Kyocera Corporation Investor Meeting (April 28, 2008)

Slide 1 / President and Representative Director, Makoto Kawamura

Slide 16 / Deputy General Manager Corporate Communication Equipment Group, Yasuyuki Yamamoto

President, Makoto Kawamura

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Today, I will present the topics shown in this slide.

<Slide 1: Forward-looking Statements>

Please take note of the "Forward-Looking Statements" explanation on this slide in connection with the information to be presented today. I will start with an explanation regarding Kyocera Group's consolidated financial results for the year ended March 31, 2008 ("fiscal 2008").

<Slide 2: Consolidated Financial Results – Year ended March 31, 2008>

Consolidated net sales for fiscal 2008 amounted to ¥1,290.4 billion, an increase of only 0.5% compared with the year ended March 31, 2007 ("fiscal 2007") but still a record high. This result can be attributed to an increase in sales in the Components Business, which was more than enough to offset a decrease in sales in the Equipment Business.

Profit from operations increased by 12.8% compared with fiscal 2007 to ¥152.4 billion due to a significant increase in profit in the Equipment Business, which was partly offset by a decrease in profit in the Components Business. The ratio of profit from operations to net sales was 11.8%.

Income from continuing operations before income taxes ("pre-tax income") increased by 11.7% compared with fiscal 2007 to ¥174.8 billion due to increases in equity in earnings of affiliates and unconsolidated subsidiaries and interest and dividend income. This equates to 13.5% as a percentage of net sales. Net income increased by 0.7% compared with fiscal 2007 to ¥107.2 billion, and the net income ratio was 8.3%. Diluted earnings per share totaled ¥565.80.

Capital expenditures increased by 21.8%, to ¥85.1 billion compared with fiscal 2007. The significant increase was due to an increase in production capacity in the solar energy business and in ceramic capacitors.

Let’s turn to average exchange rates for fiscal 2008 as shown in the table at the bottom of the slide. The yen appreciated ¥3 against the U.S. dollar, to ¥114, and depreciated ¥12 against the Euro, to ¥162, both as compared to fiscal 2007. The positive effects of the yen's weakness against the Euro outweighed the negative impact of strength against the U.S. dollar. As a result, net sales and pre-tax income after translation into yen were pushed up by ¥5.9 billion and ¥7.5 billion, respectively.

<Slide 3: Pre-tax Income Ratio Trends – FY05 through FY08>

This graph shows the pre-tax income ratio of Kyocera Group from the year ended March 31, 2005 to fiscal 2008, and the operating profit ratio of the Components Business and the Equipment Business.

The operating profit ratio in the Components Business, shown in blue, was 14.8% in fiscal 2008, which is just short of Kyocera Group’s goal of 15% - our marker of a highly profitable company. The result represents a high level, nonetheless.

In the Equipment Business, shown in green, the operating profit ratio improved from 6.6% in the previous year to 9.3% in fiscal 2008 due to steady improvement in profitability, particularly in the Telecommunications Equipment Group.

As a result, the pre-tax income ratio of the entire Kyocera Group, shown in red, was 13.5% in fiscal 2008, marking an improvement for the third consecutive year.

<Slide 4: Components Business and Equipment Business>

This slide depicts business performance in the Components Business and the Equipment Business in fiscal 2008.

Sales in the Components Business increased by ¥29.1 billion compared with fiscal 2007, to ¥680.0 billion due to a year-on-year increase in demand for components used in digital consumer equipment, and to expansion of the solar energy business. Meanwhile, operating profit decreased by ¥4.3 billion to ¥100.4 billion. This decrease includes ¥9.9 billion attributable to a change in depreciation rules during fiscal 2008.

Sales in the Equipment Business decreased compared with fiscal 2007 due to a decrease in sales in the Telecommunications Equipment Business. Operating profit increased significantly overall, however, owing to increases in profit in both the Telecommunications Equipment Group and the Information Equipment Group.

I will explain the situation of each reporting segment later.

<Slide 5: Trends of Cash Dividend per Share>
Next, I will address dividends.

In light of performance in fiscal 2008 and Kyocera's dividend policy, we plan to pay a total annual dividend in the amount of ¥120 per share, an increase of ¥10 compared with fiscal 2007. The ratio of dividends to net income will be 21.2%.

<Slide 6: Measures Taken in Year ended March 31, 2008>
At the investor meeting in May last year, I presented four key strategies to focus on in fiscal 2008, which are shown here. I will review and explain the results of each of the key strategies.

First, we sought to expand production capacity of solar cells and modules. To this end, we secured long-term supply contracts for the procurement of silicon materials, which have been in tight supply, thereby enabling us to expand production capacity during fiscal 2008. In the second half of fiscal 2008, we succeeded in significantly increasing sales in the solar energy business on account of this production expansion.

Second, we aimed to expand production capacity of ceramic capacitors and increase market share. Demand for electronic components was projected to remain at a high level over the medium term. Based on this forecast of continued expansion, we proceeded with efforts to construct a new plant for ceramic capacitors. Market conditions for this product deteriorated suddenly in the fourth quarter of fiscal 2008, however, forcing us to reconsider our plans to install equipment. We will examine the optimum timing for installation of equipment while keeping a close eye on market conditions going forward.

Third, we worked to cultivate new markets for the Semiconductor Parts Group, which drove expansion in sales of organic packages for game consoles and mobile phone handsets in line with our expectations. We also established business foundations to ensure profitability in the full year ending March 31, 2009 ("fiscal 2009").

Fourth, we strove to expand the Information Equipment Group. We increased the proportion of color products as compared to fiscal 2007 through the introduction of new color models. We also increased sales of black and white models by promoting our ECOSYS concept as part of the differentiation strategy in the Information Equipment Group.

As reviewed above, I believe we were able to carry into effect just about all of our strategies for fiscal 2008 in line with our plans. Order adjustments for electronic components in the fourth quarter of fiscal 2008 coupled with the continued weak dollar against the yen in the same quarter, however, had a greater impact on business performance than we originally expected. We will continue to work to handle such problems going forward.

<Slide 7: Business Outlook – Year ending March 31, 2009>

Next, I will present financial forecasts and initiatives for fiscal 2009.

This slide shows the outlook for the business environment.

There is no change in our forecast of an increase in global production volume of key electronic equipment in calendar year 2008, as compared to calendar year 2007. As the worldwide tendency toward economic slowdown intensifies, however, there are fears that it will negatively impact demand for digital consumer equipment, which has the potential to adversely affect the growth rate. In component price trends, we expect prices to drop around 10~15% in ceramic capacitors, for instance, on a full year basis, which is slightly more than in ordinary years. This forecast is based on the higher-than-expected price erosion in certain products between January and March 2008.

<Slide 8: Consolidated Financial Forecast – Year ending March 31, 2009>

This slide shows financial forecasts for fiscal 2009. As I mentioned earlier, there is an uncertain outlook for the business environment. Nevertheless, Kyocera forecasts an increase in sales in fiscal 2009 compared with fiscal 2008 owing to higher sales as a result of the acquisition of the mobile phone business of SANYO Electric Co., Ltd. in the Telecommunications Equipment Group, and to an increase in sales from the Applied Ceramic Products Group, particularly relating to the solar energy business. Consolidated net sales are forecast to be ¥1,476.0 billion, an increase by 14.4% year-on-year and a historic high.

On the other hand, operating profit for fiscal 2009 is expected to decrease compared with fiscal 2008 due mainly to costs associated with the establishment of business foundations in line with business integration in the Telecommunications Equipment Group, coupled with the adverse impact of yen appreciation and selling price erosion in the Components Business.

Profit from operations is forecast to decrease by 4.9% to ¥145.0 billion, while the ratio of profit from operations to net sales is forecast to be 9.8% for fiscal 2009. We forecast for fiscal 2009 a pre-tax income ratio of 11.2%, net income of ¥102.0 billion, down 4.9% as compared with fiscal 2008, and a net income ratio of 6.9%.

Earnings per share are forecast to be ¥538.13.

We forecast exchange rates of ¥100 to the U.S. dollar and ¥152 to the Euro for fiscal 2009, marking appreciation of ¥14 and ¥10, respectively, compared with fiscal 2008. Based on these assumed rates, we expect net sales and income before income taxes to be negatively impacted by approximately ¥100.0 billion and ¥22.0 billion, respectively. Despite the major impact of the strong yen, we will do our utmost to achieve the financial forecasts outlined above.

Next, I will explain our perception of the current state of affairs, the future outlook and initiatives in each reporting segment.

<Slide 9: FY09 Measures in each Reporting Segment (1)>
First, let’s look at the Fine Ceramic Parts Group.

Sales of parts for semiconductor processing equipment continued to decrease in the fourth quarter of fiscal 2008. It remains difficult to predict when demand will recover in our outlook for fiscal 2009. In this reporting segment, Kyocera will make efforts to increase sales of other products in order to more than offset the decrease in sales of parts for semiconductor processing equipment.

Demand for single crystal sapphire substrates for use in LEDs continued to increase in the fourth quarter of fiscal 2008. Meanwhile, demand for white LEDs for use in the backlights of notebook PCs is expected to pick up further in fiscal 2009.

In automotive parts, sales of ceramic glow plugs increased in the fourth quarter of fiscal 2008. In fiscal 2009, we forecast sales expansion not only of glow plugs but also of piezoelectric stacks.

We will also strive aggressively to cultivate new customers and new markets.

In light of these circumstances, Kyocera forecasts segment sales of ¥81.5 billion and operating profit of ¥10.0 billion for the full year of fiscal 2009. Sales are projected to remain flat and profit is projected to decrease year-on-year since we do not foresee a recovery in semiconductor processing equipment for the time being and also due to the adverse impact of the strong yen.

<Slide 10: FY09 Measures in each Reporting Segment (2)>

Next, I will explain the Semiconductor Parts Group.

Sales of CCD/CMOS packages for use in mobile phone handsets and digital cameras, and Surface Mount Device packages for electronic components were extremely brisk in the fourth quarter of fiscal 2008. Although demand is forecast to continue expanding for fiscal 2009 as well, selling prices are expected to decline on a year-on-year basis.

Sales of LTCC substrates for mobile phone handsets have also been on the rise, and demand is forecast to continue increasing in fiscal 2009. However, their selling prices are expected to decrease compared with fiscal 2008.

Sales of organic packages for servers increased in the fourth quarter of fiscal 2008, and this trend is expected to continue in fiscal 2009. Kyocera forecasts an increase in sales by approximately 20% compared with fiscal 2008 in this business, and therefore a turnaround to profitability.

In light of these circumstances, Kyocera forecasts segment sales of ¥155.0 billion and operating profit of ¥20.5 billion for the full year of fiscal 2009, representing flat sales and an increase in profit on an year-on-year basis.

<Slide 11: FY09 Measures in each Reporting Segment (3)>

In the Applied Ceramic Products Group, demand in the solar energy business was strong in fiscal 2008. Kyocera increased procurement volumes of silicon materials and maintained a stable selling price in the market, which resulted in better-than-expected performance in the fourth quarter of fiscal 2008.

With regard to the outlook for the solar energy business for fiscal 2009, demand is expected to remain robust, while selling prices are forecast to decrease slightly. Kyocera will expand production capacity of solar cells and modules in fiscal 2009 as it did in fiscal 2008 based on our mid-term plan.

Production volume for the full year of fiscal 2009 is expected to be 300 megawatts, an increase of a significant 1.5 times over fiscal 2008. We will keep working to improve conversion efficiency and decrease production costs. Yen appreciation against the Euro has fuelled fears of a decline in profitability. This expectation of adverse impact has been taken into consideration in our forecasts.

In the cutting tool business, sales in the Asian market have been expanding, and are expected to increase in new emerging markets, mainly in Asia, in fiscal 2009. As a result, steady growth is forecast in demand for cutting tools.

We will continue striving to absorb rising raw material costs through streamlining.

Sales in this reporting segment are forecast to increase compared with fiscal 2008, to ¥179.0 billion, and operating profit is forecast to increase slightly to ¥33.0 billion compared with fiscal 2008.

<Slide 12: FY09 Measures in each Reporting Segment (4)>

Next, I will explain the Electronic Device Group.

Demand for electronic components as a whole slowed in the fourth quarter of fiscal 2008. In particular, the ceramic capacitors market softened, causing a significant decrease in sales in the Asia region. Additionally, the impact of a decline in selling prices was greater than expected.

Shipment volume of digital consumer equipment is forecast to increase on the whole in fiscal 2009. Although the outlook remains uncertain until the second quarter of fiscal 2009, demand is projected to recover around the third quarter of fiscal 2009 due in part to seasonal influence. Downward pressure on selling prices is also expected to continue.

Although the impact of a drop in demand for crystal devices and connectors was smaller than for ceramic capacitors, sales of these products decreased in the fourth quarter of fiscal 2008, accompanied by selling price erosion.

Nonetheless, we will strive aggressively to boost sales of products such as small crystals, TCXOs, and low-profile capacitors, since we expect an increase in demand and have a solid footing in these areas.

Sales and operating profit in this reporting segment for the full year of fiscal 2009 are forecast to decrease compared with fiscal 2008, to ¥281.0 billion and ¥31.0 billion, respectively, due to the uncertain outlook for electronic component demand combined with the decline in selling prices.

<Slide 13: FY09 Measures in each Reporting Segment (5)>
The Information Equipment Group posted an increase in sales in MFPs and printers in the fourth quarter of fiscal 2008 due primarily to expanded sales in overseas markets.

Kyocera forecasts a tough market environment in fiscal 2009, mainly on account of declining selling prices and the economic slowdown in the United States. Kyocera will introduce ECOSYS brand products under our differentiation strategy to strengthen the product line-up.

In particular, we will aggressively introduce high-speed color models to boost the proportion of color models.

In light of yen appreciation under the assumed exchange rate, Kyocera forecasts sales of ¥290.0 billion and operating profit of ¥35.0 billion in this reporting segment for fiscal 2009.

<Slide 14: For Sustainable Business Growth>
I will now explain initiatives that we will focus on in fiscal 2009 from a medium-term perspective in order for Kyocera Group to achieve continuous sales expansion and high profitability.

First, we will expand business in the Telecommunications Equipment Group. Through the acquisition of the mobile phone business of SANYO Electric Co., Ltd., Kyocera seeks to increase market share and boost profitability in this business over the medium-term under this new structure from fiscal 2009. Fiscal 2009 the first since the integration, we will strive first of all to establish solid business foundations. Executive Officer Yamamoto, who is in charge of the Telecommunications Equipment Group, will provide details of this later.

Second, we will expand the solar energy business. Under our medium-term plan, we will steadily proceed to establish a structure that can produce 500 megawatts a year from the fiscal year ending

March 31, 2011. We will implement measures to secure a competitive edge in the solar energy business, which has entered an era of intense competition.

Third, we will expand business in the Information Equipment Group. Besides seeking to increase sales of color models by boosting awareness of our ECOSYS concept under our differentiation strategy not only in European market but also in the Japanese and U.S. markets, we will work to expand sales of black and white models in Eastern Europe and the BRICs (Brazil, Russia, India and China) markets.

Kyocera Mita’s R&D center was completed in April 2008. This center integrates design and development operations, which were previously handled at four different sites. It even conducts research and development on all aspects of basic technologies with a view of five to ten years into the future. The center was built in order to strengthen technological competitiveness over the medium-term. Through this move, Kyocera Mita aims to achieve ¥300.0 billion in sales as quickly as possible.

Fourth, we will expand business in the Semiconductor Parts Group. We will cultivate new markets in the ceramic package business, where we command high market share, and increase orders for flip chip packages in the organic package business, with the objective of establishing strong management foundations capable of generating high profitability in this segment.

<Slide 15: “Creativity and Growth”: Aim at Sustainable Growth>

Kyocera’s basic management policies are to “practice the customer-first principle”, “promote global management” and “establish a highly profitable structure” based on efforts to reinforce the Amoeba Management System. Under these management policies, we will strive to achieve the full year financial forecasts for fiscal 2009 mentioned earlier. To do so, we will pursue a basic strategy of “creativity and growth” that involves maximizing group synergies and developing new products and technologies. Our aim is to realize continuous sales expansion and high profitability into the future.

I ask for your continued support.

Deputy General Manager Corporate Communication Equipment Group, Yasuyuki Yamamoto

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Kyocera’s Telecommunications Equipment Group acquired the mobile phone business of SANYO Electric Co., Ltd. on April 1, 2008. I will explain the new structure adopted in April 2008 as a result of this acquisition.

After that, I will explain measures in the Telecommunications Equipment Group for the year ending March 31, 2009 (“fiscal 2009”) and medium-term goals.

<Slide 16: New Structure from April 2008 (1)>

Until March 31, 2008, the Corporate Communication Equipment Group was comprised of two corporate divisions: the Corporate Mobile Communication Equipment Division and the Corporate Communication System Equipment Division. This structure has changed since April 2008 to include one further division – the former mobile phone business of SANYO, which was transformed into the Corporate 2nd Mobile Communication Equipment Division and, as a result, the Corporate Communication Equipment Group is now comprised of three corporate divisions. At the same time, the former PHS business of SANYO has been integrated into the Corporate Communication System Equipment Division.

The overseas affiliates shown on the right of the slide also help to promote business in the respective corporate divisions. In addition, the Corporate R&D Group for Equipment and Systems will conduct R&D as a division of the Telecommunications Equipment Group.

<Slide 17: New Structure from April 2008 (2)>

As a result of the above mentioned acquisition, the Telecommunications Equipment Group now has five bases in Japan and seven bases overseas.

R&D bases are located in Japan and the United States, as well as in India through a subsidiary of Kyocera Wireless Corp. (KWC). Production bases are located in Japan, with a new production company in Malaysia. We are in the process of transferring the equity interest in the former production subsidiary of SANYO in Tianjin, China which still produces SANYO-brand products. This subsidiary was not included in the acquisition on April 1, 2008. Sales bases are located in Japan, the United States, Canada and New Zealand. Through effective utilization of each of these bases, we aim to provide highly satisfying products to customers.

There are now 4,250 employees across all product lines of the Telecommunications Equipment Group. A total of 1,683 employees were transferred from SANYO, including those from overseas. We will endeavor to generate synergistic effects as quickly as possible.

<Slide 18: Business Fields >

As shown on this slide, the business fields of the Telecommunications Equipment Group can be divided into three areas.

The first is the Japanese mobile phone handset business, which consists mainly of CDMA handsets for au by KDDI and PHS handsets for WILLCOM.

The second is the overseas mobile phone handset business, consisting primarily of CDMA handsets for U.S.-based Sprint Nextel, with which both U.S.-based KWC and mobile phone business of SANYO have been working.

The third is the base station business that presently handles PHS base stations and i-Burst™ base stations, etc. (i-Burst™ is a trademark or registered trademark of Array Comm Inc. in the United States)

We will push forward with business development centered on these businesses.

Now, I will report on financial forecasts for fiscal 2009. Including sales by the former mobile phone business of SANYO, we aim to post sales of ¥366.0 billion in fiscal 2009. We plan to increase sales by 65.7% compared with approximately ¥220.0 billion recorded in fiscal 2008. We are strongly committed to attaining this target figure.

We also aim to achieve ¥5.0 billion in pre-tax income for fiscal 2009. This figure is down for fiscal 2008 due to expenses associated with the establishment of business foundations in line with the acquisition of SANYO's mobile phone business and to significant development costs in the Corporate R&D Group for Equipment and Systems on account of investment to develop a next-generation base station business.

<Slide 19: Measures in FY09 (1): Gain Market Share in au by KDDI and WILLCOM, Inc.>

Let's look at measures in the Japanese handset business. As you can see on this slide, we aim to gain a 30% market share in au. We have already secured close to 30% in fiscal 2008, so our objective is to gain over a 30% market share under the bi-brand structure of Kyocera and SANYO.

In particular, we will reinforce the product line-up from high-end models to low-priced models and new models targeting women through the integration of technologies with SANYO. By doing so, we seek to maintain a stable market share of 30% in au.

We aim to gain a 50% market share in voice PHS handsets in WILLCOM. We will enhance the functions of the existing high-end model WX330K to reinforce product range. We will also strengthen the functions of popular models such as the WX331K released in February 2008, with the objective of further increasing market share in WILLCOM.

In this way, we seek to aggressively increase market share of mobile phone handsets and PHS handsets in fiscal 2009 as well.

<Slide 20: Measures in FY09 (2): Synergistic Effects through Integration>

This slide explains the synergistic effects gained from business integration with the former mobile phone business of SANYO. On the previous slide, I explained measures to increase sales. Now I will explain measures to reduce costs.

Costs for raw materials are the largest among our various expenses. As the volume of raw materials used will almost double through the acquisition, we can expect the benefit of lower costs through economies of scale. We can also comprehensively reduce costs, in particular by standardizing main components in development of future models.

Second, we anticipate a substantial reduction in R&D expenses through the integration of R&D processes and the sharing of development resources.

Of the R&D expenses for mobile phone handsets, software development costs have increased significantly in recent times. By effectively utilizing developed software and reorganizing software vendors, as well as by promoting overseas development, we can comprehensively reduce R&D expenses.

In addition, we will reduce technology royalty expenses through economies of scale.

We can also reduce costs by optimizing production bases, which include two production plants in Japan and a production company in each of China and Malaysia. Since quality issues can determine the fate of a manufacturer, we will work hard to significantly improve product quality.

<Slide 21: Measures in FY09 (3): Integration of Overseas Business>

Next, let's look at measures in the overseas mobile phone handset business. In fiscal 2009, we will push forward with integration following identifying and analyzing the strong and weak points of former SANYO sales channels and business content, as well as the business content of KWC.

First, we will promote mutual cooperation among departments within former SANYO and KWC. Also, by integrating product roadmaps, we can reduce development investment.

With regard to raw materials procurement, we will promote purchasing in the lowest-priced regions as a measure to reduce costs thoroughly. We will also examine measures to shorten lead-time in product supply.

Presently, we are fifth in terms of market share in North America. Through the integration, we have the opportunity to enter the top three, and will implement measures to achieve this.

<Slide 22: Measures in FY09 (4): Basic Policies for Strategies Roadmap>

This slide shows our basic philosophy regarding the roadmap for former SANYO.

The challenges on this slide were identified during a review conducted during fiscal 2008. They focus on strengthening ties with customers. The four key points shown at the bottom present how we will overcome these challenges and recapture market share.

<Slide 23: Measures in FY09 (5): Basic Policies for Strategies Roadmap>

In the same way, KWC will focus on reinforcing relationships with existing customers and staying true to its development schedule, while maintaining and expanding market share with Tier 2 carriers.

<Slide 24: Measures in FY09 (6): Development of Base Stations>

Next, I will explain the base station business.

Test services for next-generation PHS will be commenced in April 2009, one and a half years ahead of the original schedule, reflecting the grant to WILLCOM of a business license for the new 2.5GHz frequency band. Accordingly, we have to shorten development lead-time while at the same time developing second-generation base stations in preparation for mass-production.

The development department based at the former SANYO Gifu Plant will be in charge of first-generation base stations and will seek to maximize the positive effects of the integration as quickly as possible.

Concurrently, the development department of the Yokohama Plant will handle elemental development aimed at comprehensively reducing costs. It will take charge of developing the second-generation dual base station, which makes use of a common platform.

With regard to the base station business for KDDI, we will make a full-fledged entry into the WiMAX business in fiscal year ending March 31, 2010. From the second half of fiscal 2009, we will develop base stations for commercial services.

<Slide 25: Measures in FY09 (7): Expansion of Base Station Business>

Next, I will explain future development of the base station business. As a result of the integration, we now boast more extensive development resources for next-generation PHS base stations and WiMAX. In addition, we will work hard to develop a new infrastructure business by maximizing synergies through strategic alliance with our affiliate Kyocera Communication Systems.

We will also strive aggressively to develop LTE, a fourth-generation communications system.

<Slide 26: Mid-Term Business Goals>

As one of our medium-term business goals, we aim to generate a double-digit increase in sales every fiscal year. We also aim to create solid foundations that will enable us to secure a double-digit profit ratio in our Japanese business and stable profits in an overseas business.

<Slide 27: Strategies for Achieving Mid-term Business Goals>

Next, I will explain the measures to realize our medium-term business goals, as shown on this slide.

We will strive to further increase market share in au in the domestic mobile phone handset business. We will also strengthen the development of handsets compatible with next-generation PHS base stations and WiMAX, to accompany their development.

In the base station business, we aim to be a higher ranked vendor in high-speed wireless communications through the commencement of a next-generation PHS base station business and entry into the WiMAX base station business.

In the North American mobile phone business, we will effectively utilize the development assets of both companies and enter into business with various carriers.

We will also introduce Smartphones and WCDMA handsets to the market.

Overall, we seek to establish a structure that enables the sale of 30 million handsets.

This concludes my presentation of initiatives in the Telecommunications Equipment Group.

Thank you very much for your attention.