

Daiwa Investment Conference (February 18, 2008)

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<Slide 1: Today's Presentation>

Today, I will explain regarding materials shown on this slide.

<Slide 2: Forward-Looking Statements>

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

<Slide 3: Kyocera Group's Business Developments and Sales Trends>

For those of you not so familiar with Kyocera, I will begin by briefly explaining our history. The graph on this slide shows diversification and sales growth trends since our foundation in 1959. Beginning as a manufacturer of fine ceramic components 49 years ago in 1959, Kyocera Group expanded its Components Business over the years into semiconductor parts, electronic devices and the solar energy business through horizontal development of our core fine ceramic technology.

To achieve stable and sustainable growth going forward, however, Kyocera recognized the need to possess multiple core businesses. Thus, in 1979, we entered into the Equipment Business, consisting of telecommunications equipment and information equipment, by way of mergers and acquisitions.

In the telecommunications equipment business, we took a leading role in the 1985 establishment of DDI (Daini denden Incorporated.), a communications carrier (currently KDDI), and in 2004, we invested in WILLCOM, Inc., a PHS operator. Our aim has been to grow based on a vertical integration strategy by supplying handsets and base stations to these companies.

To achieve further growth, Kyocera has decided to acquire the mobile phone business of SANYO Electric Co., Ltd. ("SANYO") effective April 1, 2008. From now through March this year, we will work to finalize the details of a business plan and set sales and profit targets for the telecommunications equipment business for the next fiscal year and beyond, following the business acquisition from SANYO. Accordingly, I will report on this matter on another occasion.

In the information equipment business, we have developed printers and copiers based on our ECOSYS concept, which differentiates us from the competitors, through a technology developed in the Components Business that enables the use of a highly durable amorphous silicon drum.

As a result of such diversification, Kyocera has been able to maintain stable business operations and has never recorded a loss since its establishment, which means almost 50 years of solid growth.

<Slide 4: Consolidated Financial Forecast -Year Ending March 31, 2008->

This slide shows the consolidated financial forecast for the year ending March 31, 2008 (“this fiscal year”). Kyocera forecasts net sales in the amount of ¥1,290.0 billion for this fiscal year, an increase by 0.5% compared with the year ended March 31, 2007 (the “previous fiscal year”). If we achieve this figure, it will be an historic high for Kyocera, even beyond the results in the year ended March 31, 2001 when the IT industry was booming. Kyocera also forecasts pre-tax income to increase by 6.0% compared with the previous fiscal year. Net income is forecast to be ¥103.0 billion, down 3.3% due to the lack of one-off gains resulting from the sale of shares in Kyocera Leasing Co., Ltd. and tax refunds related to a transfer pricing adjustment as recorded in the previous fiscal year. Diluted earnings per share are projected to be ¥543.33.

<Slide 5: Proportion of Sales and Operating Profit by Business Categories -Year Ended March 31, 2007->

This graph shows net sales and operating income for the previous fiscal year for the Components Business, the Equipment Business and Others. As you can see, although the proportion of sales in the Equipment Business to Kyocera’s total sales is approximately 40%, operating income in the Equipment Business is approximately 20%. One of our key challenges is to improve profitability in the Equipment Business.

<Slide 6: Pre-tax Income Ratio Trends -FY05 through FY08 (Forecast)->

This slide shows pre-tax income ratio trends from the year ended March 31, 2005 to the forecast for this fiscal year. The consolidated pre-tax income ratio, shown in red in the center of the graph, is forecast to increase for the third consecutive fiscal year.

Looking at each business segment, the pre-tax income ratio in the Components Business, shown in blue, is forecast to decline by 1.9 percentage points compared with the previous fiscal year, while consistent growth is forecast for the pre-tax income ratio in the Equipment Business, shown in green. We are making steady progress in our quest to improve profitability in the Equipment Business. The pre-tax income ratio in the Equipment Business is projected to be 8.6% for this fiscal year, which is the highest in the most recent four years. As a result, the pre-tax income ratio for Kyocera Group is forecast to increase by 0.7 percentage points compared with the previous fiscal year.

<Slide 7: Four Strategic Markets>

Kyocera is currently focusing on the four key markets shown on this slide.

The first is the telecommunications market, which accounts for the highest proportion of sales of

Kyocera products when categorized by application use of the products of Kyocera. Technological innovation and globalization are expected to continue at an accelerated pace in this market. Leveraging the cutting-edge technologies in materials, components and devices within Kyocera Group, we will introduce handsets and base stations with high-speed and high-capacitance capabilities meeting the demands of the telecommunications market.

The second is the energy market. In recent years, we have seen the emergence of problems related to structural pressure arising from a growing shortfall of global energy supply against demand, and rising oil prices. The energy market is projected to continue expanding against this backdrop. Kyocera intends to aggressively grow its business in this market, particularly its solar energy business.

In addition to these two markets, Kyocera is concentrating on the information market, where demand for high-speed digital processing functionality and security management features has been increasing. Another area of focus is the automotive market, with a variety of requirements that include further use of electronics, minimizing environmental burden, promoting safety and improving comfort. In these markets, we aim to expand sales and enhance profitability through new product and technology development that makes the most effective use of group-wide management resources.

Looking at these key markets from a different perspective, environment related business has an important role in driving growth at Kyocera. I will explain this business next.

<Slide 8: Kyocera's Environment Related Businesses>

First, in the information market, Kyocera produces printers and copiers based on the ECOSYS concept, which refers to ecological and economical products employing long-life technology.

Kyocera has replaced the photoreceptor drum – a typical consumable where replacement is commonplace – with a uniquely developed highly durable amorphous silicon drum, while also increasing the durability of other components. This virtually eliminates the need for component replacement, and the user simply needs to replenish toner when required. The products are therefore both economical and environmentally friendly. Printers and copiers based on the ECOSYS concept are used by many customers in Europe, in particular, where environmental consciousness is high.

Kyocera is also expanding its solar energy business within the energy market. I will discuss the details of this business later.

Also related to energy, we aim to realize the practical application of the SOFC (Solid Oxide Fuel Cell), and are pushing ahead with its development. Through the market introduction of the SOFC,

we seek to create a new business pillar for environmentally friendly products in the energy market, in addition to our solar energy business.

In terms of eco-conscious products for the automotive market, Kyocera manufactures piezoelectric-stacks for use in the common rail systems of diesel engines, which effectively deal with exhaust gas, as well as ceramic glow plugs. Kyocera's piezoelectric-stacks use less palladium, an expensive metal, to achieve lower costs. Meanwhile, our glow plugs possess the world's highest endurance performance. These features facilitate enhanced combustion performance in diesel engines by suppressing particulate and nitrogen oxide emissions in exhaust gases, thereby contributing to environmental preservation of the earth.

In addition, Kyocera sees high potential for sapphire substrates as an environmentally friendly product, for their use in blue and white LEDs. White LEDs are already in use as backlights for liquid crystal displays and for automobile headlights. In the future, once the efficiency level of these products exceeds that of fluorescent lamps, we expect applications to expand to general lighting in the home, commercial buildings and other structures. When that happens, we believe that the market for this energy-saving eco-product will expand considerably.

<Slide 9: Growth Rate in Markets for Kyocera's Environment Related Components>

This slide shows forecast market growth rates for the environment related components just mentioned. Compared with yearly market growth rate for semiconductors of approximately 5~10%, the growth rates for ceramic glow plugs, piezoelectric-stacks and sapphire substrates for LEDs are at a high level. Extensive market growth is therefore projected in these areas.

<Slide 10: Size and Growth Rate in Market for Kyocera's Environment Related Products>

This slide shows market size and growth rate for some of the environment related products, namely printers, MFPs and solar photovoltaic systems. The size of the market for printers and copiers is approximately ¥5 trillion with a yearly market growth rate of 10%, and this is forecast to increase steadily. Although Kyocera's market share is still low, this gives us an opportunity to expand sales over and above market growth rate.

The market for solar photovoltaic systems has expanded rapidly in recent years and is closing in on the ¥1 trillion yen mark. We expect a continued high growth rate in this market going forward due to rising oil prices and increasing awareness of global warming. I am confident that the solar energy business will become one of Kyocera's core businesses over the medium to long term.

I will now explain in detail the strategy of Kyocera's solar energy business.

<Slide 11: Competitive Advantages of Kyocera's Solar Energy Business>

Here you can see competitive advantages of our solar energy business.

Kyocera started developing solar cells in 1975 in response to the “oil shock”. In more than 30 years since then, we have grown into a leading company in the industry. We have worked continuously not merely in the pursuit of short-term profit but with the objective and philosophy of contributing to the development of human society from a long-term perspective.

In 1975, the cost of solar cells was ¥20,000~30,000 per watt. We were pioneers in mass-producing multi-crystalline silicon solar cells, which drove a reduction in the production costs and is now mainstream, using the casting method. We also lead the world on the technological front. We have achieved a conversion efficiency of 18.5% (the efficiency at which solar energy is converted to electrical energy) for a 15cm x 15cm multi-crystalline silicon solar cell, which is the world’s highest at the R&D phase (Kyocera measurement).

As a result of these efforts, we were third in the world in terms of production volume of solar cells for calendar year 2006.

Another competitive advantage of our solar business is that our production system is vertically integrated, from silicon ingot casting to modules. This is one of the keys to our top position globally in terms of profitability.

<Slide 12: Production Volume Trend in PV Systems>

Next, I will explain the production volume trends of solar energy systems of Kyocera Group. This graph shows years on the horizontal axis and MW to be produced on the vertical axis. The blue balloons show notable policy events, and red balloons show Kyocera’s development of its manufacturing bases. Kyocera has expanded the production volume in a precise and step-wise manner in accordance with the implementation of residential subsidies in Japan, the German EEG Act, and the California Solar Initiatives, which contribute to market growth. We plan to produce 200 MW during this fiscal year. In line with the forecast of continued market growth, Kyocera will expand production volume steadily. From the next slide, I will explain market situation and Kyocera’s business strategies in solar energy business.

<Slide 13: Principal Market Outlook>

The graphs here show a forecast of main markets for solar energy business.

The bars on the left in each graph represent market outlook in case incentives – or subsidy policy-oriented leadership – become widespread. On the other hand, the bars on the right represent a conservative outlook in case incentive policy-oriented leadership does not spread.

As results for the calendar year of 2007 have not yet been announced, my explanation is based on results for the calendar year 2006.

First, as shown at the top left, market size in Europe is expected to expand roughly 14-fold in 10 years to 12GW by 2016 as compared with 2006. The size of the market in the United States, shown at right, is forecast to reach 2.9GW in this 10-year period. Meanwhile, market growth is expected to be slow in Japan until 2010. Future policies are currently being investigated by Japan ahead of the G8 Summit in Toyako this year, however, and the market is expected to show a growth trend following this 10-year period.

Global market size is forecast to be 5.6GW in 2010, up around four-fold compared with 2006, and 22GW in 10 years, up around 16-fold compared with 2006, if incentive policy-oriented leadership become widespread. Even based on a conservative outlook, in which subsidies do not spread, the size of the market is forecast to be 9.6GW in 10 years, up seven-fold compared with 2006.

<Slide 14: Comparison between Expansion Plan of Materials Manufacturers and Market Demand>

Development in the solar energy business is currently being greatly affected by material production levels. This slide portrays the production expansion plans of silicon material manufacturers.

The blue line and the purple line show demand for silicon in the semiconductor industry and the solar industry, respectively, while the red line depicts total demand from these industries. The area in green represents the production expansion plans of eight existing material manufacturers. The area between the red line and the green area shows the material shortage. Meanwhile, many manufacturers, beginning with those in China, have announced possible silicon production plans, the area shown in grey represents the volume of silicon when such production plans are implemented.

The material shortage problem can be redressed if new entrants continue to expand material production. Some of the production plans at these new manufacturers are already behind schedule, however, and accordingly, Kyocera will keep a close eye on material production trends worldwide going forward, and will proceed with its business development plan appropriately.

<Slide 15: Market Conditions: Overview>

To summarize, as the spread of subsidies is expected to continue in certain countries, the market is also expected to show continued growth going forward. This should spur increased production at material manufacturers, culminating in more stable supply and pricing. As a result, the number of photovoltaic manufacturers is expected to increase.

Amid these circumstances, the buyback price of feed-in tariffs is currently under review in

Germany, which leads the global photovoltaic market. Although as yet unconfirmed, the buyback price may decrease at an annual rate of 7~9%, as compared with the current 5% rate of decrease. In other words it is expected that decline in market price will take place at such ratio every year.

These factors truly signal the start of an “intense competition era”. With an increasing number of new manufacturers entering the picture as the market expands, market price is expected to decline. Under such circumstance, selection of those manufacturers which will survive is expected to begin. To survive the competition in such an era, Kyocera must gain comprehensive competitive advantages in terms of technology relating to high conversion efficiency, cost-effectiveness by achieving higher production efficiency, ability to develop superior products and quality.

<Slide 16: Cost Competitiveness: Improvement of Conversion Efficiencies>

This slide shows the strengths of Kyocera that enable us to survive this era of intense competition.

First, let me address the achievement of high conversion efficiency, which most significantly affects cost. The entire production process for solar energy systems, from casting to finished module, affects the conversion efficiency of solar energy systems.

To be more specific, I will give you details of each process of production. All of the following are key to conversion efficiency, namely: in the casting process, temperature control technique in melting and concretion of materials; in the ingot cutting and wafer slicing process, methodologies to optimize conditions and minimize the damage to surfaces that takes place during slicing; in the process of making solar cells, techniques to minimize reflection of lights, such as RIE; and in the process of making solar modules, optimization of the lining to prevent voltage reduction.

At Kyocera, we have adopted a fully integrated process for the production of solar energy systems, which enables us to optimize all production steps. Therefore, we can manufacture multi-crystallized solar energy systems with the world's highest conversion efficiency.

<Slide 17: Cost Competitiveness: Productivity>

This slide shows technology development trends for higher production efficiency.

The challenge is to make solar cells more efficient and thinner.

First, I will address enhancement of the efficiency of solar cells.

In the year ended March 31, 2005 (fiscal 2005), Kyocera developed a module with a three-bus-bar structure, rather than a two-bus-bar structure, thereby enhancing conversion

efficiency by 0.8 percentage points, to 16.5%.

As a result of such improvement power output per cell has been enhanced by 5%, to 3.86W per cell.

Kyocera seeks to produce a larger cell with enhanced power output, and by using a back contact structure, which we are currently developing, we aim to boost conversion efficiency to 17.5% and eventually 18.5%, meaning each cell will be able to generate 4.50W of power, which is approximately 17% improvement over current output.

In addition, although the current thickness of cells is generally said to be between 200~260 μm , Kyocera has succeeded in developing a cell with a thickness of 180 μm . This enhances productivity by approximately 40% compared with fiscal 2005. Kyocera aims to make cells even thinner going forward while looking into the character of the cells.

<Slide 18: Development of Differential Products>

On this slide we look at the development of products that differentiates Kyocera's products from others. This map shows temperature distribution around the world. As the market has expanded, demand has become increasingly diversified based on differences in region and environment.

In regions of heavy snowfall, circled in blue at top left, modules that can handle snow cover are essential. Likewise, modules with excellent heat resistance properties are essential in regions with high temperatures, circled here in red. In regions circled in black and green, demand calls for design-oriented black back sheets and frameless modules to ensure compatibility with landscape and architecture.

In full consideration of these market requirements, Kyocera will design modules that meet diversified demand, thus differentiating Kyocera's products from those of others.

<Slide 19: Evaluation for High Quality>

Next, I will explain the quality of products. Long-term reliability is essential for solar energy related products.

A German consumer group gathered solar modules from 15 photovoltaic manufacturers worldwide through random selection from markets and tested and evaluated their output, durability, reliability, etc. Each test item was evaluated on a six-point scale, with one being the best. Kyocera's solar module received the top rating of 1.9 points, and the results were published in an industry journal. Consumers, when purchasing products, take this group's opinion very seriously.

As solar modules are used for long periods, there are many cases in which Kyocera's solar

modules are selected not only by due to price but also due to durability, because of their evaluation for high durability. We intend to place further emphasis on quality as a key important element for these products.

<Slide 20: Production and Sales bases >

This slide shows Kyocera's bases for manufacture and sale of solar energy systems.

We have production bases in four countries, shown in blue at the top: the Czech Republic covering Europe, China (Tianjin) covering China and Southeast Asia, Japan (Yokaichi, Shiga Prefecture, and Ise, Mie Prefecture), and Mexico to cover North America. It is our basic policy for overseas operations that production will be undertaken where markets exist. In this way, we can focus on market needs, which in turn enables timely product delivery.

Also, increasing the proportion of local procurement enhances productivity, notably by minimizing shipment costs.

The numbers in blue squares show production plans, in accordance with which Kyocera aims to produce 500MW from its factories in the year ending March 31, 2011.

The area in orange on this slide represents Kyocera's seven sales bases worldwide. In addition to engaging in sales through distributors working with us for extended periods of 10 - 20 years, we are also establishing dense distribution channels globally that enable us to grasp and accumulate market information to ensure sensitivity to market trends and to improve customer satisfaction.

<Slide 21: Planned Production Volume Expansion in PV Systems >

That concludes my explanation of Kyocera's cost competitiveness, achieved by increasing efficiency and productivity through an integrated production system and our ability to develop differentiated products of high quality, as well as our production and sales systems befitting the global market.

Now I will explain planned production volume expansion in photovoltaic systems at Kyocera.

Rather than purchase high-priced silicon even amid a shortage of the material in recent times, Kyocera has worked to expand production volume and sustain and further improve profitability through internal improvement. We will start procuring silicon through long-term contracts from the end of this fiscal year. We will only conclude procurement contracts with makers that can supply silicon at a stable price into the future so we can realize our plan to steadily increase production volume. In line with forecast ongoing market expansion, we aim to increase production volume from 300MW to 400MW and then to 500MW by the fiscal year ending March 31, 2011.

That concludes my presentation on strategy for Kyocera's solar energy business.

Kyocera Group aims to contribute to environmental preservation by expanding its environment related business, led by its solar energy business, while further increasing sales and profitability.