

Kyocera Corporation Investor Meeting (August 4, 2006)

Slide 1 / President, Makoto Kawamura

Slide 20 / Managing Executive Officer, General Manager of Fine Ceramics Group & Semiconductor Parts Group Tetsuo Kuba

Slide 28 / Chairman and President of KYOCERA MITA Corporation, Koji Seki

President, Makoto Kawamura

<Slide 1: Forward-Looking Statements>

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

<Slide 2: Consolidated Financial Results -Three Months Ended June 30, 2006>

This slide outlines consolidated financial results for the first quarter. As you can see on the right side of the table, both sales and profits increased significantly compared with the three months ended June 30, 2005 (the previous first quarter).

Consolidated net sales for the first quarter amounted to ¥292.6 billion, an increase of 10.4% compared with the previous first quarter. Profit from operations increased by 114.5% to ¥30.6 billion, representing an increase of approximately 2.1 times. Pre-tax income also rose by approximately 2.1 times to ¥36.9 billion and net income increased by approximately 2.3 times to ¥20.0 billion.

Just below that, you can see capital expenditures, depreciation and R&D expenses for the first quarter. Capital expenditures totaled ¥16.7 billion, down 38.1% from ¥27.0 billion in the previous first quarter.

In the first quarter, in response to burgeoning component demand, Kyocera undertook investments to increase production of ceramic packages, among other products. The amount of capital expenditures was still less, however, than in the previous first quarter, when new factories for organic packages and solar energy products were constructed.

Depreciation in the first quarter amounted to ¥14.4 billion, up 9.8% compared with ¥13.1 billion in the previous first quarter, owing to capital expenditures in the previous fiscal year (fiscal 2006). R&D expenses were up 8.1% to ¥15.6 billion compared with ¥14.4 billion in the previous first quarter.

Although both depreciation and R&D expenses increased compared with the previous first quarter, we achieved significant growth in profits in the first quarter due to the positive effect of increased

sales and as a result of internal improvements.

Moving to the bottom part of the slide, the average exchange rates in the first quarter were ¥115 per U.S. dollar and ¥144 per Euro. As a result, net sales and pre-tax income after translation into yen were pushed up by ¥10.9 billion and ¥3.6 billion, respectively, compared with the previous first quarter.

<Slide 3: Q1 FY3/2007 Achievements>

Our policy of returning to the grass roots of Amoeba Management is slowly permeating the company, and the positive effects of this were evident in first quarter performance. Results in most reporting segments exceeded company targets, while all segments in the components business achieved a pre-tax income ratio of at least 15%, which we have set as the standard for a "valuable business."

Consolidated net sales increased by more than 10% and profit from operations expanded by 2.1 times compared with the previous first quarter. In particular, in the Electronic Device Group, besides increased profitability at AVX, we posted sales gains in new products, notably small high-capacitance ceramic capacitors in the capacitor business. Coupled with this, we reduced manufacturing costs by expanding production in China.

In the Semiconductor Parts Group, we increased sales of Surface Mount Device (SMD) packages for electronic components and of packages for CCD and CMOS image sensors used in digital consumer products. The positive effect of efforts to reduce costs in Japan and China also started to emerge.

In the Telecommunications Equipment Group, we reduced loss at Kyocera Wireless Corp. (KWC) and improved profitability by releasing new models of mobile phone handsets and PHS handsets in the domestic market. Consequently, we were successful in reducing overall operating loss in this segment.

<Slide 4: Consolidated Financial Results by Reporting Segment -Compared with Q1 FY3/2006->

This slide depicts the extent of increase or decrease in net sales and pre-tax income in each reporting segment compared with the previous first quarter. The upper section of the graph portrays net sales and the lower section portrays pre-tax income.

Sales and profits in both the components and equipment businesses increased, led by the three segments just mentioned. In the components business, sales increased by ¥20.8 billion and pre-tax income increased by ¥11.0 billion compared with the previous first quarter. In the equipment business, sales increased by ¥5.6 billion and pre-tax income increased by ¥5.9 billion.

<Slide 5: Initiatives to Develop New Products and Create New Businesses>

In addition to the first quarter achievements just mentioned, we also continued to implement initiatives aimed at new product development and new business creation to drive future business expansion.

First, in capacitors, AVX launched a niobium oxide capacitor, OxicapTM to market in May 2006 that realizes even lower equivalent series resistance (ESR), thereby driving changes in product architecture. These capacitors have application in decoupling capacitors and DC/DC converters such as network communications and servers.

In early July 2006, we launched new ceramic capacitors with the temperature characteristics of X7R and the high dielectric constant enabling a packaging surface area to be two-thirds of normal capacitors. These capacitors will be suitable for the miniaturization of electronic circuitry. Going forward, we will strive to further increase sales by strengthening our product line-up to meet a wide range of market needs.

In mobile phone handsets, we released the W42K WIN handset and the A5521K CDMA1x handset in early June this year to increase our share in the domestic market. Sales of both of these models have been strong and we expect them to help us to achieve top market share within "au" on a full-year basis, which is our target.

We are also pushing forward with research and development on solid oxide fuel cells (SOFCs) aimed at realizing practical applications.

In the first quarter, Kyocera and Osaka Gas Co., Ltd. conducted the first trial operations of SOFCs for actual household use in Japan. The result of the trial exceeded development targets in power generation efficiency and other areas. We will continue to strengthen the development of SOFCs so that we can realize practical applications as soon as possible.

<Slide 6: Consolidated Financial Forecast -Year Ending March 31, 2007>

Here you can see consolidated financial forecasts for the year ending March 31, 2007. Although we revised the exchange rate forecast based on actual rates in the first quarter, there is no change to full-year financial forecasts.

In the first quarter, we exceeded our internal target. However, there are some uncertainties such as US economy and rising price of oil and materials, so it is necessary to patiently watch evolving external environment in order to ascertain our business outlook in the second half.

Component demand is expected to be high in the second quarter and onward. Amid such a favourable market environment, we aim to take advantage of this burgeoning component demand, continuing to make timely release of new products to further boost sales and profits and to achieve our full-year forecasts for fiscal 2007.

That concludes my explanation of full-year consolidated forecasts. I will now explain the Kyocera Group business strategy.

<Slide 7: Kyocera Group Management Policy>

This slide shows the three management policies of Kyocera Group, as I have explained on earlier occasions — “establish highly profitable structure,” “practice the customer-first principle” and “promote global management” — aimed at becoming “a creative company that continues to grow.”

<Slide 8: Initiatives to Create Highly Profitable Structure>

Of the three management policies, today I will explain specific initiatives to establish highly profitable structure.

In this slide, our major actions are explained:

- 1) Strengthen “Operational Excellence” and “Executional Excellence” by utilizing Amoeba Management System as a competitive advantages
- 2) Boost asset efficiency to raise corporate value
- 3) Stake out territory in markets
- 4) Achieve continuous sales expansion and high consolidated pre-tax income ratio at least over 15%

By practicing these initiatives, we aim to build a highly profitable structure and to become “a creative company that grows continuously.”

First, we are working to strengthen operational excellence and executional excellence through the Amoeba Management System, which will lead to corporate growth. The effects of these efforts were evident in first quarter performance, which exceeded company targets. We intend to further permeate the policy of returning to the grass roots of Amoeba Management from the second quarter onward as a means of strengthening operational excellence and executional excellence.

Secondly, we will strive to boost efficient use of assets.

<Slide 9: Boost Asset Efficiency to Raise Corporate Value>

Kyocera Group not only seeks to raise profitability but also boost efficient use of assets to utilize group-wide management resources. We therefore aim to increase corporate value from the perspectives of both profitability and efficient use of assets.

Specifically, we will work to ensure the speedy collection of trade receivables, optimize the balance of inventories and increase the efficiency of fixed assets, including capital investment, as

means to boosting efficient use of assets. We can increase corporate value by expanding profitability through added value per hour management based on Amoeba Management and by boosting efficient use of assets.

<Slide 10: Initiatives to Create Highly Profitable Structure>

Going forward, Kyocera Group will focus on businesses with high market share and high-growth-potential markets. We do not randomly expand our business, but instead strategically invest management resources into promising areas where we can exploit our competitive advantages.

Based on this policy, we made several decisions regarding business selection and concentration. I am going to explain about the concrete examples of business decisions we made in the first quarter to further strengthen and refine our business portfolio.

<Slide 11: Strategic Measure: Strengthen Crystal Device Business>

First, let me discuss the decision made on July 19th to acquire Hertz Technology Inc to strengthen our business.

Two key aims underlie this move. The first is to acquire advanced tuning-fork crystal units technology. By doing so, Kyocera Group can greatly expand its business scope by covering all products in the crystal device range.

The second is to establish strong business foundations in the market for tuning-fork crystal units, the demand for which is expected to grow, especially for use in electronic equipment such as mobile phone handsets and mobile music players.

Production of tuning-fork crystal oscillators for electronic equipment is expected to grow at 5% per annum, so we intend to expand business and further increase sales in this growing market.

<Slide 12: Refining Business Portfolio: Selling Out Shares of Kyocera Leasing Co., Ltd.>

Now, I am going to explain another way in which we refine our business portfolio, the recent share transfer agreement relating to Kyocera Leasing Co., Ltd. (KLC).

KLC's function had been to support the asset management and sound financing activities of the Kyocera Group. Advances in the reorganization of the financial industry has a whole, however, increased the need for improvement of KLC's business competitiveness. On the other hand, business conditions in this area differed largely from those in Kyocera Group's core businesses, which centre on production and sale of products such as ceramic components, electronic components and electronic equipment.

Based on the principle of targeting business areas of comparative advantage and

high-growth-potential markets, Kyocera decided to transfer its shares of KLC to Diamond Lease Company Limited.

We will continue to focus our resources into businesses that should be strengthened to enhance the value of the Kyocera Group.

<Slide 13: Initiatives to Create Highly Profitable Structure>

The fourth initiative to establish highly profitable structure concerns achieving continuous sales expansion and a high consolidated pre-tax income ratio.

It's been more than one year since I was appointed company president. During that time, I have come to understand the current condition and future potential of each business, as well as their respective strengths. Today, I will explain the strategy for each business, which leverages these strengths. The general managers of the Fine Ceramics Group and the Information Equipment Group will explain the strategies for those segments and I will explain the strategy for other segments.

<Slide 14: Business Strategy by Reporting Segment (1)>

First, let's look at the Semiconductor Parts Group. The strengths of the ceramic package business include top market share in SMD packages for electronic components and packages for CCD and CMOS imagers. Ceramic materials boast outstanding rigidity and thermal conductivity. Kyocera's ceramic packages, which make the most of these characteristics, are used inside a host of electronic equipment such as mobile phone handsets and digital home appliances. Kyocera also possesses advanced production, design, evaluation and processing technologies. I will now introduce three main ways in which we will utilize these strengths.

First, we will expand our line-up of components for use in mobile phone handsets by leveraging the advanced technological capabilities we have amassed in ceramic capacitors over the years. We will develop LTCC substrates for accessory modules such as Bluetooth and TV tuners as well as alumina ceramic packages for camera modules.

Secondly, we will strive to expand applications into the automotive and medical markets, not just the digital home appliance market.

Thirdly, we will increase production in China.

The strengths of the organic package business include industry-leading high-density wiring technology for the entire process from design to packaging.

To develop the market for next-generation game consoles, we plan to considerably expand production of state-of-the-art flip chip packages, primarily at the new factory in Ayabe City, Kyoto Prefecture.

Kyocera seeks to substantially expand its share in the flip chip package market mainly through packages for game consoles.

<Slide 15: Business Strategy by Reporting Segment (2)>

Next, I will introduce initiatives in the solar energy business, representing the Applied Ceramic Products Group.

Solar power generation systems are spreading rapidly worldwide.

In this business, we will leverage our global quadripartite production system, which offers a competitive advantage, and the world's largest vertically integrated production line to enhance sales activities in growing markets such as the large system related market and the independent power market.

The solar energy market is forecast to grow at a rate of 23% per annum until 2010. In CY2005, the production volume of Kyocera Group was 140MW, the third largest in the world. By 2010, we aim to boost this figure to 500MW, 3.5 times larger than the present volume, as we strive to expand business to meet this rising demand. By doing so, we can also raise market share.

At present, production at silicon manufacturers cannot keep pace with the growing demand for solar cells, which has led to a supply shortage of silicon materials. As a result, growth rate of our solar energy business will slow down compared with the recent high growth rate. However, we will work to increase efficiency in the use of silicon by improving yield rate and by making solar cells thinner as we prepare to expand this business again in fiscal 2008.

<Slide 16: Business Strategy by Reporting Segment (3) - 1>

Next, let's look at the Electronic Device Group. In this business, we seek to develop components in anticipation of market needs by maximizing group synergies, one of our strengths in this business, and through group cooperation from components to equipment.

As you can see on this slide, in addition to electronic components at the parent company, we possess a variety of subsidiaries in different arenas, led by: AVX for ceramic and tantalum capacitors; Kyocera Kinseki for crystal devices; and Kyocera Elco for connectors.

Apart from the Electronic Device Group, including the above-mentioned electronic components and thin film devices, Kyocera also has the Fine Ceramic Parts Group and the Semiconductor Parts Group in its components business as well as its equipment business including segments such as the Telecommunications Equipment Group. Kyocera also has close ties with the telecommunications carriers, namely, KDDI Corp. and WILLCOM Inc.

The collective power gained from the group synergy between businesses and companies is the Kyocera's strength that rival specialized makers of electronic components simply do not have.

<Slide 17: Business Strategy by Reporting Segment (3) – 2>

I will now explain group synergy using as an example the business for mobile phone handsets. As shown on this slide, Kyocera builds its electronic devices into mobile phone handsets and PHS handsets and delivers the finished products to KDDI and WILLCOM.

For example, in ceramic capacitors, we are working to enhance production technologies by exchanging technologies from our capacitor business with those used in AVX's material and production processes. In the same business, we are conducting the joint development of pastes and other materials with Kyocera Chemical Corp.

Bluetooth modules are equipped with capacitors from Kyocera, crystal oscillators from Kyocera Kinseki and LTCC substrates from the Semiconductor Parts Group.

Through these connections between group companies, we are able to manufacture high-quality electronic devices and use them to produce Kyocera mobile phone handsets.

And through the group's collective abilities, we can provide a variety of components for use in a single product. This contributes to expansion in the Electronic Device Group.

<Slide 18: Business Strategy by Reporting Segment (4)>

Next, let's look at the Telecommunications Equipment Group. The strengths of the mobile communications equipment business are the close relationship with KDDI and the synergy with Kyocera Group's components business. Through strong ties between KDDI and the components business, we can develop, manufacture and sell new products that accurately meet market needs.

In the telecommunication systems equipment business, we share our strategy with WILLCOM, in which Kyocera has a 30% stake. The aim here is to expand our PHS base station business and further increase our share in the PHS handset market in Japan. We also aim to expand the number of countries utilizing iBurstTM system.

<Slide 19: Kyocera Group Business Portfolio>

As I have just mentioned, we aim to improve profitability in each segment by leveraging respective strengths to expand business.

This slide shows the Kyocera Group business portfolio in terms of sales growth rate and pre-tax income ratio forecast for the year ending March 31, 2007.

The horizontal axis uses as its key point 4%, the average sales growth rate for fiscal 2007 of nine key electronic equipment makers that had over ¥1 trillion in sales in fiscal 2006. The vertical axis shows operating profit ratio, with 10% depicted as the key point for businesses striving towards the company target of 15%.

The numerical values represent the percentages of sales generated by the businesses in the

respective quadrant. The total of sales proportions does not include consolidated eliminations and adjustments, and therefore does not total 100%.

I am going to explain regarding each business segment excluding the Optical Equipment Group, which is under structural reform.

The area with the highest proportion of sales is illustrated in pink in the upper right quadrant with 44%. This includes the Semiconductor Parts Group, the Information Equipment Group and Others.

The sales growth rate in these businesses is expected to exceed the average of the key electronic equipment makers in fiscal 2007. Meanwhile, the operating profit ratio is forecast to exceed 10% and approach the 15% level.

The yellow area under that quadrant includes the Telecommunications Equipment Group and comprises 20% of total sales. The sales growth of the Telecommunications Equipment Group is expected to surpass the aforementioned average, but the operating profit ratio is projected to fall short of 10%. Therefore, a key challenge in this segment is to raise the operating profit ratio.

The green area represents 37% of total sales and includes the Fine Ceramic Parts Group, the Applied Ceramic Products Group and the Electronic Device Group. All businesses in this quadrant are expected to achieve an operating profit ratio over 10% in fiscal 2007, with some of them exceeding the 15% mark. However, the sales growth rate is projected to fall below the stated average, so our mission is to boost sales in these businesses.

I plan to strengthen each business so that all Kyocera businesses fall inside the pink quadrant. For the businesses that are already there, we will strive to boost sales growth rate and operating profit ratio even further.

I will now call upon Mr. Kuba to explain the Fine Ceramic Parts Business, which already has high profitability but aims to increase its operating profit ratio further by expanding sales; and Mr. Seki to explain the Information Equipment Group, which seeks to become a valuable business through business expansion and thereby contribute to Kyocera Group growth.

iBurstTM is a registered trademark of ArrayComm, Inc.

Managing Executive Officer, General Manager of Fine Ceramics Group & Semiconductor Parts Group Tetsuo Kuba

<Slide 20: Fine Ceramic Parts Business Strategies>

The strategy of the Fine Ceramic Parts Business is two-pronged: to enhance core markets and to cultivate new markets.

<Slide 21: Booking Breakdown by Applications/Markets>

First, I will explain our strategy to enhance core markets. This graph shows orders breakdown by application and market in the Fine Ceramic Parts Business.

The semiconductor and LCD processing equipment market is a very important one for Kyocera, comprising over one-third of total orders, even though there are relatively small number of component types.

The single crystal sapphire business is comprised of sapphires for LEDs and sapphires for LCD projectors. The information and communications business is comprised of parts for HDD, printer parts, antennas for mobile phones, HIC substrates and other items. The industrial business is engaged in a variety of industries, including pumps and valves, faucets, textiles and automotive related areas.

The volume of sales is large in the semiconductor and LCD processing equipment market and we command the top market share in the industry. Accordingly, we aim to reinforce this core market with the objective of driving further business expansion. I will now explain specific initiatives to achieve this in greater detail.

<Slide 22: Market Trends (Growth Rate)>

The graph on the left shows trends in the semiconductor processing equipment market. The blue line represents the sales growth rate of semiconductor chips. The red line represents the sales growth rate of semiconductor processing equipment, which tends to decline in certain fiscal years due to the effect of the silicon cycle. Nonetheless, we project that this market will continue to grow in the future as PCs and mobile phone handsets become more sophisticated and the digital home appliance market expands.

The graph on the right shows trends in the LCD processing equipment market. The blue line represents the growth rate in large LCD panel production, while the red line represents the growth rate in LCD processing equipment sales. Growth is also expected in this market in line with rising demand for large flat-screen TVs.

<Slide 23: Technology Trends: Market Needs (SPE)>

I will now explain technology trends and market needs for semiconductor processing equipment. First, let's look at particle minimization in accordance with finer design rules. This graph shows semiconductor design rule trends.

Miniaturization is expected to progress further from the mainstay 80nm to 45nm by 2010. This requires the use of anti-plasma materials in production equipment because they generate an infinitesimal amount of particles compared with plasma processing.

The diagram illustrates the amount of material worn away in plasma processing by material type. With the recently popular high-purity alumina ceramics, the amount of material worn away is less than one-tenth that of quartz.

In other words, fine ceramics are ideal for reducing particle generation. At Kyocera, we have also developed yttria materials, in which loss is limited to around one-third that of quartz.

Secondly, there is the need for lighter weight and higher rigidity materials to ensure high productivity. Ceramic meets both these needs.

At Kyocera, we are developing a lightweight structure by hollowing and bonding the ceramic material and also by developing SiC components. In this way, we can develop products that meet market requirements, thereby differentiating ourselves from our competitors.

<Slide 24: Technology Trends: Market Needs (LCD Processing Equipment)>

LCD processing equipment is getting larger. In addition, as the ceramic parts used in this equipment contain mother glass, ceramic parts must be larger compared with such glass. The trend in size is shown in the diagram. In line with the full-scale production of 7th generation equipment at equipment manufacturers, we have been delivering large ceramics in the size range of 2.1m to 2.4m. Trial production for 8th generation equipment is already underway and we expect evolution to 9th generation to take place in the not-too-distant future. As such, it is crucial to increase the size of ceramic parts accordingly.

As ceramics get larger, forming and sintering processes will become substantially more challenging. Therefore, Kyocera uses simulation technology via a super computer to optimize temperature distribution during sintering, stress analysis during contraction, product stiffness and natural vibration frequency.

In anticipation of further market expansion and increase in size, we constructed a new plant at Yohkaichi in Shiga Prefecture last year for post processing such as grinding and assembly. Through a vertically integrated production line ideal for large products and superior productivity, we aim to further differentiate ourselves from our competitors.

In this way, we can stay one step ahead of the market to meet customer needs. Going forward, we plan to expand sales in the high-growth semiconductor and LCD processing equipment market.

<Slide 25: Cultivate New Markets>

Next, I will explain our efforts to cultivate new markets. The red line graph shows the scale of the Fine Ceramics Parts Business over time. In fiscal 1960, the year Kyocera was founded, we began with the production of fine ceramic parts called U-shaped Kelcima as insulation components for television tubes.

Thereafter, up until the 1980s, we sought to make fine ceramic materials more sophisticated and to expand applications into a wider range of industries. Major products originally included wear-resistant components such as textile machinery parts, paper machine parts and pump parts. We expanded the application to wire guides for dot printers and aluminium foundry parts.

Since the 1990s, we have extended our line to incorporate parts for semiconductor and LCD processing equipment, dielectrics for base stations for mobile phones and LED substrates, and hence expanded our business scale.

Since its foundation, Kyocera has continued to cultivate fine ceramic markets, tracing what is essentially the history of fine ceramics. This was Kyocera's starting point. Even now, we aim to offer ceramics in every industrial sector and are continuing to focus on expanding sales.

<Slide 26: Cultivate New Markets>

We have been able to achieve business expansion and become highly profitable by advancing core fine ceramic technologies. In addition to developing materials technology, we have advanced forming, sintering and other processing technologies. To complement such evolution, we have also pursued innovation in design, measurement and evaluation technologies.

We plan to boost our ability to achieve goals on “Executing Excellence” through Amoeba Management and to continue developing materials and processes as a means to further increasing sales and profitability in the ceramics business.

<Slide 27: Cultivate New Markets>

This slide shows the new markets we are currently cultivating. Color ceramics for decorative use are difficult to scratch due to the abrasion resistance characteristic of ceramics. By exploiting a color quality that cannot be achieved with metal, we plan to extend its applications to jewelry, watch parts and high-end mobile phone handsets. In the future, we will also concentrate on cultivating the market for medical and analytical equipment.

As an example, we are working to develop applications for medical equipment by leveraging the properties of ceramic materials. This includes development of electrode parts for CT scans that leverage the advanced insulating performance of ceramics; and analyzer parts that leverage the chemical stability of ceramics.

We are also developing solid oxide fuel cells (SOFCs), as President Kawamura mentioned, primarily at our corporate research and development centre. Our core technologies help in the development of materials for ceramic cells used in SOFCs as well as in their functional development.

We will continue to cultivate new markets and enhance core markets aimed at increasing sales

going forward.

This concludes my presentation on the Fine Ceramic Parts Business.

Chairman and President of KYOCERA MITA Corporation, Koji Seki

<Slide 28: Achieved Year-on-Year Growth in both Sales and Profits>

I was appointed president of Kyocera Mita in the first quarter, so this is my first report following arrival of the new management team. Net sales in the first quarter amounted to ¥60,266 million, up 4.1% as compared with the previous first quarter. Pre-tax income amounted to ¥8,651 million, up 12.9% as compared with the previous first quarter. The pre-tax income ratio was 14.4%.

We began shipments of three new color multifunction products in May. These products are expected to drive sales expansion this fiscal year. Because we started sales of these products in the domestic market in June, they did not contribute substantially to sales in the first quarter. As you can see with the first quarter results on this slide, because the main contributors were already existing products and sales prices have declined, revenue from sales has remained tight. Nevertheless, both sales and profit grew compared with the previous first quarter due to yen depreciation and the positive effect of reducing costs throughout the Group.

<Slide 29: Information Equipment Group: Trends of Sales and Pre-tax Income>

The graph on this slide shows trends of sales and pre-tax income in the Information Equipment Group. The blue bars represent sales and the red line represents pre-tax income ratio.

Since the bankruptcy of Mita Industrial Corp. in 1998 and its subsequent integration with the printer business of Kyocera, we have worked hard to increase sales. As shown here, sales have continued to grow dramatically through March 2006. The pre-tax income ratio unfortunately declined in the year ended March 2006 as compared with the year ended March 2005, but we recovered to 14.4% in the first quarter.

In the second quarter, as in the past, performance is expected to decline due to seasonal factors associated with summer vacations in foreign countries. However, we remain committed to achieving our full-year targets of ¥260.0 billion in net sales and 11% in pre-tax income ratio. In particular, we can expect contribution from the color multifunction products. With respect to color products, we can also expect contribution from consumables in addition to sales of the machines themselves.

<Slide 30: 23 New Models to be Introduced in CY2006>

In 2006, we plan to launch 23 new models, including color models. In the color models, we will

launch three multifunction products and five printers. Apart from this, we will release black and white multifunction products and printers. We have already commenced production and /or shipment of more than half of these new products. We will gradually release the remaining models. At present, component prices are raising steeply, while product prices are declining, which has led to an extremely difficult market situation for us. By replacing existing models with new models, I believe we can achieve sufficient sales growth.

<Slide 31: Kyocera Mita's Unique Strategy: "ECOSYS" Concept>

After Mita's bankruptcy and integration with Kyocera's printer business, there seemed to be no way we could overcome the severe competition with major manufacturers. However, rather than focusing on the consumables business like other companies, we chose a different track – our unique ECOSYS track to infuse long-life technology into our copiers and printers. As a result, we have successfully established long-life technology and have been able to increase trust from customers and dealers. We have thus differentiated ourselves from the competition, which has led to the strong performance of today. What we have created is something completely different from other companies – the result of efforts in areas that others have not explored. Going forward, we also work to realize long life in our color products as a means of expanding our business.

<Slide 32: Evolving "ECOSYS" Concept>

Next, I will explain the concept of ECOSYS. The term ECOSYS was coined by Kyocera as an acronym for ECOlogy, ECONomy and SYStem printing, arising from our pursuit of long-life technology. Conventional black and white machines normally print around 300,000 pages and have a life of between three and five years. In the case of our products, they do not require replacement of components during such period and the user simply needs to insert toner. Thus, maintenance is unnecessary. We also realize a longer life of 500,000 pages, not the typical 300,000 pages, even in high-speed products. Our existing color products can print around 200,000 pages, while our new products have realized a longer life of up to 300,000 pages. Since the replacement of components is minimized during these long lives, the products are environmental friendly. Low running costs also contribute to more economical operation for users. We have incorporated this ECOSYS concept into all of our products. Although the scale of Kyocera Mita's business is still small in the industry, the fact that we have improved performance every year is evidence of the high acclaim our ECOSYS concept has received from the market.

<Slide 33: ECOSYS Creates Benefits for Users and Dealers>

I will now explain the benefits gained by using our products. Our printers are designed to ensure

low TCO (total cost of ownership), which means the total of purchase price, running costs and service costs. Our multifunction products are designed especially to minimize dealers' cost of service after sales; furthermore, our endeavours are made continuously to enhance price competitiveness. This product concept has been well received by dealers and we have therefore been gradually boosting the number of dealers handling our products. In this way, Kyocera Mita aims to drive corporate development by providing benefits in terms of TCO and TCS to both users and dealers that other companies cannot emulate.

<Slide 34: ECOSYS Reliability Reported by U.S. Rating Agency>

On account of these attributes, our multifunction products were honored as being the most reliable for the third time in 2005 following 2002 and 2003 by the Office Products Analyst (OPA). Leveraging the long-life characteristic of our products, we strive to guarantee high quality and to eliminate defects. If a product frequently breaks down and requires component replacement, it cannot be called a long-life product. Long life is the area on which we are chiefly focused, and it is our mission to actually apply it in our products. To achieve this goal, we have invested extensive effort in development, design and component procurement. As a result, our products have received high acclaim, of which we are very proud. We will incorporate this long-life technology into our color products as well.

<Slide 35: Enhance Future Imaging Technology by Establishing a New R&D Center>

Up until now, Kyocera Mita's research and development has been uncoordinated. To solve this problem, we are in the midst of constructing a new R&D Center, with completion scheduled for April 2008. Through this, we seek to strengthen our fundamental technologies with a view to 10 years and further down the line. Furthermore, we will recruit new engineers and devote energy to nurturing them. By enhancing our unique technologies, already recognized by the market, we will expand the business of the Information Equipment Group.