

Kyocera Corporation Business Presentation

February 2008

MAKOTO KAWAMURA

President and Representative Director

Today's Presentation

- 1. Consolidated Financial Forecast (Year Ending March 31, 2008)**
- 2. Management Policy "Creativity and Growth"**
- 3. Strategic Significance of Acquisition of Mobile Phone Related Business of SANYO Electric Co., Ltd.**

Makoto Kawamura

President and Representative Director

4. Solar Energy Business Strategies

Tatsumi Maeda

Senior Managing Executive Officer

General Manager of Corporate Solar Energy Group

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, particularly including China; unexpected changes in economic, political and legal conditions in China; our ability to develop, launch and produce innovative products, including meeting quality and delivery standards, and our ability to otherwise meet the advancing technical requirements of our customers, particularly in the highly competitive markets for ceramics, semiconductor parts and electronic components; manufacturing delays or defects resulting from outsourcing or internal manufacturing processes which may adversely affect our production yields and operating results; factors that may affect our exports, including a strong yen, political and economic instability, difficulties in collection of accounts receivable, decrease in cost competitiveness of our products, increases in shipping and handling costs, difficulty in staffing and managing international operations, and inadequate protection of our intellectual property; changes in exchange rates, particularly between the yen and the U.S. dollar and euro, respectively, in which we make significant sales; inability to secure skilled employees, particularly engineering and technical personnel; insufficient protection of our trade secrets and patents; holding licenses to continue to manufacture and sell certain of its products, the expense of which may adversely affects its results of operations; future initiatives and in-process research and development may not produce the desired results; events that may impact negatively on our markets or supply chain, including terrorist acts and outbreaks of diseases; the occurrence of natural disasters, such as earthquakes, in locations where our manufacturing and other key business facilities are located; and fluctuations in the value of, and impairment losses on, securities and other assets held by us, and changes in accounting principles. 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 Forecast

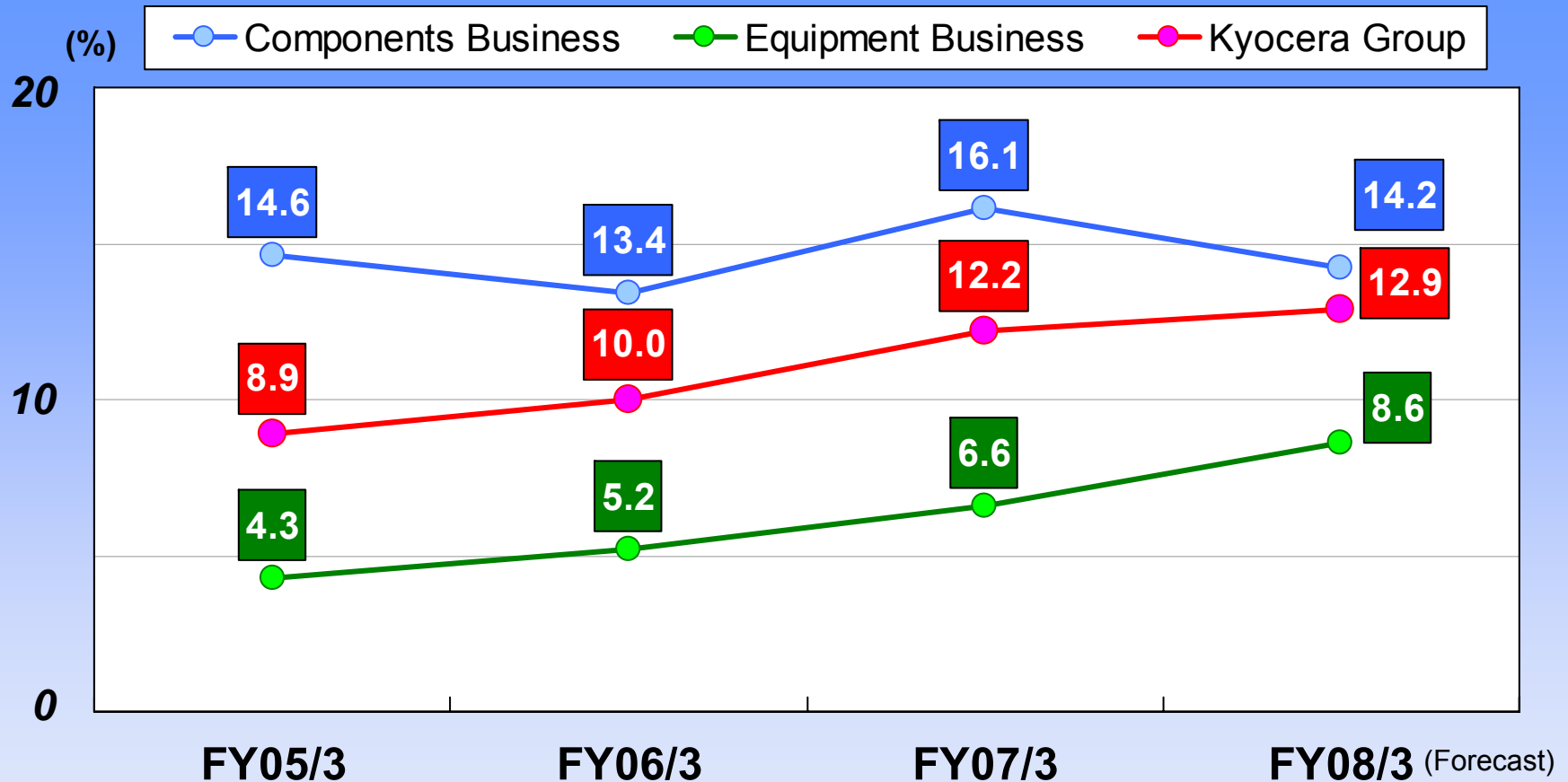
- Year Ending March 31, 2008 -

(Unit: Yen in millions)

	Year ended March 31, 2007		Year ending March 31, 2008				% change
	Amount	% to net sales	Previous forecast (October 2007)		Revised forecast (January 2008)		
			Amount	% to net sales	Amount	% to net sales	
Net sales	1,283,897	100.0	1,330,000	100.0	1,290,000	100.0	0.5
Profit from operations	135,102	10.5	151,000	11.4	140,000	10.9	3.6
Pre-tax income	156,540	12.2	166,000	12.5	166,000	12.9	6.0
Net income	106,504	8.3	103,000	7.7	103,000	8.0	-3.3
EPS (diluted - yen)	564.79	—	543.40	—	543.33	—	-3.8
Capital expenditures	69,896	5.4	81,000	6.1	81,000	6.3	15.9
Depreciation	70,155	5.5	79,000	5.9	76,000	5.9	8.3
R&D expenses	61,100	4.8	65,000	4.9	63,000	4.9	3.1
Average exchange rate (yen)	US\$:117	Euro:150	US\$:115	Euro:156	US\$:115	Euro:161	
Foreign currency fluctuation effect on:	net sales	¥39.6 billion		¥-3.7 billion		¥5.7 billion	
	pre-tax income	¥15.7 billion		¥2.5 billion		¥7.2 billion	

Pre-tax Income Ratio Trends

- FY05 through FY08 (Forecast) -



Pre-tax Income has grown for three consecutive fiscal years (Forecast)

Commencing in FY 3/08, the "Optical Equipment Group," previously a separate reporting segment, has been reclassified and included in "Others."

FY08 Consolidated Financial Forecast (1)

- Components Business -

(4.0% increase in sales, 8.3% decrease in operating profit compared with FY07)

1. Business environment outlook - Q4 in FY08 -

- Deceleration trend in some industries, such as a semiconductor production equipment industry, will continue
- Demand for passive components will recover from February or March 2008
- Revision of forecast for average exchange rates

rate	FY07Q4	FY08Q4 (E)
US\$	¥120	¥107
Euro	¥156	¥155

2. Increase in depreciation (increase of approx. ¥10.0 billion compared with FY07)

- Effect of change in accounting method related to depreciation will be ¥9.5 billion (forecast) for the full year

3. Recordation of business restructuring expense

- Write-down of goodwill in the cutting tool business is expected to have a ¥ 2 billion negative impact

4. Improvement of profitability in strategic businesses

- Significant increase in sales and profit for 2H of FY08 in solar energy business is expected compared with 1H FY08
- Organic package business is forecast to achieve profitability in FY08

FY08 Consolidated Financial Forecast (2)

Equipment business (i)

(3.8% decrease in sales, 25.5% increase in operating profit compared with FY07)

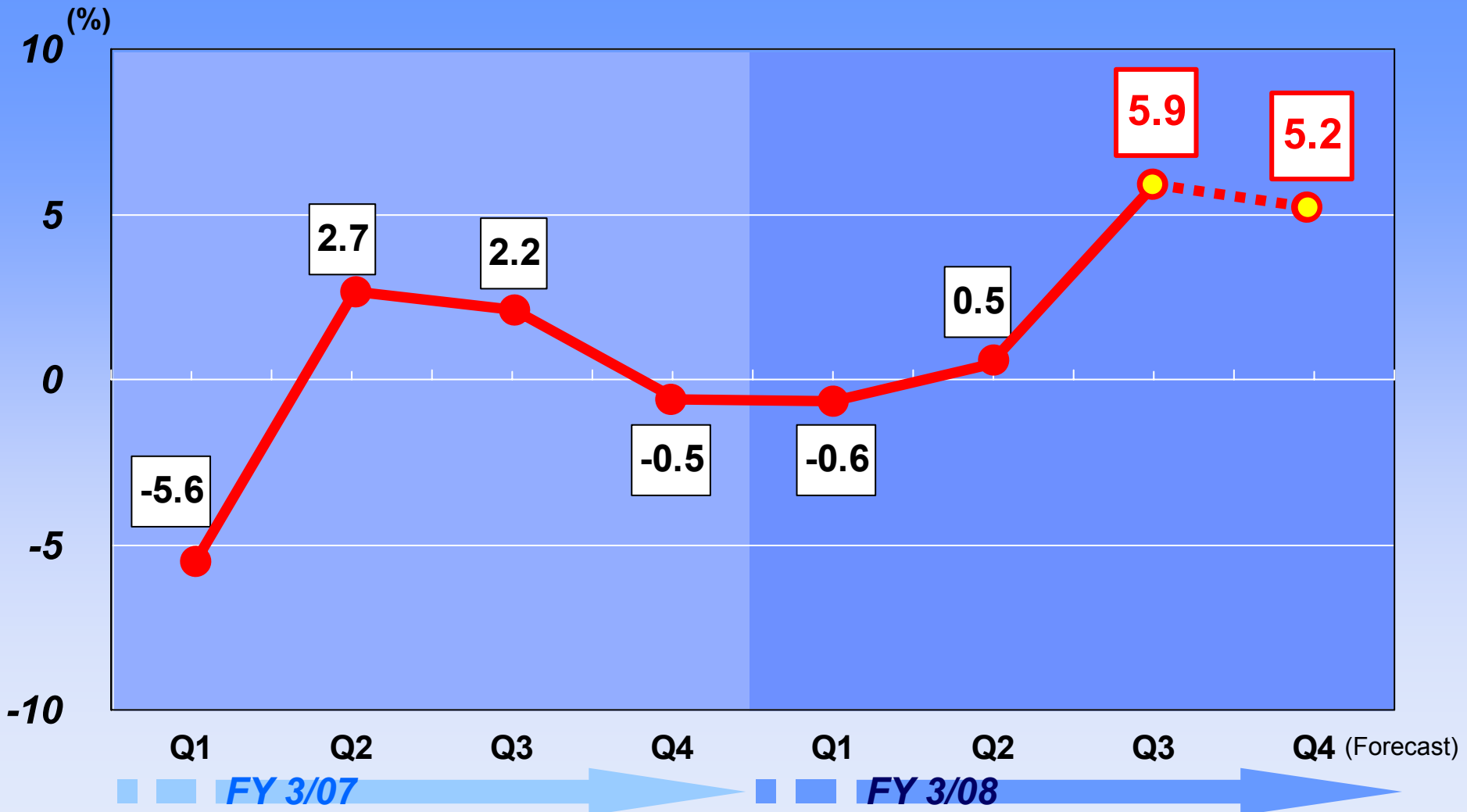
1. Telecommunications Equipment Group will achieve operating profit ratio of 5% in 2H of FY08

- Increased profit in domestic mobile phone handset business led by increased sales of sophisticated models
- Improved profit ratio for PHS business due to focus on domestic (Japanese) market
- During 2H of FY08, KWC's sales are forecast to decrease significantly, but profit will improve in 2H compared with 1H.



Operating Profit Ratio Trends

- Telecommunications Equipment Group -



FY08 Consolidated Financial Forecast (3)

Equipment business (ii)

(3.8% decrease in sales, 25.5% increase in operating profit compared with FY07)

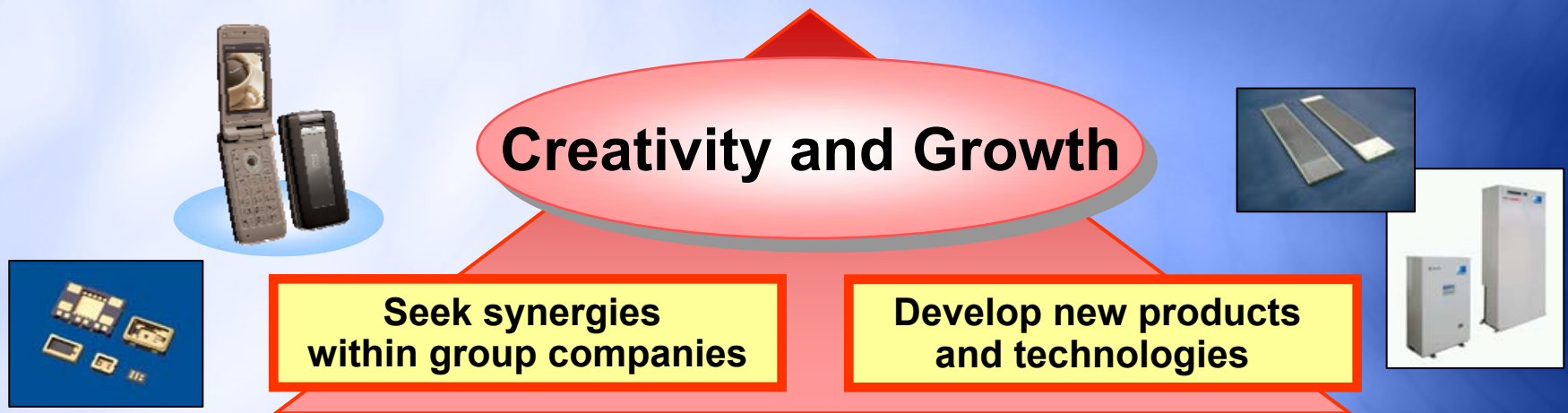
2. Increase in sales and operating profit for Information Equipment Group compared with FY07

- Decrease in sales for US market due to arising uncertainty in economy
- Increase in sales of printers particularly in Europe
- Continuous introduction of both new color and monochrome products
- Intend to increase sales of consumable products by raising color product ratio



"Creativity and Growth": Aim at Sustainable Growth

Achieve Continuous Sales Expansion and High Profit Ratio



Management Policy

Practice
"Customer-first" Principle

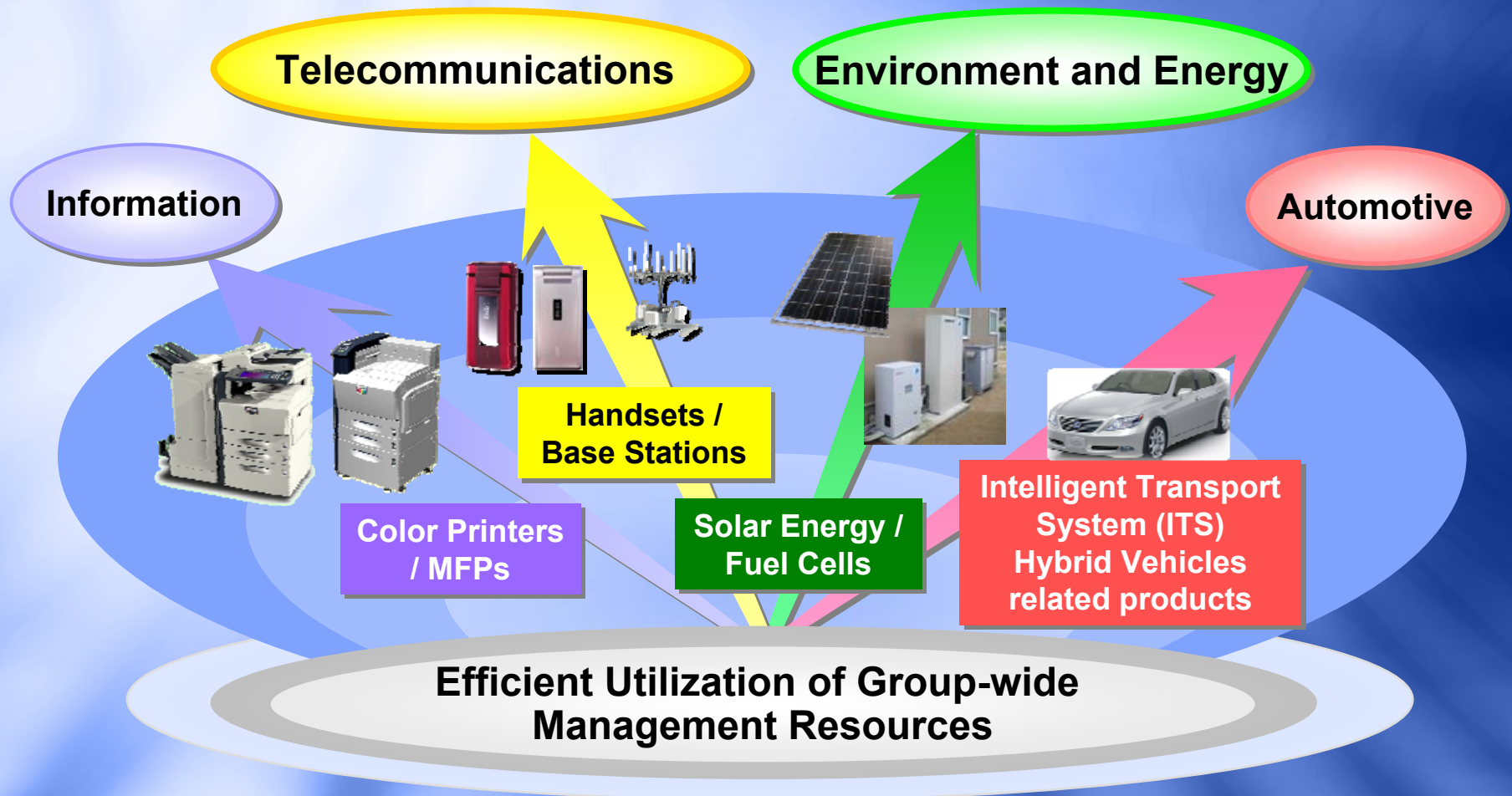
Promote
Global Management

Establish a highly
Profitable Structure

Reinstatement of the "Amoeba Management System"

Creativity and Growth: Strategic Markets

Promote development of new products and technologies in strategic markets



FY09 Business Outlook

1. Increased uncertainty in world economy

- Fear of slowing individual consumption in the US and Europe
- Fear of decreasing infrastructure investment by businesses (IT infrastructure)
- Appreciation of yen against both US dollar and Euro

2. Steady growth in demand for digital consumer equipment

- Demand from Beijing Olympics
- Solid demand in the emerging countries
- Increasing number of components per product due to digitalization of equipment

Sales unit forecast -CY2008-

	Forecast -CY2008- (Unit: Millions)	% increase from CY2007
Mobile phone handsets	1,265	+10%
PCs	286	+10%
Digital TVs	115-125	+20-30%

Main Initiatives in FY09

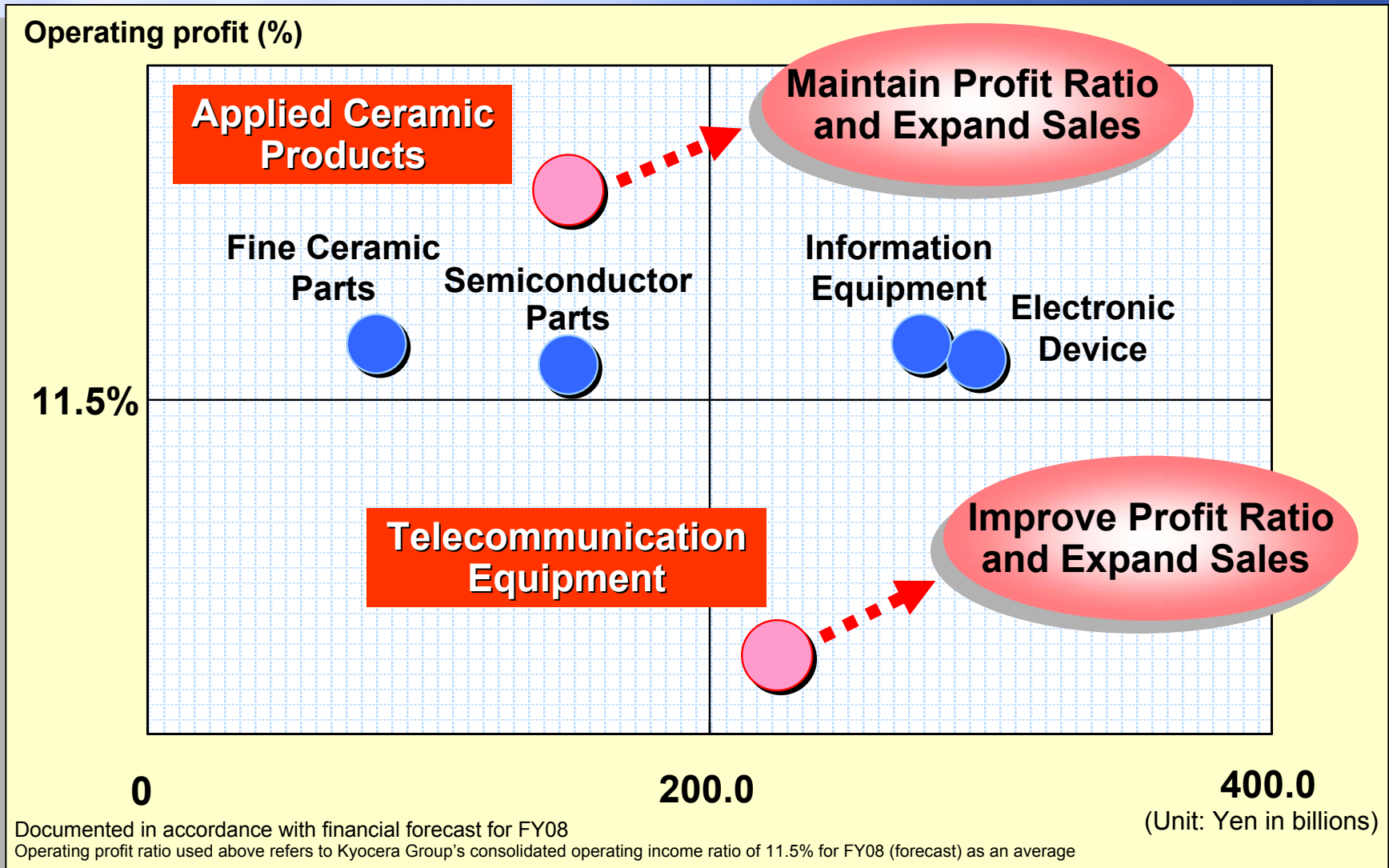
1. Achieve sustainable growth by enhancing strategic businesses

- Expand solar energy business (Sales target: 100.0 billion yen, ASAP)
- Improve profit for new Telecommunications Equipment Group after acquisition of SANYO's mobile phone related business (currently setting post-acquisition business targets)
- Expand product line-up for Information Equipment Group (sales target: ¥300.0 billion, ASAP)
- Expand sales in organic package business

2. Accurately grasp market trends and attentively execute investment for production expansion

3. Innovation of new businesses for growth

Creativity and Growth: Initiative for FY09



**Strategic Significance of Acquisition of
Mobile Phone Related Business of SANYO Electric Co., Ltd.**

Relevant Businesses Gained through Acquisition of Mobile Phone Related Business of SANYO

1. Domestic mobile phone handset business

2. Domestic base station business

3. Overseas business



Keys to Strengthening Domestic Mobile Phone Handset Business

Encourage replacement purchase



Actively hold and keep existing users of both KYOCERA and SANYO

Establish Kyocera brand



Clarify each handset marketing position for each company then establish brands that cover all market segment and secure widespread customer support

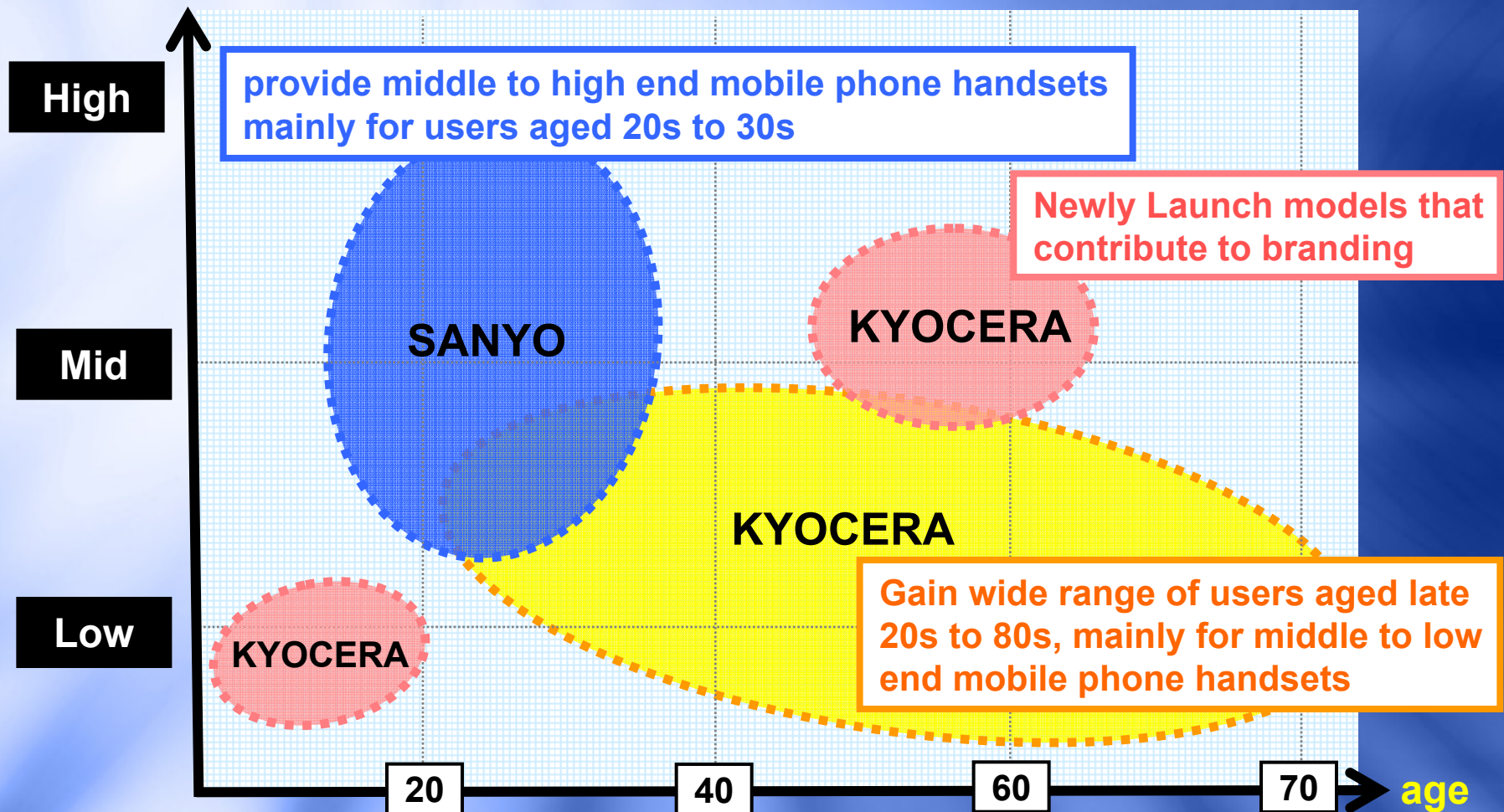
Strengthen designing & development



Integrate management resources of two companies to develop products with attractive design that meet customer needs

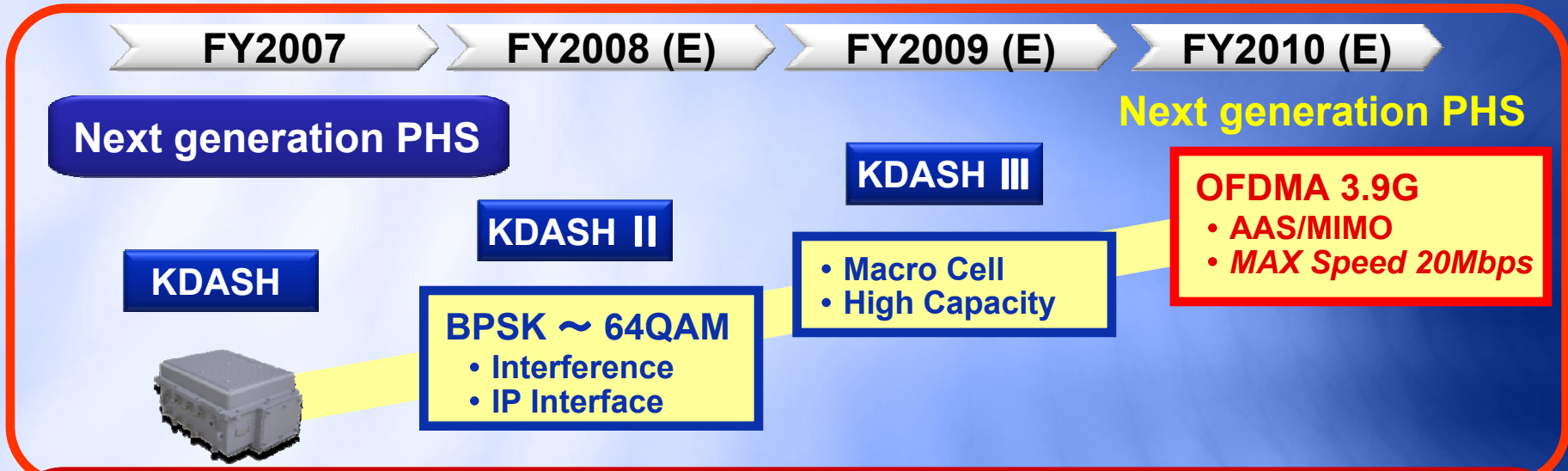
Mobile Phone Handset Line-up Positioning

In addition to product line-up with current positioning, launch models that contribute to new branding



Launch Product Line-up that Meets Characteristics of Users

Base stations



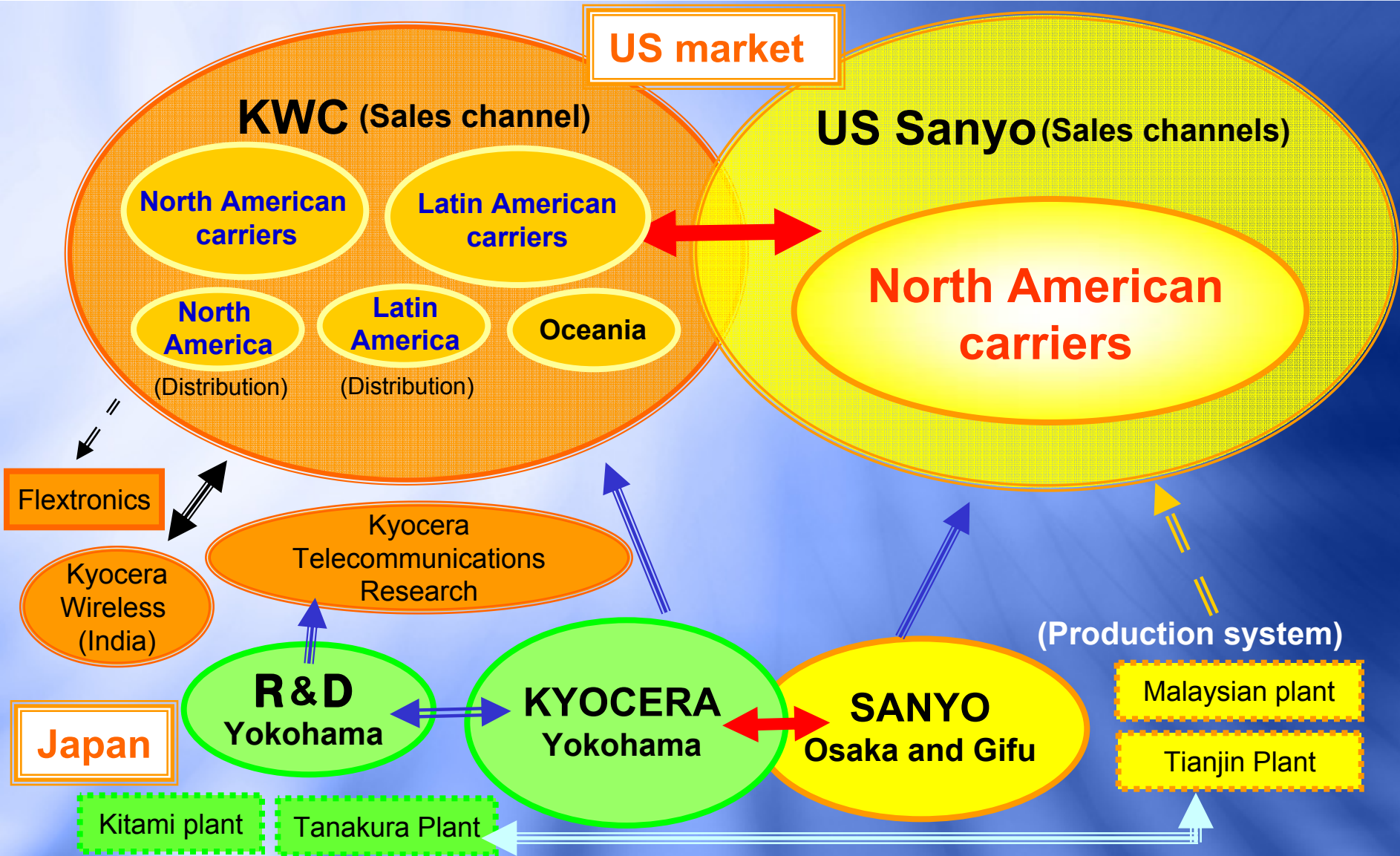
Maximize efficiencies of development resources for next generation PHS base stations by integration of technologies with SANYO

Mobile WiMAX

Towards launching of service on February 28, 2009 (Expectation)

Expectation for outcome of establishment of mobile WiMAX business

Business Structure in USA



Synergy Effects with SANYO: Cost Reduction

1. Synergy Effects with KWC (FY2009)

- Reducing R&D costs
- Reducing business risks

2. Reducing materials costs

- Activity to achieve cost targets (KYOCERA to SANYO)
- Know-how for procurement of components overseas (SANYO to KYOCERA)

3. Know-how for overseas production (SANYO to KYOCERA)

Synergy Effects with SANYO: Sales Growth

① Product road map collaboration

- Clarify branding policy
- Distinguish product line-ups between KYOCERA and SANYO

② Encourage replacement purchase within own brands in domestic market

- Encourage replacement purchase from past hit models (W44K, etc)
- Verify continuous replacement purchase within SANYO models, examine effective strategies

③ Execution of proposal oriented product plannings

- Development of fascinating and attractive products for users and carriers

④ Collaboration of development resources

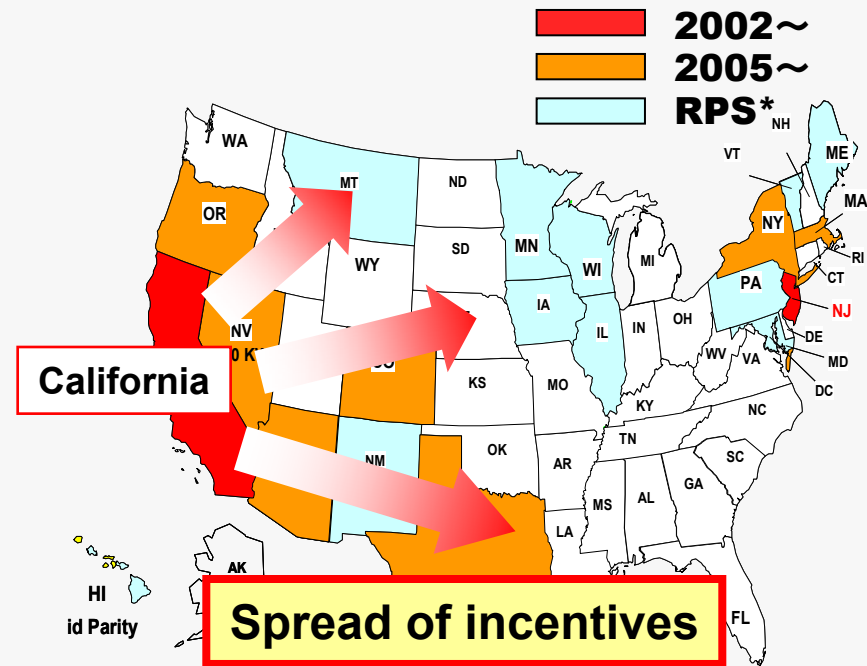
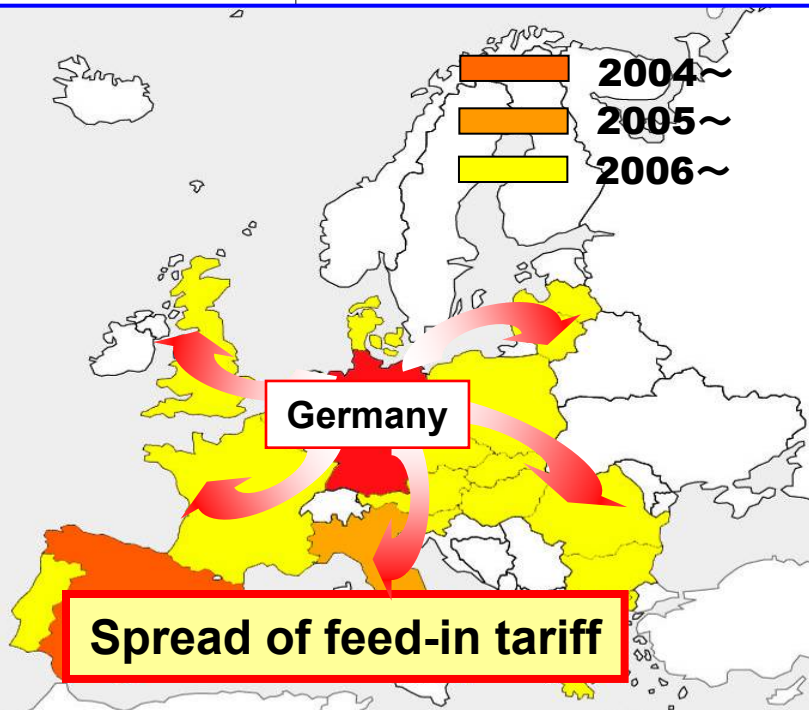
- Considering new business for starting up towards FY2010 (ex. W-CDMA)

⑤ Examine the needs of future support for carriers of wireless broadband business

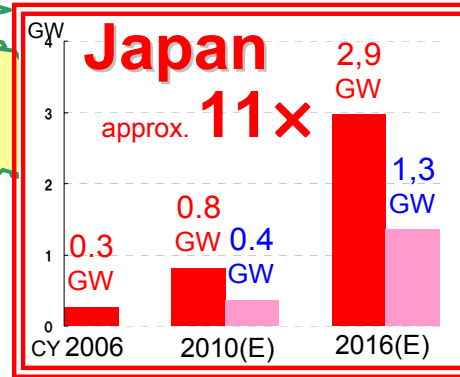
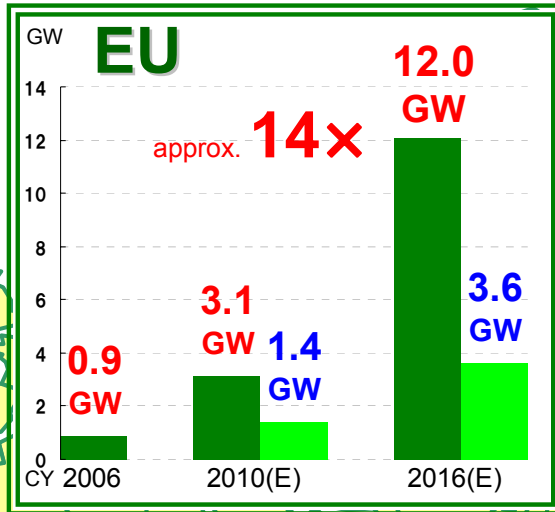
Solar Energy Business Developments

Contribution of Subsidies to Expansion of European and U.S. Markets

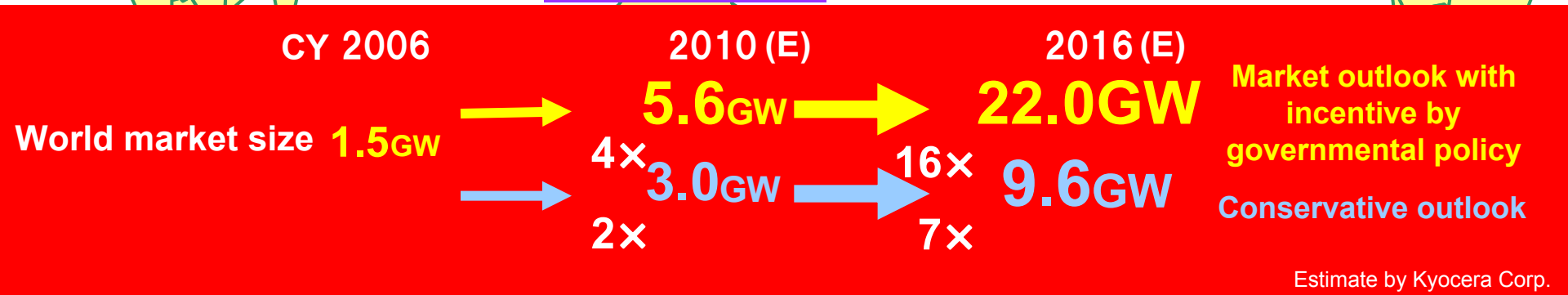
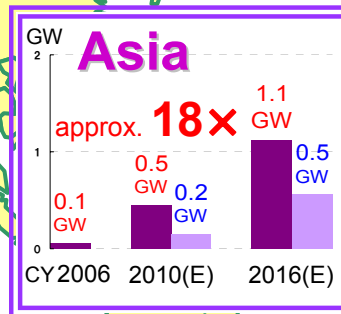
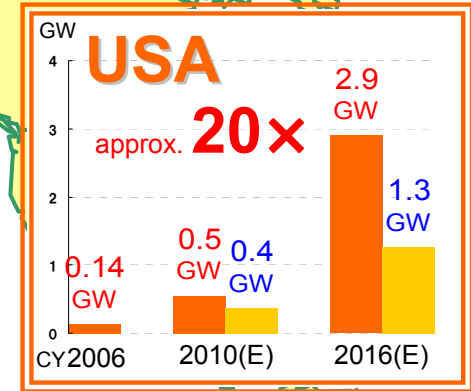
- Payback period comparison (3kW system)-



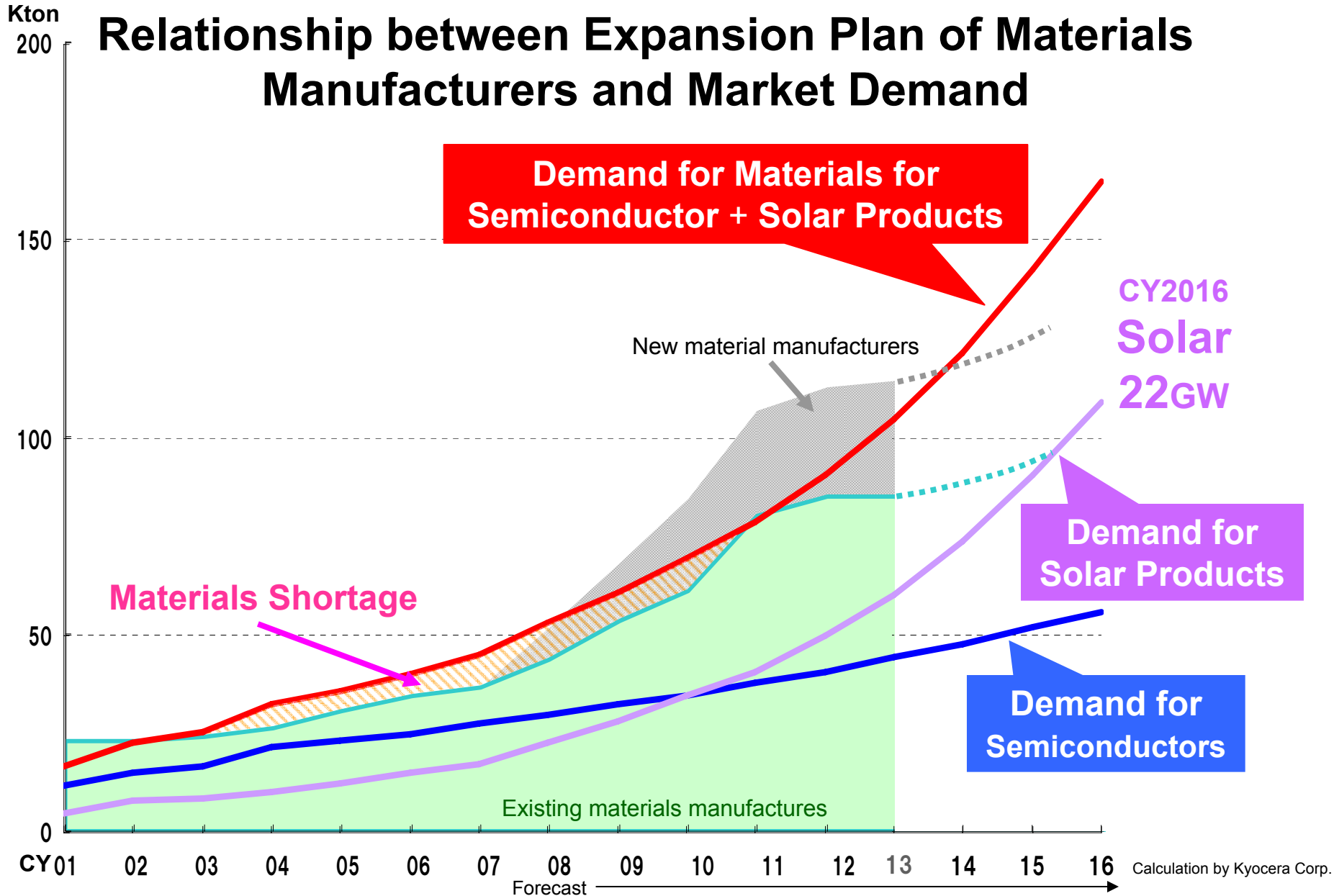
Principal Market Outlook



Left: Outlook with incentive by governmental policy
Right: Conservative outlook



Estimate by Kyocera Corp.

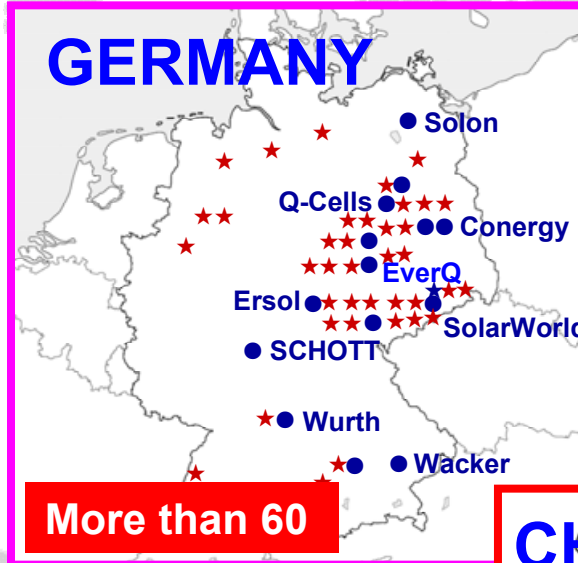


Overseas Solar Photovoltaic (PV) System Manufacturers

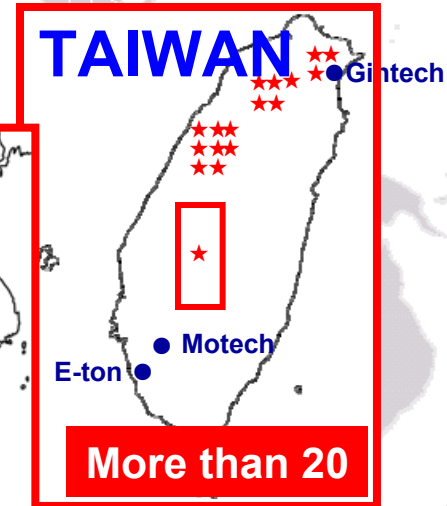
Cell / Module Makers

- Major
- ★ New

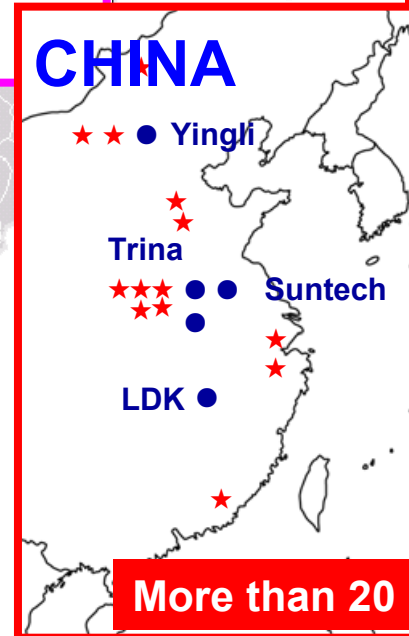
GERMANY



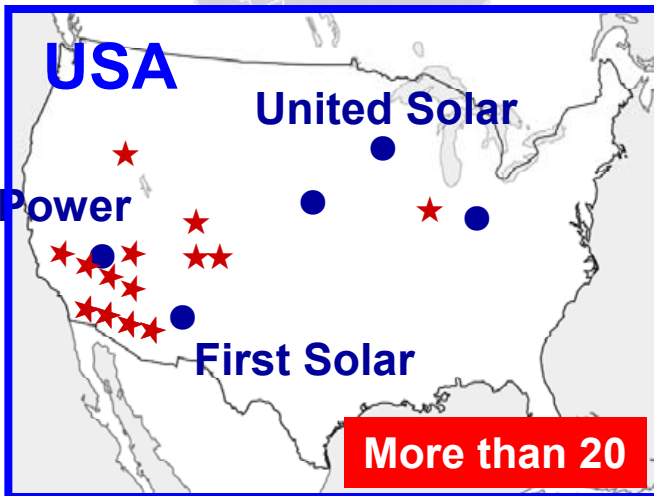
TAIWAN



CHINA



USA



Market Conditions: Overview

Spread of subsidies

Europe, US, Korea, etc.

⇒ **Continuous market growth**

+

Increase in production of materials

Increase in production volume by existing manufacturers + new entrants

⇒ **Stability in supply and price**

||

Sudden increase in number of manufacturers

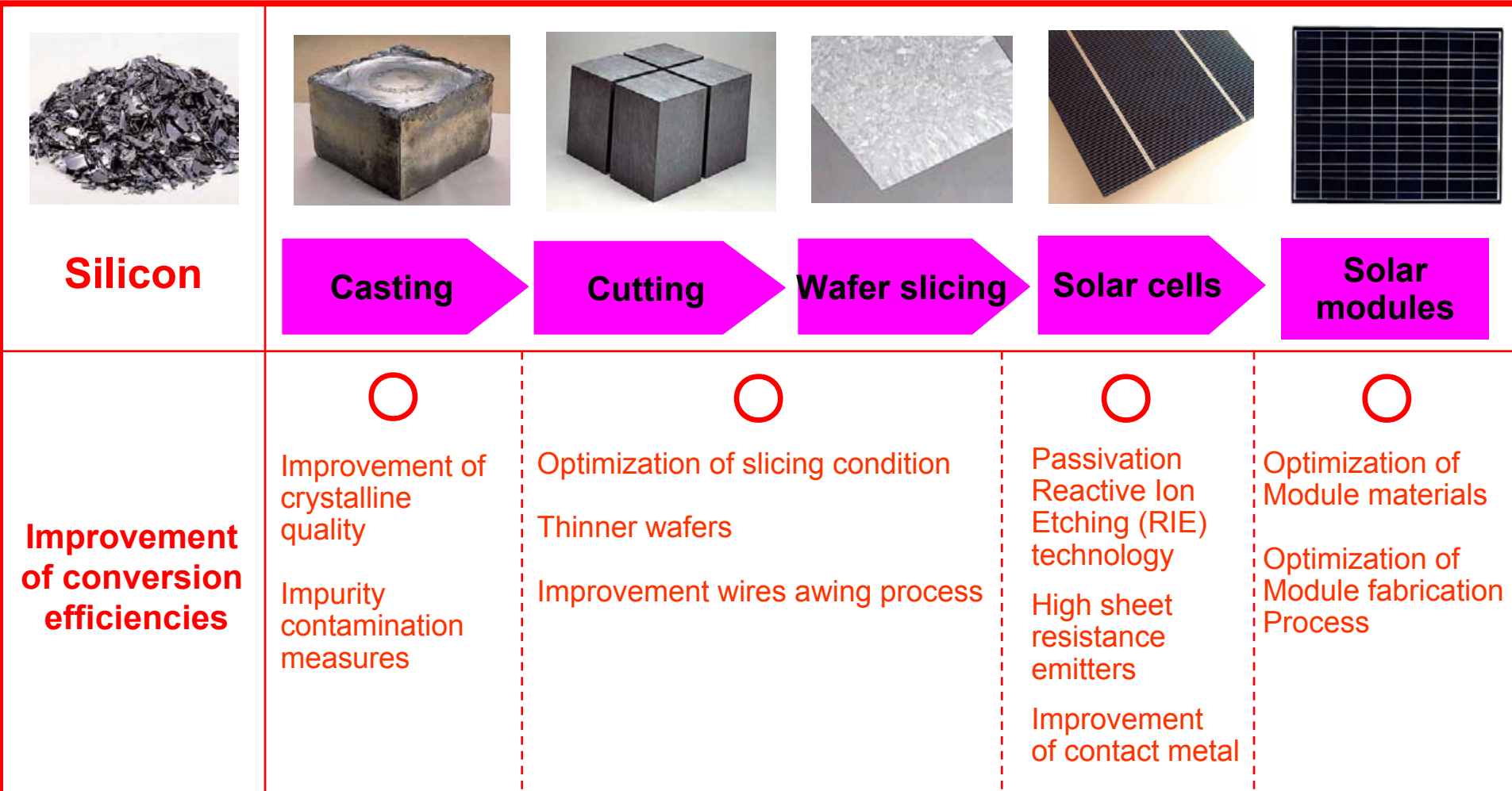
200~300

EEG* in Germany: reexamination of buyback price of feed-in tariff annual decrease rate 5% ⇒ 7~9%

*EEG= Erneuerbare-Energien-Gesetz

**Beginning of "intense competition era"
Gain comprehensive competitive advantages:
"technologies, cost competitiveness, and quality"**

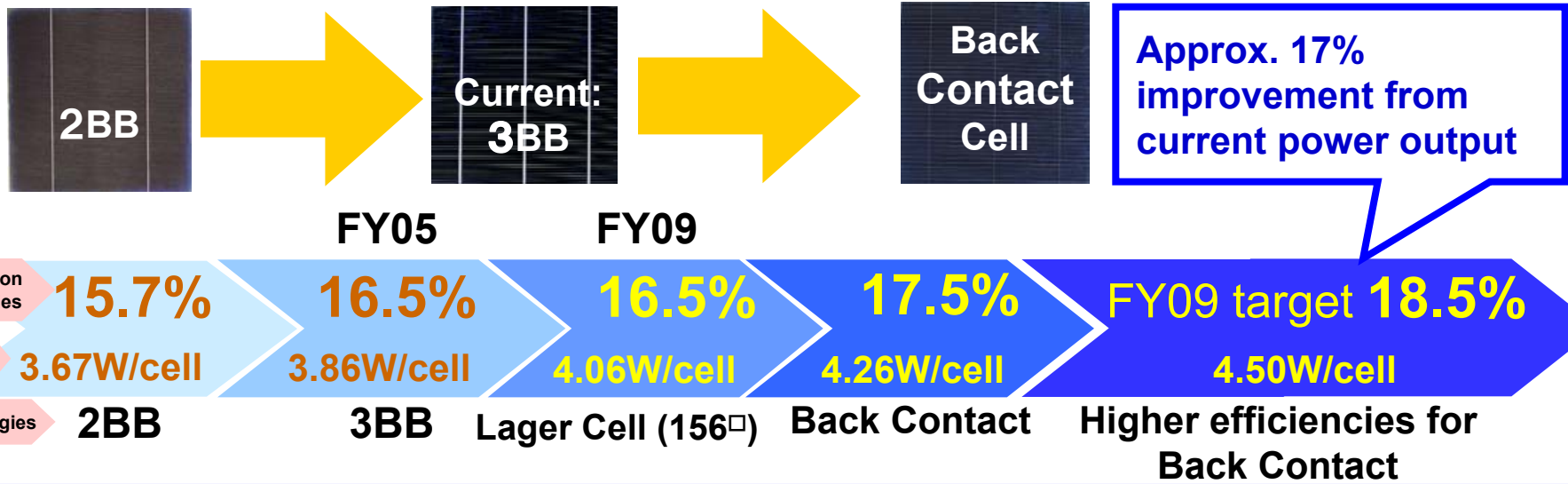
Cost Competitiveness: Improvement of conversion efficiencies



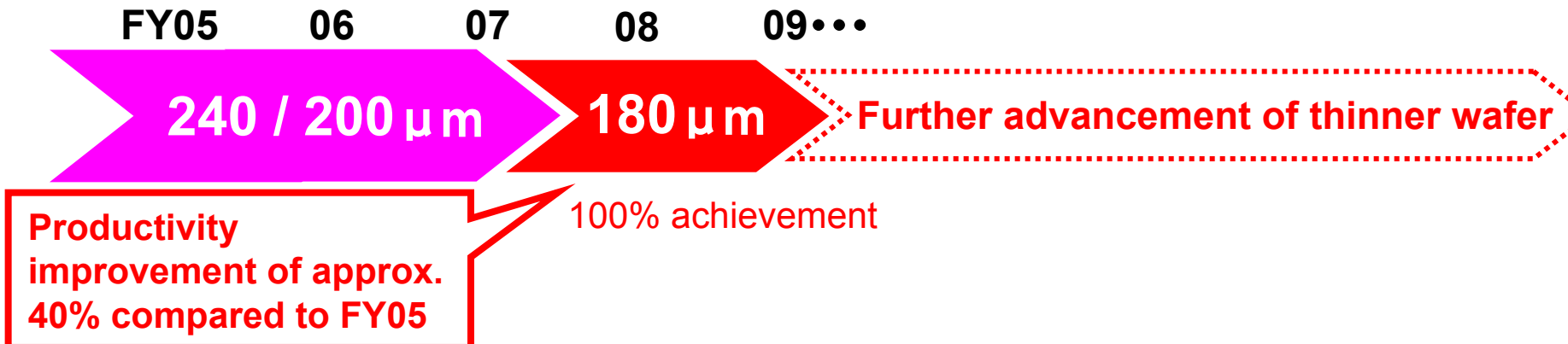
Vertical integration ⇒ Aims to maximize conversion efficiencies with optimization in all production phases

Cost Competitiveness: Productivity

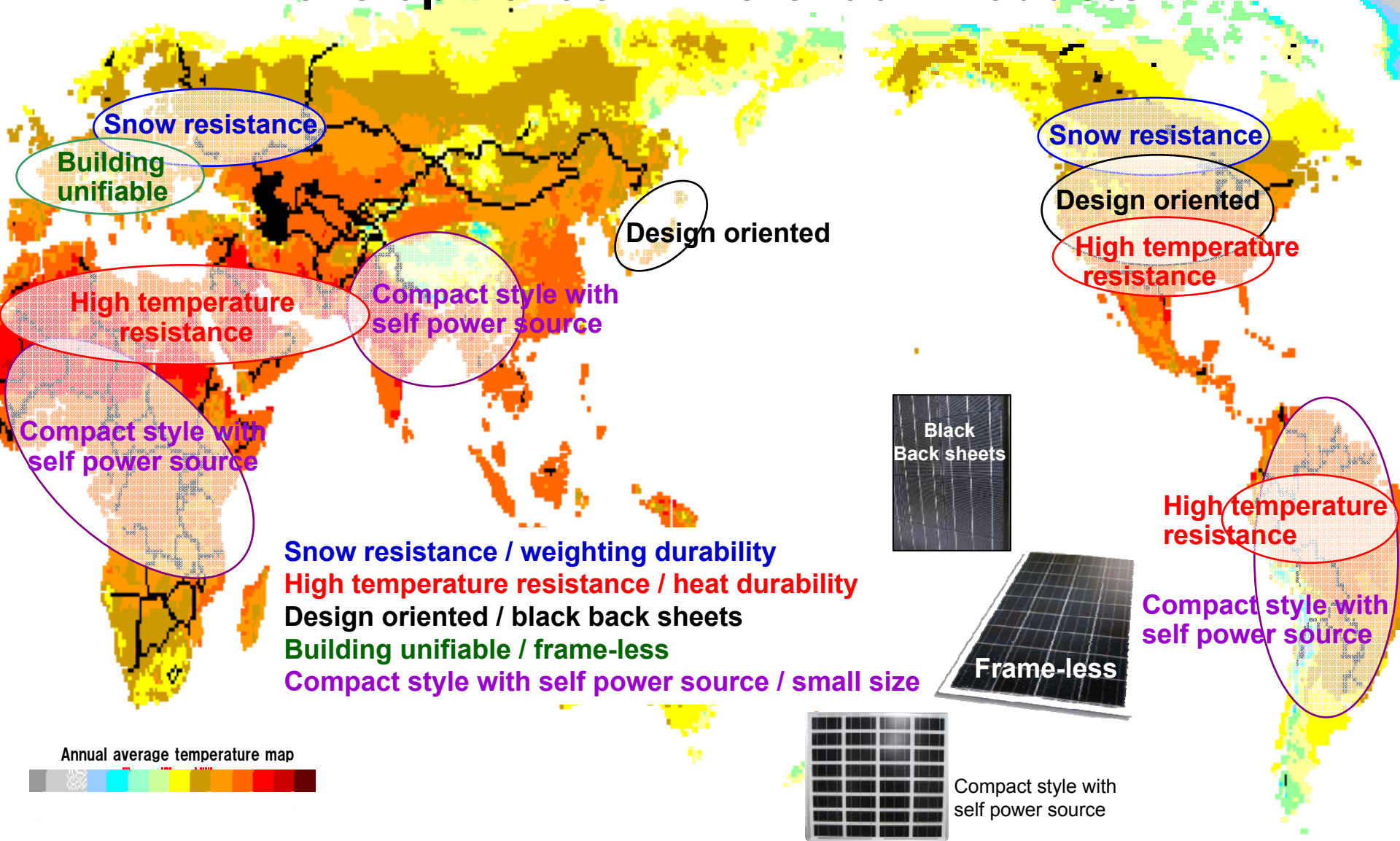
1. Higher cell efficiencies



2. Thinner cell



Development of Differential Products



Evaluation for High Quality

Received best evaluation in general consumer product test (Germany) !

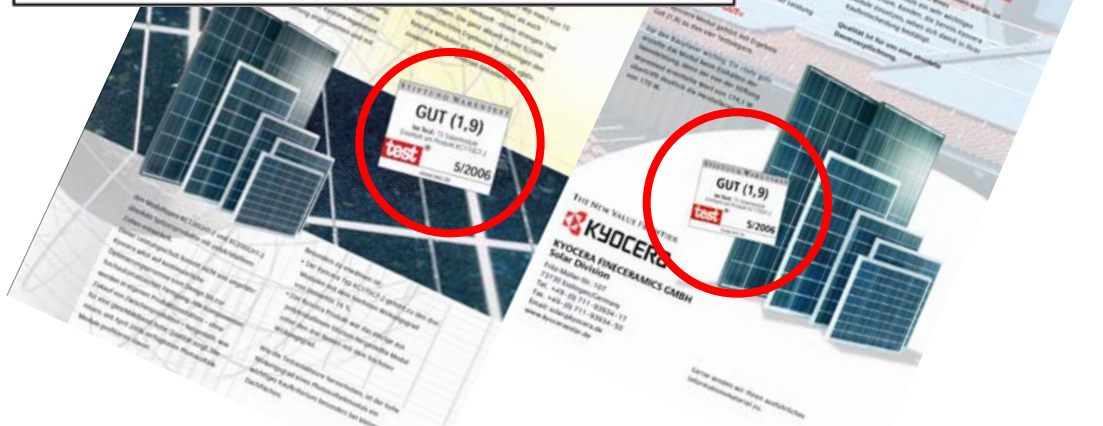


No.1 Quality

Number of Manufacturers: 15
Score (Good Point): 1.9
 (1.0=Highest Possible, 6.0=Lowest Possible)

[Evaluation criteria]

- Power Output**
- Durability**
- Reliability**
- Installation**



Quality is the key to differentiation → "Kyocera Quality"

Czech Republic

China

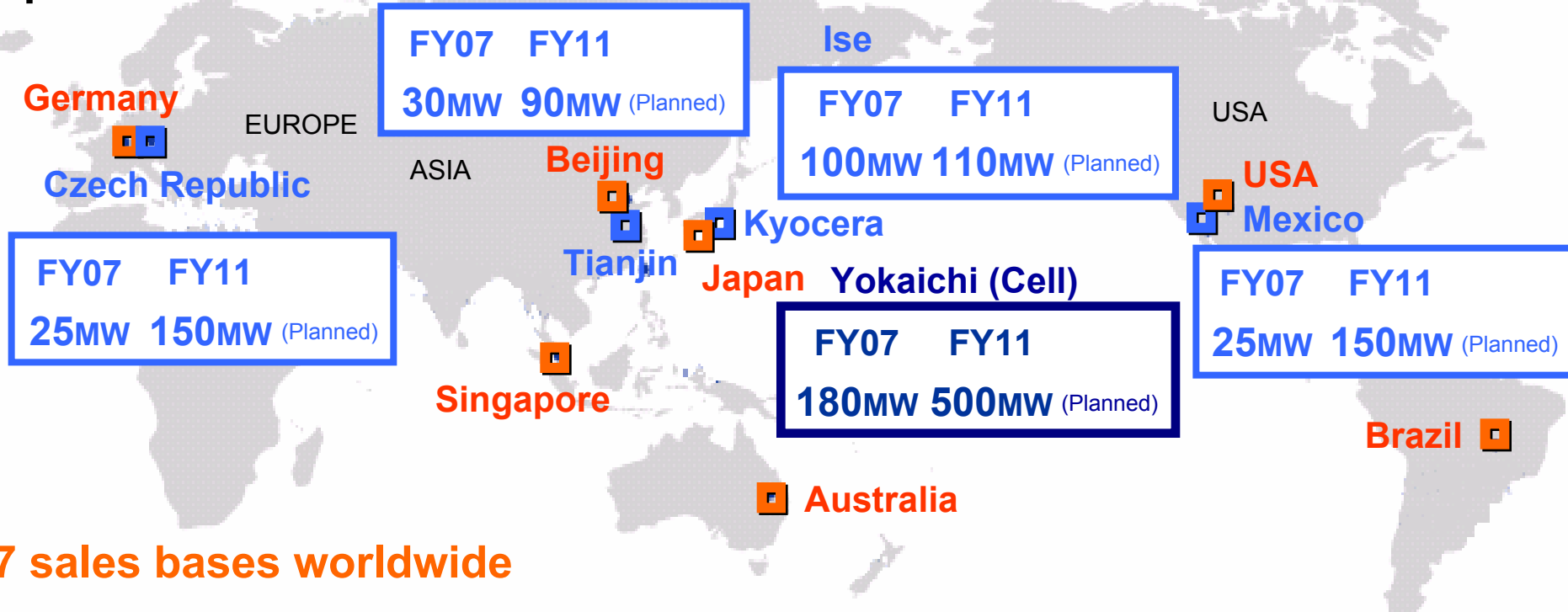
Japan / Ise

Japan / Yokaichi

Mexico



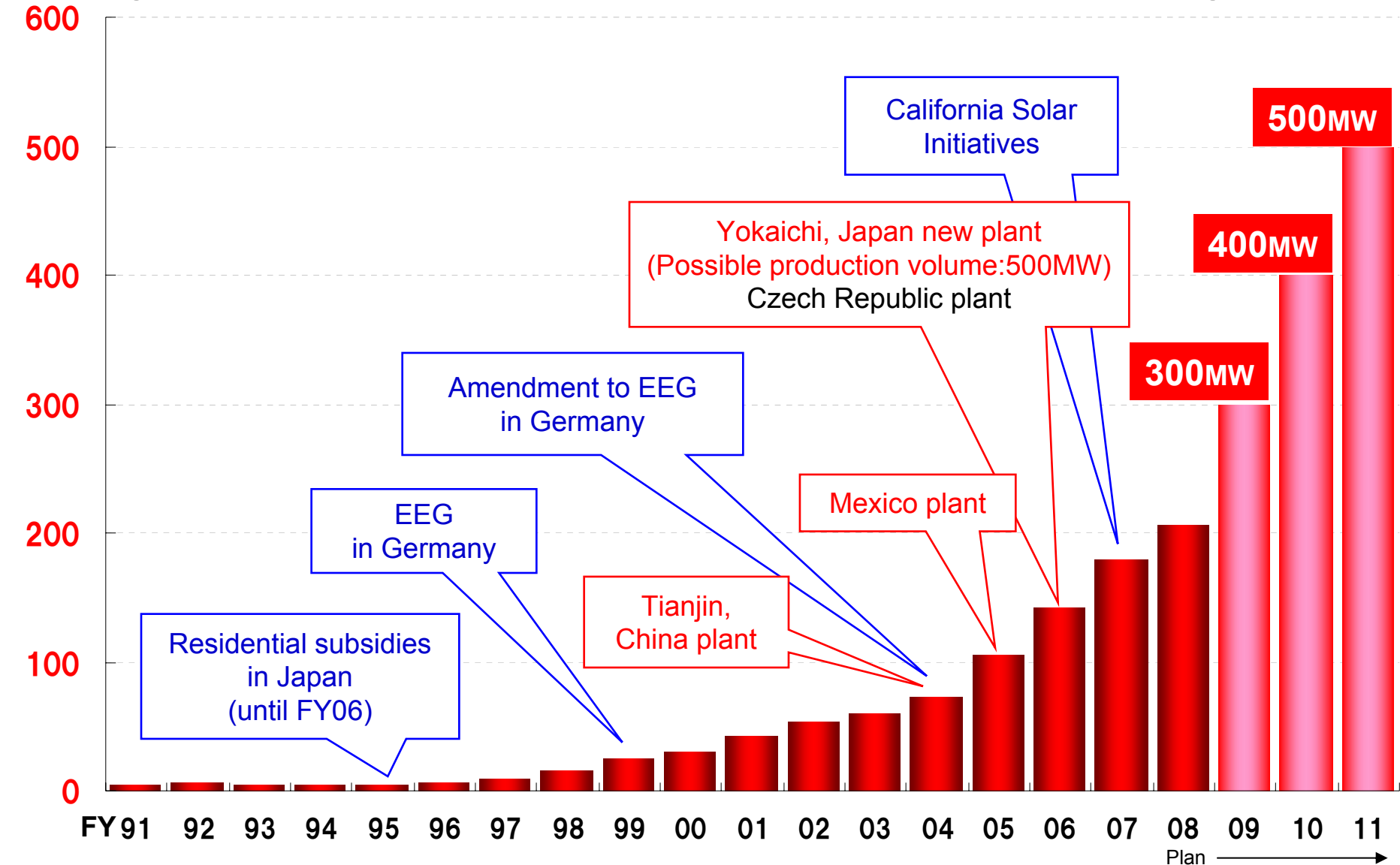
4 production bases worldwide



7 sales bases worldwide



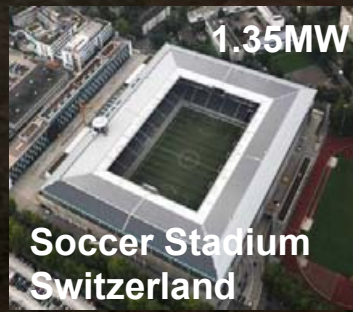
MW Kyocera Group's Production Expansion Plan of PV Systems



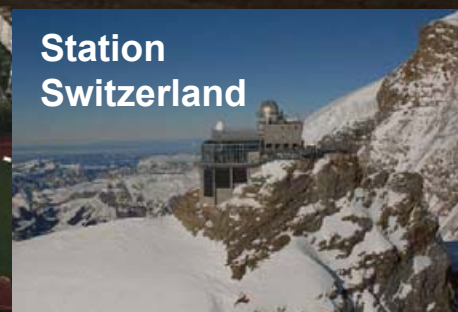
EUROPE



13.8MW
Salamanca - Spain



1.35MW
Soccer Stadium
Switzerland



Station
Switzerland

ASIA



Taichun Science Park
Taiwan **70kW**



China **44kW**



School - Timor

USA



Alaska Pipeline - USA **16kW**



New Jersey
Commercial 1MW

JAPAN

Spread of store installations by AEON



Roof of bus stops 25.5kW



Roofs of parking lots 57.5kW



【AEON Kagoshima: 140kW Total】



【AEON mall, Hanyu: 100kW】



【Asahi Shokuhin (Kochi): 500kW】



Kyocera's Initiatives for Contribution to Environment

【Kyocera's headquarters】

Building that is "environmentally friendly and coexist with the local community"

- ① Installation of solar energy system (214 kW)
- ② Gas cogeneration system
Generators (520 kWx2)
- ③ installation of air-conditioning equipment with
ice-storage system



【Delivery lecture related to environment】

Let children intensify interests for environmental issues or technologies, and learn importance of natural resources on the earth.

Total participants: approx. 3,500 from 50 schools

Notes for Consolidated Financial Results

During fiscal year ended March 31, 2007, Kyocera sold its shares in Kyocera Leasing Co., Ltd., a subsidiary engaged in financing services. For this reason, business results of Kyocera Leasing Co., Ltd. and profit on sales of the shares in Kyocera Leasing Co., Ltd. have been recorded as income from discontinued operations in conformity with accounting principles generally accepted in the U.S. Consequently, some figures for the fiscal years from 2003 to 2006 have been retrospectively reclassified.

THE NEW VALUE FRONTIER

