Kyocera Corporation Financial Presentation (November 2, 2007)

President, Makoto Kawamura

<Slide 1>

As shown in this slide, I will, today, explain financial results for the six months ended September 30, 2007 (the “first half”) and forecasts for the year ending March 31, 2008 (“fiscal 2008”).

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

<Slide 3: Consolidated Financial Results – Six Month ended September 30, 2007 –>

This slide provides a summary of consolidated financial performance in the first half.

Some of the content today will be the same as that given during the recent conference call, so please bear with me if you have heard some of these details before.

Consolidated net sales in the first half amounted to ¥636.6 billion, an increase of 3.4% compared with the six months ended September 30, 2006 (“the previous first half”). Profit from operations and income before income taxes (“pre-tax income”) in the first half increased by 7.4% and 12.6%, respectively, compared with the previous first half.

Net income in the first half totaled ¥50.6 billion, down 5.4% compared with the previous first half. This was due primarily to the absence of tax refunds accompanying the voidance of a portion of the tax assessment relating to transfer pricing adjustment, and to the absence of a one-off gain from the sale of Kyocera Leasing Co., Ltd., which both occurred in the previous first half.

Capital expenditures, the next item, in the first half amounted to ¥32.6 billion, down 12.5% compared with the previous first half. Depreciation in the first half increased by 10.7% compared with the previous first half to ¥37.3 billion. I will explain the reason for the increase in depreciation later.

<Slide 4: Consolidated Financial Summary of First Half (1)>

I will now explain four key points concerning consolidated financial results in the first half.

First, the result for net sales was an historic high for Kyocera in the interim period.

Second, net sales and profit from operations both increased in the three-month period ended September 30, 2007 (the “second quarter”) compared with the three-month period ended June 30, 2007 (the “first quarter”).

<Slide 5: Consolidated Financial Summary of First Half (2) – Consolidated Financial Results by Business – >

On this slide, we compare first quarter and second quarter results by business segment.

In the Components Business, sales and operating profit in the second quarter increased by 4.8% and 8.7%, respectively, compared with those in the first quarter, due to steadily expanding demand. The ratio of operating profit to net sales (“operating profit ratio”) in the second quarter was 15.0%, which was up compared with the first quarter.

The Equipment Business recorded a slight decrease in sales in the second quarter compared with the first quarter. Operating profit increased by 11.5%. The Telecommunications Equipment Group posted a turnaround to profitability in the second quarter from a loss in the first quarter due to increased profit in PHS business.

The Information Equipment Group contributed with a gain in operating profit due to sales expansion of MFPs and printers. The operating profit ratio in the Equipment Business in the second quarter was 8.2%, which was up compared with the first quarter.

Both sales and operating profit in the “Others” segment increased in the second quarter compared with the first quarter due to the contribution of Kyocera Communication Systems Co., Ltd. The operating profit ratio in the second quarter was 7.9%, which was up compared with the first quarter.

<Slide 6: Consolidated Financial Highlights (3) – Summary of First Half –>

Let’s look at the third key point concerning first half results. Despite a significant increase in depreciation, profit from operations in the first half increased by 7.4% compared with the previous first half.

A comprehensive review of the value of fixed assets based on tax revisions led to additional depreciation cost of ¥7.5 billion in the first half. Of this amount, ¥3.5 billion was recorded in the second quarter as one-time depreciation of buildings and related equipment that had exceeded their useful lives.

However, as a result of continued efforts to enhance productivity in the second quarter, Kyocera posted a quarterly increase in profit from operations compared with the first quarter.

<Slide 7: Consolidated Financial Summary of First Half (4) – Quarterly Trend of Profit from Operations Ratio –>

This slide shows the ratio of profit from operations to net sales ("profit ratio") on a quarterly basis from the year ended March 31, 2006.

The profit ratio in the second quarter of this fiscal year was 11.3%, and this even taking into account the one-time depreciation cost of ¥3.5 billion. This represents a level equivalent to that recorded in the third quarter (three-month period ended December 31, 2006) of the fiscal year ended March 31, 2007 ("fiscal 2007"), which was the highest for that fiscal year. Kyocera forecasts a profit ratio of 12.0% in the second half on account of expected continued expansion in demand in the digital consumer equipment market and measures to be taken by it to enhance profitability in both the Components Business and the Equipment Business.

<Slide 8: Consolidated Financial Summary of First Half (5)>

Next, I will explain dividends as the fourth key point.

<Slide 9: Consolidated Financial Summary of First Half (6) – Trend of Dividends per Share–>

Based on performance in the first half and pursuant to Kyocera's dividend policy, we will distribute an interim dividend of ¥60 per share, an increase of ¥10 compared with the previous first half. Kyocera plans to distribute a total annual dividend of ¥120 per share, up ¥10 over the initial projection of ¥110 per share. This will be the fourth consecutive year that we have increased dividends.

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Next, I will explain financial forecasts for fiscal 2008.

<Slide 11: Business Outlook – Year Ending March 31, 2008 –>

This slide shows projections for global production volume of key electronic equipment, which form the premise for our forecasts for fiscal 2008. There are no changes from initial forecasts.

As stated in our initial forecast, component prices are projected to decline only around 10% on a full-year basis compared with the end of fiscal 2007 for general electronic components such as general ceramic capacitors.

<Slide 12: Consolidated Financial Forecast (1) – Year Ending March 31, 2008 –>

As a result, we forecast enhanced profitability for fiscal 2008. In addition to this rather favorable business outlook, profitability has been steadily increasing quarter by quarter, and we will look to build on this in the six-month period ending March 31, 2007 (the “second half”).

There are no changes to overall consolidated financial forecasts for fiscal 2008 from the initial forecasts, though we have revised forecasts for each reporting segment in light of results in each business in the first half, the expected market environment in the second half and revision to projected depreciation costs.

Please refer to pages 20~21 of the financial results handout for specific figures.

Kyocera forecasts capital expenditures for fiscal 2008 in the amount of ¥81.0 billion, revised down by ¥5.0 billion from the initial forecast in the amount of ¥86.0billion. R&D expenses are forecast to be ¥65.0 billion, revised down by ¥2.0 billion from the initial forecast in the amount of ¥67.0 billion. Despite the one-time depreciation, there is no change to the initial forecast for depreciation in the amount of ¥79.0 billion as a result of downward revision in the projection for capital expenditures relative to the initial forecast.

Kyocera forecasts average exchange rates for the second half of ¥110 to the U.S. dollar and ¥150 to the Euro, which are unchanged from initial projections.

<Slide 13: Consolidated Financial Forecast (2) – Year Ending March 31, 2008 –>

Let’s turn to the new forecasts for fiscal 2008. Sales in the Component Business are forecast to be ¥695.0 billion, up 6.8% compared with fiscal 2007. Operating profit is projected to be ¥108.0 billion, representing an increase of 3.1%, despite the impact of increased depreciation. The operating profit ratio is forecast to be 15.5%. Kyocera Group as a whole is aiming for an operating profit ratio over 15%.

In the Equipment Business, although Kyocera forecasts sales to decrease by 1.5% year-on-year, operating profit is projected to increase by 19.7% to ¥41.0 billion. The operating profit ratio is forecast to be 8.0%, exceeding that of fiscal 2007.

<Slide 14: Consolidated Financial Forecast by Reporting Segment – Compared with FY3/07 –>

The following slide compares new forecasts for each reporting segment as compared with results in the previous year.

The graph compares fiscal 2008 forecasts with fiscal 2007 results for sales and pre-tax income by reporting segment, showing the difference in amount. The top part shows sales and the lower part shows pre-tax income.

Key profit growth engines are the Applied Ceramic Products Group and the Information Equipment Group.

Next, I will explain initiatives in each reporting segment from the second half onward.

<Slide 15: Initiatives from Second Half Onward (1)>

In the Fine Ceramic Parts Group, Kyocera expects continued global expansion in mobile phone demand in the second half. In line with this, we will expand sales of sapphire substrates for LEDs used in the backlights of mobile phone handsets, and of dielectric ceramic parts used as radio wave filters in base stations.

As a means to expand business continuously, Kyocera will push ahead with initiatives to boost market share of existing products and to cultivate new markets for fine ceramic products.

I will now explain efforts in the Semiconductor Parts Group.

First, let’s look at ceramic packages. Going forward, Kyocera forecasts continued production expansion of mobile phone handsets, which is the principal market in this reporting segment. As such, we intend to increase sales of packages for mobile handsets, which are our principle products in this segment, including in particular SMD (Surface Mount Device) packages for electronic components and CCD/CMOS packages. Further, production is expanding for RF modules to be installed in mobile phone handsets. We will strive to increase sales of LTCC (Low-Temperature Co-fired Ceramic) substrates for use in these modules.

We will also continue to cultivate new markets based on our SMD package technology for electronic components.

In organic packages, sales of SiP (System-in-a-Package) substrates for the mobile phone handset market have been steadily increasing. Sales of organic packages for game consoles have also been strong. As one medium term initiative, we will look to expand application of organic packages by promoting the use of packages for high-end ASICs in digital consumer electronics such as flat-panel TVs. Through such measures we aim to boost sales of organic packages.

Along with growing production volume, I believe we can make a turnaround to profitability in the organic package business through the second half.

<Slide 16: Initiatives from Second Half Onward (2)>

Next, I will explain the solar energy business, which is the key sector of the Applied Ceramic Products Group.

Amid continued strong demand in overseas markets, Kyocera has been successful in gradually increasing procurement volume of silicon material since the second quarter. By further boosting levels of procurement volume, we are confident that we can expand production of solar modules by 25% in the second half as compared with first half results.

In the domestic market, Kyocera forecasts large orders for industrial application to increase in the second half. While domestic demand for solar energy products has dropped as a result of the cessation of the subsidy system for private housing in Japan, We will work to expand sales by securing orders for industrial application, where the subsidy system is still in place.

As I have already mentioned previously, our medium term plan is to push forward with capital investment is this sector in accord with our aim to realize production volume of 500MW in the year ending March 31, 2011.

In order to maintain our competitive edge as a maker of solar cells over the long term, a key strategy is to supply solar cells with high conversion efficiency. Kyocera has already achieved a world record 18.5% energy conversion efficiency in the lab for a 15x15cm multi-crystalline silicon solar cell. Our back contact technology, by arranging the electrodes on the backside of the cell will, increase the light-receiving area of the cell, while our surface processing will suppresse sunlight reflection and increases absorption. Kyocera will continue striving to develop high conversion efficiency solar cells through the development of fresh new technologies such as these.

Let’s turn to the Electronic Device Group.

Kyocera seeks to expand sales of electronic components in the second half on the back of buoyant demand in the third quarter thus far coupled with efforts to boost production. Specifically, we are increasing production of components manifesting strong demand, including ceramic capacitors, crystal oscillators and SAW filters.

Additionally, we will focus on carving out core markets, particularly for digital consumer electronics, wireless applications and high-speed semiconductor peripheral devices, aimed at expanding business over the medium term.

We will also press ahead with efforts to increase the proportion of new products and to strengthen ties between equipment divisions within Kyocera Group.

<Slide 17: Initiatives from Second Half Onward (3)>

Next, let’s look at the Telecommunications Equipment Group.

First, we will strive for sales growth in the mobile phone handset business, particularly targeting the fourth quarter when Japanese domestic demand will increase, by launching new products in our range of WIN handsets for KDDI. We also aim to achieve profitability or, at least, breakeven in the second half at KWC, a U.S. subsidiary, by expanding shipment volume in the third quarter for the Christmas-selling season, aiming for higher sales. In the PHS business, we aim to expand sales of handsets.

Finally, I will explain the Information Equipment Group.

In continuation of the first half, we will work to stimulate demand and boost sales of color printers and MFPs by promoting the shift from monochrome via the introduction of new color devices. We also plan to construct a new toner factory in Mie Prefecture to enhance our competitiveness in color consumables. Overseas, we seek to expand sales of monochrome machines in Eastern Europe and the BRIC markets (Brazil, Russia, India and China). Further, by boosting logistics efficiency through the unification of the European Logistics Center, we can shorten lead-time and thus raise customer satisfaction as we work toward increasing market share.

<Slide 18: Consolidated Net Sales and Pre-tax Income Trends – FY3/04 through FY3/08 (Forecast) –>

Kyocera forecasts a pre-tax income ratio of 12.5% in fiscal 2008. Our key aim is to realize continuous sales expansion and high profitability. To make this a reality, we will take the necessary steps towards attaining a pre-tax income ratio of 15% as soon as possible.

That concludes my presentation on initiatives for the second half. I will now touch on the basic agreement regarding the transfer of the mobile phone business of Sanyo Electric Co., Ltd. to Kyocera Corporation, as announced recently.

<Slide 19: Strengthen Telecommunications Equipment Group>

Kyocera is currently in the process of performing due diligence and consequently information to be reported is very limited at this stage.

The Telecommunications Equipment Group is one of Kyocera Group’s core businesses, and it is therefore essential that we look to further strengthen this business.

Kyocera’s aim in the Telecommunications Equipment Group is to establish a highly profitable wireless communications equipment business. Specific challenges to making this a reality include strengthening the telecommunications equipment business in oversea markets, where profit margins are currently low. Another challenge is to boost competitiveness in Japan by reinforcing our position in the market.

To achieve these objectives, we will integrate management resources from Sanyo Electric Co., Ltd. into our business, including outstanding developmental capability, design technology and an extensive customer base in Japan as well as overseas. By doing so, we believe we can further reduce costs.

Kyocera expects that the basic agreement to acquire the mobile phone business from Sanyo Electric Co., Ltd. will lead to a strengthening of management resources and a reduction in costs.

I will report again on this issue when there is further development.

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