasons for introducing the new management system in April. As chairman, I will strive to promote sustainable business expansion and development to ensure Kyocera is a “creative company that continues to grow.” I will also work to strengthen existing businesses and create new businesses.

Another focus will be to bolster manufacturing competencies to further raise profitability, which is a strategy that President Kawamura is promoting.

By constantly improving group-wide performance, we can enhance our corporate value, which will result in an even more positive evaluation from capital markets.

I ask for your continued support of Kyocera. That concludes my brief presentation.

President, Makoto Kawamura

<Slide 3: Consolidated Financial Results – Year Ended March 31, 2006>

Consolidated net sales for fiscal 2006 amounted to ¥1,181.5 billion, roughly the same as the year ended March 31, 2005 (fiscal 2005). Profit from operations increased by 2.2% to ¥103.2 billion and pre-tax income increased by 12.9% to ¥121.4 billion. Net income totaled ¥69.7 billion, up a significant 51.8% from fiscal 2005.

Looking back at the electronics industry in fiscal 2006, the business environment was severe in the components business in the first quarter. Recovery in demand was moderate, and a decline in component prices more than offset the growth in sales volume recorded.

Nonetheless, since last summer, as a result of an increase in the production of digital consumer products such as mobile phone handsets, PCs and digital home appliances, demand for related electronic components has been on an upward trend. Consequently, Kyocera posted significant improvements in performance in both the components and equipment businesses.

The yen depreciated ¥5 against the U.S. dollar, to ¥113, and ¥3 against the Euro, to ¥138, compared with the average exchange rates in fiscal 2005. Accordingly, net sales and income before income taxes after translation into yen were pushed up by ¥32.2 billion and ¥8.0 billion, respectively, compared with fiscal 2005.

<Slide 4: Consolidated Financial Results by Reporting Segment – Compared with FY3/2005>

With regard to consolidated net sales in fiscal 2006, sales increased by ¥23.3 billion in the

components business compared with fiscal 2005, but decreased by ¥34.5 billion in the equipment business.

In the components business, sales in the Applied Ceramic Products Group increased considerably compared with fiscal 2005 due mainly to strong sales growth recorded in the solar energy business, amid an expanding global market, and in cutting tools for the automobile industry.

In the equipment business, sales in the Information Equipment Group increased, while sales in the Telecommunications Equipment Group and the Optical Equipment Group declined compared with fiscal 2005 due to continued structural reforms. Overall sales in the equipment business decreased compared with fiscal 2005.

Pre-tax income declined by ¥3.8 billion in the components business, but increased by ¥13.0 billion in the equipment business.

In the components business, pre-tax income increased in the Applied Ceramic Products Group. However, growth in the Electronic Device Group in the second half was insufficient to cover the downturn it recorded in the first half. As a result, pre-tax income declined in the components business as a whole.

In the equipment business, pre-tax income decreased in the Information Equipment Group compared with fiscal 2005 due to declining sales prices and increased development costs for new products. Pre-tax income of the equipment business as a whole, however, increased significantly compared with fiscal 2005 due to sales growth of highly profitable new products such as mobile phone handsets for “au” and PHS handsets for WILLCOM, Inc. in the domestic market, and to the positive effects of structural reforms in the Telecommunications Equipment Group and the Optical Equipment Group.

<Slide 5: Consolidated Financial Results by Reporting Segment – 2nd half vs. 1st half in FY3/2006>

Sales in the second half of fiscal 2006 decreased in the Optical Equipment Group but increased in the other seven reporting segments, compared with the first half. A significant increase of ¥90.9 billion was posted on a group-wide basis in the second half as compared with the first half.

Pre-tax income in the second half increased by ¥29.2 billion over the first half on a group-wide basis. Although pre-tax income remained roughly unchanged in the Information Equipment Group, it increased in the other seven reporting segments.

<Slide 6: Consolidated Financial Forecasts – Year Ending March 31, 2007>

Kyocera forecasts full-year consolidated net sales for fiscal 2007 to increase by 4.1% compared with fiscal 2006 to ¥1,230.0 billion, profit from operations to increase by 19.2% to ¥123.0 billion,

pre-tax income to increase by 13.7% to ¥138.0 billion, and net income to increase by 19.1% to ¥83.0 billion.

The figures I have just mentioned are the minimum level we hope to achieve, and we will strive to post better results.

The assumed exchange rate for fiscal 2007 is ¥108 to the U.S. dollar and ¥134 to the Euro, marking yen appreciation of ¥5 and ¥4, respectively, compared with fiscal 2006. Based on these assumed exchange rates, net sales and pre-tax income for fiscal 2007 are expected to be pushed down by approximately ¥35.0 billion and ¥9.0 billion, respectively.

<Slide 7: Consolidated Sales Forecast by Reporting Segment – Year Ending March 31, 2007>

In the components business, Kyocera forecasts sales of ¥601.0 billion, an increase of 3.3% compared with fiscal 2006, while sales in the equipment business are projected to total ¥516.0 billion, an increase of 4.6%.

<Slide 8: Consolidated Operating Profit Forecast by Reporting Segment – Year Ending March 31, 2007>

Operating profit in the components business is projected to increase by 6.0% compared with fiscal 2006, to ¥82.5 billion, while in the equipment business, it is projected to surge 98.1%, to ¥37.5 billion.

Kyocera does not forecast any one-off gains in fiscal 2007 as were recorded in fiscal 2006, such as gain on sale of investment in an affiliate and gains on exchange for the shares. As a result, Corporate and others is projected to decrease significantly.

<Slide 9: Business Environment Outlook -Kyocera forecast- Year Ending March 31, 2007>

With regard to the shipment volume of key electronic equipment for calendar 2006, we forecast growth in demand for digital TVs on a global scale, and continued proliferation of mobile phone handsets in the BRICs (Brazil, Russia, India and China).

Specifically, shipment volume for mobile phone handsets is forecast to increase by 10% in calendar 2006 compared with calendar 2005, PCs by 5-10%, and digital TVs by 50%.

Component prices are expected to be relatively stable compared with fiscal 2006, with a forecast decline of approximately 10% on an annual basis.

<Slide 10: Core Strategies for FY3/2007 (1)>

Regarding the Telecommunications Equipment Group, we intend to practice a profit-focused

management at KWC.

Aiming to maximize sales, we will launch new high-value-added models with built-in Bluetooth capability as well as cost-competitive models in regions manifesting rapid growth, such as India. We will strive to lower the break-even point through continued reforms of our production and development systems.

In the domestic mobile communications equipment business, we will seek to raise sales in order to increase our share within “au” by launching a series of new products, notably new WIN handsets and handsets for corporate users.

In the communication systems equipment business, we aim to expand our business in Japan and overseas. In the PHS business overseas, we will strive to expand sales by launching packet-capable base stations and new handsets in China.

In the domestic PHS business, we will take advantage of all opportunities by continuously launching new products to increase market share. In line with the business strategy of WILLCOM, Inc., we will promote development of next-generation PHS base stations that can handle even higher speeds.

<Slide 11: Core strategies for FY3/07 (2)>

In line with efforts to strengthen our product line commenced in fiscal 2006, we plan to launch new color printers, color multi-functional products (MFPs) and solution capable MFPs from the first quarter of fiscal 2007. We will also continue to enhance sales of high-speed MFPs, which are favorably accepted by the market.

We have almost finished development of new engines, and we will endeavor to reduce development costs by utilizing these new engines for development of new products.

In the solar energy business, we forecast growth a temporary slowdown in growth enforced by factors such as yen appreciation against the Euro and rising prices for silicon materials in fiscal 2007.

Under such circumstances, we will secure silicon materials and enhance technical expertise and cost competitiveness by making solar cells thinner and boosting conversion efficiency. By doing so, Kyocera intends to capture favorable demand for solar energy products. The improvement of our technological expertise is almost in sight.

The solar business is projected to continue growing in the medium to long term, and we can expect a substantial increase in demand going forward. Amid such a favorable market outlook, we aim to further strengthen management foundations and expand this business through quadripartite global management bases.

We have made rather conservative estimates for both net sales and pre-tax income in the solar

energy business for fiscal 2007. We will strive to achieve results beyond these forecasts.

<Slide 12: Consolidated Financial Forecasts by Reporting Segment – Compared with FY3/2006>

Consolidated sales are forecast to increase by ¥48.5 billion compared with fiscal 2006. Of this amount, sales in the components business are projected to increase by ¥19.1 billion and sales in the equipment business are projected to increase by ¥22.7 billion.

Pre-tax income is forecast to increase by ¥16.6 billion group-wide. Structural reforms in the Telecommunications Equipment Group and the Optical Equipment Group are expected to drive a significant improvement in profit in the equipment business.

In the components business, we project sales growth particularly in the Semiconductor Parts Group with ceramic packages for mobile phone handsets and digital cameras, and with organic packages for next-generation game consoles, for which high growth potential is seen. We therefore expect a strong increase in profits from such business.

<Slide 13: Aim to be “a Creative Company that Continues to Grow in the 21st Century”>

As explained from time to time, Kyocera Group aims to be “a creative company that continues to grow in the 21st century.” To achieve this management policy, we promote a strategy of “high-value-added diversification,” as I have mentioned on earlier occasions.

The key driving forces for growth at Kyocera have been a corporate culture called the “Kyocera Philosophy” and a unique management system called “amoeba management.” In addition to these, Kyocera Group regards strong its financial base as an inherent competitive edge in promoting its strategy of “high-value-added diversification.” In addition to these inherent advantages, we strive to reinforce the Group’s competitive advantages by strengthening “technical expertise” and “sales and marketing ability.”

Based on Kyocera’s competitive advantages, we endeavor to create new technologies and markets. In addition, I will promote three key policies to solidify the competitive advantages that Kyocera Group possesses: (1) establish highly profitable structure; (2) practice the “customer-first” principle; and (3) promote global management. By doing so, Kyocera Group strives to attain a pre-tax income ratio of over 15% on a group-wide basis.

<Slide 14: Establish Highly Profitable Structure>

Kyocera Group has always sought to steadily increase corporate growth. To this end, we believe it is essential to drive upward our goal-attainment rate while strengthening manufacturing as a profit center, in order to become “a creative company that continues to grow in the 21st century.”

For this reason, we have returned to the grass roots of Kyocera Group growth with the aim of strengthening “Executorial Excellence” and “Operational Excellence,” which are the means of invigorating manufacturing and boosting our ability to achieve objectives. Starting this year, we will strive to establish a highly profitable structure through the effective implementation of amoeba management.

<Slide 15: Objectives of Amoeba Management (1)>

I will now briefly explain amoeba management and objectives.

Amoeba management is a unique management method created to facilitate the implementation of the Kyocera Philosophy. Under this management system, the company is managed at the level of small business units called "amoeba," which participate in generating their own profit. The three objectives of Kyocera's amoeba management system are outlined on this slide.

The first is to establish a market-based accounting system for each division that is directly linked to the market.

With amoeba management, purchases and sales are conducted by the smallest units, or amoeba, of the business, based on the principle of maximizing sales and minimizing costs. By promoting business via these self-managed units, the company as a whole can establish a profit management system that reacts swiftly to changes in the market.

In addition to the sales divisions, the manufacturing divisions are also aware of revenues, and therefore have the responsibility to improve their own profit as independent profit centers. As a result, each amoeba has an accurate picture of the condition of the company. Through such system, top management can make swifter and more accurate business decisions, because it is easy to separate highly profitable amoeba from less profitable amoeba.

I will now give a specific example of how the profit management system of each department is directly linked to the market.

<Slide 16: Establish a Market-Oriented Accounting System for Each Division>

This slide compares the "standard cost method" with the "amoeba management system" for managing profit.

With the standard cost method, production cost, which includes all costs of the manufacturing division, is conveyed to the sales division, which then sets the sales price at a level that will generate profit. In other words, the sales division is the profit center, while the manufacturing division acts as a cost center.

Under the amoeba management system, income from customer orders based on market price is viewed as revenue generated by the manufacturing division, which pays a set commission to the

sales division. The manufacturing division is thus required to become knowledgeable and to develop designs which control production costs and the proportion of profit.

As a result, each manufacturing division, in addition to each sales division, as a profit center, needs to be aware of trends in market price. It is therefore in a position to work aggressively to reduce costs and maximize profits.

In today's business world, which demands speed in management, awareness of market changes can differentiate a company from its rivals. As sales and manufacturing divisions both have an acute awareness of the market, the amoeba management system is ideal for bolstering profit consciousness for a strong financial base.

<Slide 17: Objectives of Amoeba Management (2)>

The second objective of amoeba management is to promote leadership development. A leader is assigned to each amoeba and this leader has responsibility for all management operations, from business planning to achievement control, labor management and ordering of materials. Each leader therefore plays an extremely important role in formulating management plans and in their execution. Amoeba leaders are required to have strong will and sense of commitment, and this in turn helps nurture other leaders with a sense of profit and management.

The third objective is to have all employees participate in the management of the company, and share Kyocera management principles.

With amoeba management, vital information concerning the business condition of each amoeba and the company as a whole is disclosed to all employees at morning meetings and so on. By sharing company information and same core values as much as possible, we can create a corporate culture in which all personnel take the initiative to play an active part in the management of the company.

When each employee is actively involved in management, motivation to fulfill responsibilities grows. As a result, not only managers, but also employees, who will feel less like mere workers and more like managers, have a sense of profit management.

<Slide 18: Kyocera Group Management Policy>

Kyocera Group seeks to strengthen this amoeba management system while enhancing the three management policies shown here. By doing so, we aim to achieve a pre-tax income ratio of over 15% on a group-wide basis.

I have elucidated these three policies within the company to ensure that all group employees are fully on board.

The first policy is to establish highly profitable structure. We aim to establish strong management

foundations so that we can raise profitability and create valuable businesses. We will strengthen "Executorial Excellence" and "Operational Excellence" through the effective implementation of amoeba management.

Second, we will practice the "customer-first" principle. In all business activities, it is essential to view things from the customer's perspective, and to constantly improve quality, price, delivery time and service for higher customer satisfaction.

The third policy is to promote global management. Kyocera Group is engaged in a wide range of businesses, but if they act alone, we cannot outstrip the fierce competition. For this reason, while working to bolster each business, Kyocera makes the most effective use of technologies and management resources in each business to maximize synergies and utilize the collective strength of the group.

<Slide 19: Aim to Achieve High Profitability>

Through the reforms and strategies we will implement in fiscal 2007, including the creation of new businesses, we will overcome the challenges of Kyocera Group and, as a result, I believe we can achieve our full-year forecasts.

We will also make preparations to realize continuous growth from fiscal 2008 onward and take the necessary steps towards swiftly attaining a pre-tax income ratio of over 15%.

Kyocera Group aims to be known as "The Company" respected by society from the perspectives of continuous sales expansion, high profitability and corporate ethics.