

Kyocera Corporation Investor Meeting (August 21, 2009)

President and Representative Director, Tetsuo Kuba

<Slide 1: Financial Results of Q1 FY3/2010 - Summary ->

This slide shows consolidated financial results for the three months ended June 30, 2009 (“the first quarter”) as announced on July 30. The table at top gives comparisons with the three months ended June 30, 2008 (“the previous first quarter”). Sales and profits declined significantly due primarily to the economic downturn.

Sales remained relatively unchanged based on a comparison with the previous quarter (January 1 to March 31, 2009), as provided at the bottom of the slide, while the positive effects of efforts to reduce costs in all areas, beginning with restrictions on capital expenditures since the second half of the previous fiscal year, began to emerge, resulting in a substantial reduction in operating loss.

Component demand in industrial machinery and automotive industries was lower than expected in the first quarter. Orders grew in the Semiconductor Parts Group and Electronic Device Group, however, due to the end of inventory adjustments in the digital consumer equipment market, including mobile phone handsets. These two reporting segments drove enhanced profitability for Kyocera Group.

<Slide 2: Financial Forecast - Year ending March 31, 2010 ->

Although demand for digital consumer equipment recovered beyond expectations in the first quarter, demand trends remain unclear for the second half of fiscal 2010, while Kyocera projects that more time is required for recovery in industrial machinery and automotive related markets. Accordingly, there are no changes to the financial forecasts for fiscal 2010 announced in April.

We forecast sales for the full year to decrease by 7.8% and profit to surpass the level of the previous fiscal year.

<Slide 3: Key Challenges to Achieving Financial Forecasts for FY3/2010>

This slide shows the three key challenges to achieving financial forecasts for fiscal 2010.

First, we need to secure profitability in the components business. Second, we need to improve profitability in the Telecommunications Equipment Group. Third, we need to expand business in environment and energy markets, and in particular, develop solar energy business.

Next I will explain initiatives to overcome each of these challenges.

<Slide 4: Secure Profitability in Components Business>

This slide shows orders trend in the components business, excluding the Applied Ceramic Products Group. Data is presented on a quarterly basis, including the second quarter forecast, and uses the value of orders in the first quarter of the previous fiscal year as a baseline of 100. Orders in the Fine Ceramic Parts Group, which mainly handles products for industrial machinery, are shown in green, while orders in the Semiconductor Parts Group and the Electronic Device Group, whose principal products are components for digital consumer equipment, are shown in red and blue, respectively.

Orders have decreased considerably since the third quarter of the previous fiscal year in all three reporting segments, bottoming out in the fourth quarter of that fiscal year. The recovery trend in orders since the start of this fiscal year differs in components for industrial machinery and components for digital consumer equipment.

Orders in the Fine Ceramic Parts Group shown in green have started to rebound this fiscal year, particularly in sapphire substrates for LEDs. Despite this, demand continues to be stagnant for parts used in semiconductor fabrication equipment, and as a result, orders in the second quarter are forecast to be around 60% relative to the previous first quarter.

On the other hand, orders in the Semiconductor Parts Group and the Electronic Device Group, shown in red and blue, respectively, already recovered in the first quarter to approximately 70% of the level recorded in the previous first quarter. Orders of parts for digital consumer equipment are forecast to increase in the second quarter as well, and reach 80% of the previous first quarter. Orders for some products exceeded the peak of the previous fiscal year on a quantity basis.

Kyocera will seek to meet customer requirements by swiftly expanding production in the face of rapid recovery in orders.

Kyocera has not reduced headcount, or eliminated or consolidated sites in Japan under the current economic downturn, which began in the second half of the previous fiscal year. Instead, we responded to the tough circumstances through personnel relocation. By quickly allocating staff to divisions with personnel shortages we were able to cope with customer requirements in terms of quantity when demand recovered rapidly in the first quarter.

Besides creating an optimum production system in this way, we were able to reduce costs and enhance productivity in every division, which resulted in a greater improvement in profitability in the first quarter.

Since we cannot expect full-fledged recovery in industrial machinery and automotive industries from the second quarter either, we will make the most of expansion in demand for components used in digital consumer equipment to increase sales. We will also strive to secure profitability in the

components business by optimizing production and reducing costs in concert with growing demand.

<Slide 5: Improve Profitability in the Telecommunications Equipment Group (1) - Q1 FY3/2010 Results and Future Challenges ->

I will now explain efforts to improve profitability in the Telecommunications Equipment Group.

This slide shows categories we will emphasize in order to achieve this objective, as described in April, the results of our efforts in this regard in the first quarter, and future challenges.

First, we aim to strengthen cost competitiveness. In the first quarter we conducted centralized purchasing and enhanced cost management, resulting in lowered variable costs, including a reduction of raw materials. Compared with when we first acquired the mobile phone business from SANYO Electric Co., Ltd., the proportion of raw materials for SANYO models at present has declined to the level of Kyocera. In addition, the positive effects of efforts to cut fixed costs through staff cutbacks at KWC in the previous fiscal year have started to emerge.

In order to strengthen R&D capabilities, we are working to reduce costs by integrating the R&D divisions of Kyocera and the former SANYO business.

Through these initiatives, we were able to improve profitability in the first quarter despite a significant decline in sales compared with the previous quarter. Going forward, we will strive to reduce costs further by employing common platforms and promoting standardization in key components.

Third, we worked to strengthen sales and marketing competencies. By integrating sales and marketing divisions in North America, we have standardized market information concerning customer needs and other areas, and deepened relationships of trust with customers.

To make further improvements in profitability in the future, we need to expand sales. As such, this will be a major focus with the aim of swiftly restoring profitability. We aim to achieve this by augmenting our products line-up; promoting crossover sales of handsets through mutual sales channels; and securing new customers.

<Slide 6: Improve Profitability in the Telecommunications Equipment Group (2)

- Expand Sales ->

This slide depicts the roadmap for fiscal 2010 for handsets and telecommunication systems equipment. In our mobile phone handset business, we plan to launch a total of six new models in Japan and overseas in the first half, and many more than this in the second half with 11. We plan to expand the number of new models launched overseas in particular.

We are also striving to expand sales of repeaters that serve the function of a wireless relay system for WiMAX service in Japan.

In addition to launching new handsets, we will seize new business opportunities in telecommunication systems to increase sales in the Telecommunications Equipment Group.

<Slide 7: Expand Business in Environment and Energy Markets (1) - Solar energy business ->

Next I will explain the outlook and initiatives in the solar energy business, which concerns the third of our major challenges.

The graph at upper left shows the global demand forecast for solar cells. Global demand during fiscal 2010 is expected to decline by a little over 10% compared with the previous fiscal year due to contraction in the Spanish market, which expanded rapidly in fiscal 2009, and to postponements and cancellations of large orders owing to deterioration in cash flows on the customer side, particularly in Europe. Nonetheless, the introduction of subsidy policies is driving demand in markets other than Europe, and we forecast demand to grow this fiscal year as well.

The commencement of such subsidy policies in Japan and the United States has led to an increase in orders in these markets. Production volume of solar cells at Kyocera in July surpassed the previous fiscal year's peak. There are signs that restrictions put on large-scale projects due to the financial crisis are being lifted in certain regions. As such, Kyocera intends to produce 400MW worth of solar cells, which is up approximately 40% compared with fiscal 2009, in line with initial plans, as you can see in the graph at bottom. We will strive to improve profitability in the solar energy business by increasing production volume and promoting comprehensive cost reductions.

<Slide 8: Expand Business in Environment and Energy Markets (2) - Outlook and Kyocera Initiatives in Europe and U.S. Markets ->

Next I will explain the outlook and Kyocera's initiatives in each market.

First, let's look at the outlook for demand in Europe. The Spanish market, which accounted for over 40% of the global market in fiscal 2009, is projected to contract sharply in fiscal 2010 due to revisions in subsidy policies and the impact of the financial crisis. Owing to solid growth in Germany and market expansion in Italy, France and other countries, however, the European market, except for Spain, is projected to grow steadily in fiscal 2010 as well.

Kyocera has a robust sales channel in the German market, which accounted for approximately 60% of shipments to Europe in fiscal 2009, so even if the Spanish market contracts, it will have minimal impact on Kyocera.

In the U.S. market, subsidy systems based on the government policy known as the Green New Deal are starting to be accepted, and as a result, we expect demand to surge there going forward. We are forecasting demand to expand up to 1.5 times in fiscal 2010 on a year-on-year basis.

Kyocera aims to strengthen its sales and marketing competencies to meet requirements in European and U.S. markets. We are pushing ahead with the establishment of new sales bases in high-growth-potential markets such as Italy, France and the Czech Republic. We also plan to expand the number of outlet stores in countries that have introduced large-scale subsidies and states that have adopted a proactive stance towards subsidy policies. We currently have over 60 outlets in both Europe and the United States, respectively, and plan to increase this number to over 100 by the end of March 2010.

In addition, we will promote a product differentiation strategy as a means to expand sales. Kyocera's products have been proven to show stable operation for 25 years following installation. We are proud of the outstanding reliability of our products over such a long period, as verified by these results. Our solar cells also boast top-class conversion efficiency in the multicrystalline silicon industry, while our automotive solar modules have been employed in the Toyota Prius, which is further proof of the exceptional quality of our products. As a result, we command a sufficient competitive edge over our rivals.

<Slide 9: Expand Business in Environment and Energy Markets (3) - Outlook and Kyocera Initiatives in Japan Markets ->

Finally with regard to developments in the solar energy business, I will explain the outlook and initiatives for the Japanese market, where the highest level of growth is expected.

In fiscal 2010, the Japanese market is projected to more than double year-on-year due to an increase in demand for solar cells for home use driven by the recommencement of subsidy systems and supports from local government. There are also plans to introduce the School New Deal initiative for the installation of solar cells in schools nationwide and a feed-in tariff system, or fixed pricing system, which are expected to drive ongoing market expansion. The solar energy market in Japan is forecast to start growing in earnest on the back of these policies.

In order to seize all available opportunities in the rapidly expanding market and drive corporate growth, Kyocera is working to increase sales to homebuilders. We have been selling our solar energy products to various homebuilders for a while and have already established strong relationships with them, gaining their trust in our products and receiving critical acclaim. We will make the most of this competitive advantage as we work to further increase sales going forward. Judging from the high level of orders at present, the number of projects given to Kyocera by homebuilders in fiscal 2010 is forecast to increase by 2.5 times relative to fiscal 2009, at a growth rate exceeding that of the domestic market.

We are also further strengthening our sales and marketing competencies in the same manner as the European and U.S. markets. We will open showrooms in AEON shopping centers in collaboration with the AEON Group to promote proliferation and sales of solar power generating systems as well as to expand our franchise network. At present, we have 65 franchises specializing in Kyocera products nationwide. We plan to boost this number to over 100 by the end of March 2010, with a particular focus on urban areas and their surrounding regions where large-scale subsidy policies apply.

We will maximize our technical edge and strengthen sales and marketing abilities in Japan and overseas to expand sales in the solar energy business.

Kyocera aims to achieve full-year financial forecasts for fiscal 2010 through the initiatives I have just mentioned; namely, secure profitability in the components business, improve profitability in the Telecommunications Equipment Group, and expand solar energy business.

<Slide 10: Kyocera Group Management Policy>

Kyocera celebrated its 50th anniversary in April this year. We have created a continuous flow of new products during our history through cutting-edge R&D, which has led to ongoing growth from our founding to the present. The establishment of new businesses, especially KDDI, has provided us with sturdy foundations.

Four months have passed since I was appointed Kyocera President, and during that time, I have spoken with many employees and seen numerous Kyocera business locations first-hand, and have worked hard to take firm control of each business in the Kyocera Group. This has enabled me to verify the potential in many of our technologies and products.

Moving ahead, the Kyocera Group will strive to further expand business and become a highly profitable enterprise by pursuing synergies among businesses, strengthening existing businesses and creating new businesses.

<Slide 11: Achieve Sustainable Growth>

Kyocera strives to seize new business opportunities to drive growth over the medium and long term. We currently have high expectations for expansion in the market for smart grids, which are viewed as the next-generation in power grids. In the smart grid market, the New Energy and Industrial Technology Development Organization (NEDO), Japan plans to start large-scale verification tests in the United States in 2010, while the Federation of Electric Power Companies of Japan plans to determine a development policy for Japan early in the 2010s.

Kyocera is currently investigating whether we can develop business in the smart grid market. For that

reason, I will refrain from providing any details today. However, many Kyocera products and technologies are closely related to this market, not only the solar energy business, but also telecommunication systems, control devices, and various components. By adequately leveraging the merits of being a diversified company and maximizing synergies with each business and technology, we will be able to create new businesses and achieve ongoing growth.

I ask for your continued support. That concludes my presentation.