Kyocera Corporation Investor Meeting (February 4, 2008)

Slide 1 / President and Representative Director, Makoto Kawamura
Slide 21 / Senior Managing Executive Officer and General Manager of Corporate Solar Energy Group, Tatsumi Maeda

President, Makoto Kawamura

<Slide 1>
Today, I will explain materials shown in this slide.

<Slide 2>
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 explanation regarding Kyocera Group's consolidated financial forecast for the year ending March 31, 2008 ("this fiscal year").

<Slide 3: Consolidated Financial Forecast – Year Ending March 31, 2008>
This slide provides consolidated financial forecasts for this fiscal year.

Fears of a global economic downturn have increased since entering the six months ending March 31, 2008 (the "second half of this fiscal year"), stemming from the rising cost of crude oil coupled with the effect of the sub-prime mortgage crisis on personal consumption in the United States. In light of increasing uncertainty in the short term market outlook and of the business results for the nine months ended December 31, 2007, the forecast for net sales for this fiscal year has been revised down by ¥40.0 billion from the initial projection of ¥1,330.0 billion, to ¥1,290.0 billion.

The forecast for profit from operations has been revised down by ¥11.0 billion from the initial projection of ¥151.0 billion, to ¥140.0 billion. There are no changes to the forecasts for income from continuing operations before income taxes ("pre-tax income") and net income.

<Slide 4: Pre-tax Income Ratio Trends – FY05 through FY08 (Forecast)>
If we achieve the revised forecasts for this fiscal year, it will be the third successive year that the ratio of pre-tax income to sales ("pre-tax income ratio") for Kyocera Group has increased, as shown by the red line in the middle of the graph.

Looking at each reporting segment, the pre-tax income ratio for the Components Business, shown in blue, is forecast to decrease by 1.9 percentage points compared with the year ended March 31, 2007 (the "previous fiscal year").

The pre-tax income ratio for the Equipment Business, shown in green at the bottom, has been

steadily increasing since hitting a low of 4.3% in the fiscal year ended March 31, 2005, and we forecast a pre-tax income ratio of 8.6%, which is the highest within the four previous fiscal years.

I will now explain the current condition of the components and equipment businesses.

<Slide 5: FY08 Consolidated Financial Forecast (1) – Components Business>
In the Components Business, sales for this fiscal year are forecast to increase by 4.0% compared with the previous fiscal year, while operating profit is forecast to decrease by 8.3%.

First, let's look at the business environment outlook for the three months ending March 31, 2008 (the "fourth quarter"). We expect continued stagnation in some industries, such as the semiconductor production equipment industry, in the fourth quarter. At this point in time, we estimate that these industries will recover around summer this year.

In the Electronic Device Group, demand for certain passive components entered an adjustment phase in the latter half of the three months ended December 31, 2007 (the "third quarter"), attributable to the seasonality of finished products. Production activities for these finished products are expected to recover sometime in February or March this year, however, and component demand is forecast to increase in line with such recovery.

Let's look at macro factors, beginning with exchange rate. Kyocera has revised its forecasts for average exchange rates for the fourth quarter to ¥107 to the U.S. dollar and ¥155 to the Euro. The average exchange rates in the three months ended March 2007 (the "previous fourth quarter") were ¥120 to the U.S. dollar and ¥156 to the Euro. This yen appreciation is projected to push down sales by ¥16.4 billion and pre-tax income by ¥2.7 billion for the fourth quarter, as compared with the previous fourth quarter.

Second, let's look at the increase in depreciation costs. In the Components Business, depreciation for this fiscal year is forecast to increase by around ¥10.0 billion compared with the previous fiscal year to approximately ¥56.0 billion. Of this increase, the effect of a change in accounting method for depreciation is forecast to be roughly ¥9.5 billion for the Components Business, and roughly ¥12.0 billion for Kyocera Group, on a full-year basis.

Third, Kyocera expects to record business restructuring expenses in the fourth quarter. Financial forecasts for this fiscal year include an estimate of negative impact on the Kyocera Group from a write-down of goodwill in the cutting tool business, which is included in the Applied Ceramic Products Group, in the amount of ¥2.0 billion as a result of the adoption of a more conservative accounting position.

On the other hand, profitability in strategic businesses is forecast to increase steadily this fiscal

year. In the solar energy business, production volume in the second half of this fiscal year is projected to increase by approximately 25% compared with the six months ended September 30, 2007 (the "first half of this fiscal year"), as we are able to procure enough silicon from the fourth quarter to meet production expansion plans through long-term contracts. As a result, Kyocera forecasts significant increases in sales and operating profit in this business in the second half of this fiscal year compared with the first half of this fiscal year.

Furthermore, the organic package business achieved profitability in the third quarter due to an increase in production volume supported by solid demand for ASICs and SiP substrates. Also, the Ayabe Plant has been making a profit on a monthly basis, so this business is forecast to achieve profitability on a full-year basis.

Next, I will explain the Equipment Business.

<Slide 6: FY08 Consolidated Financial Forecast (2) – Equipment business (i) >
Sales in the Equipment Business for this fiscal year are forecast to decrease by 3.8% compared with the previous fiscal year, while operating profit is forecast to increase a considerable 25.5%.

One of the reasons for this significant increase in operating profit is enhanced profitability in the Telecommunications Equipment Group. Kyocera projects increased profit in the domestic mobile phone handset business, led by increased sales of sophisticated models. In addition, the profit ratio for the PHS business has improved due to a concentration of management resources into the Japanese market while business in the China market has been downsized substantially this fiscal year.

Kyocera forecasts sales to decrease significantly at KWC, which constitutes a high-priority issue in this segment, as compared with the previous fiscal year. Profitability at KWC is forecast to improve in the second half of this fiscal year relative to the first half owing to brisk sales in the third quarter of new products for the Christmas selling season.

<Slide 7: Operating Profit Ratio Trends – Telecommunications Equipment Group>
This slide shows operating profit ratio trends in the Telecommunications Equipment Group on a quarterly basis. Despite a loss in the first quarter of this fiscal year, the operating profit ratio has improved since the second quarter spurred by business expansion in the domestic market, amounting to 5.9% in the third quarter. Kyocera will continue the aggressive introduction of new products and efforts to reduce costs in domestic business in the fourth quarter, with the objective of achieving an operating profit ratio of 5.2%.

<Slide 8: FY08 Consolidated Financial Forecast (3) – Equipment business (ii) >
Let's look at the Information Equipment Group. Kyocera forecasts increases in both sales and

operating profit in this segment for this fiscal year, as compared with the previous fiscal year. Although sales to the United States are projected to decrease due to economic uncertainty, Kyocera forecasts an increase in sales of printers, particularly in Europe, and of consumables supported by an enhanced color product ratio. We will also introduce new color and monochrome products to market.

That concludes my presentation on consolidated financial forecasts for this fiscal year.

Next, I will explain management policy for this year and future initiatives.

<Slide 9: "Creativity and Growth": Aim at Sustainable Growth>

Kyocera's basic management policy is to "practice the customer-first principle", "promote global management" and "establish a highly profitable structure" based on "reinstatement of the 'Amoeba Management System'". Under this policy, Kyocera aims to achieve sustainable sales expansion and a high profit ratio by seeking synergies within group companies and developing new products and technologies this year pursuant to our basic policy of "Creativity and Growth".

<Slide 10: Creativity and Growth: Strategic Markets>

Kyocera is currently focusing on the four key markets shown on this slide. The information and telecommunications market currently accounts for around 70% of Kyocera Group sales. Going forward, we expect to see even more fast-paced technological innovation continue in these markets, especially in the communications market. Taking advantage of the cutting-edge technologies in materials, components and devices within Kyocera Group, we will develop and market mobile phone handsets and base stations with high-speed and high-capacitance capabilities to meet the needs of the telecommunications market.

The second key market is the one for the environment and energy, led by measures to curb global warming. Kyocera promotes its solar energy business in this market, and as I mentioned earlier, we plan to expand production volume in this business in earnest from this fiscal year. Additionally, we are pushing ahead with development efforts in the field of fuel cells aiming to introduce miniaturized models for residential use that contribute to energy savings toward the end of the fiscal year ending March 31, 2009 ("fiscal 2009").

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 requirements that include further use of electronics, minimizing environmental burden, promoting safety and improving comfort. In these markets, we will pursue "Creativity and Growth" through the most efficient utilization of group-wide resources to advance the development of new products and technologies.

Based on such management policy, we aim to achieve continuous sales expansion and a high profit ratio in fiscal 2009 and beyond.

Next, I will explain the business outlook and challenges for fiscal 2009. Note that I am unable to give exact figures today, as they will not be finalized until February or March.

<Slide 11: FY09 Business Outlook>
First, let's look at the business outlook for fiscal 2009. As you can see on this slide, there is increasing uncertainty in the overall economic environment.

Nevertheless, we expect steady growth in demand in the digital consumer equipment market, which is one of the principal markets for Kyocera's products, due to the Beijing Olympics scheduled for August and also in emerging markets such as Asia and the BRICs (Brazil, Russia, India and China). In addition to this market outlook, we do not anticipate any rapid decline in component demand due to an increasing number of components per product along with further digitalization. Demand for electronic devices is also forecast to rebound gradually.

<Slide 12: Main Initiatives in FY09>
The following three points summarize our main initiatives in fiscal 2009.

Our first main initiative is to "achieve sustainable growth by enhancing strategic businesses". The four strategic businesses that Kyocera will focus on in particular in fiscal 2009 are outlined on this slide.

The first is the solar energy business, where we aim to further expand sales. Our sales target in this business is ¥100.0 billion, which we will work to attain as quickly as possible by increasing production. We also plan to make additional capital investment to expand capacity.

Second, we will expand business in the Telecommunications Equipment Group after acquiring SANYO's mobile phone related business in fiscal 2009, which will signal a new structure for this segment.

Third, we will expand the product line-up for the Information Equipment Group. We aim to swiftly achieve our sales target of ¥300.0 billion in this segment through aggressive new product introductions of monochrome devices in emerging markets, and of color devices in developed countries.

Our final strategic business is the organic package business. Although we recognize that the scale of this business is still small relative to other competitors, I still believe there is enough room for

us to cultivate the market and increase our market share. Our corporate objective is to achieve continuous sales growth. To this end, we will promote market cultivation and new product development to realize double-digit growth every year.

Our second initiative for fiscal 2009 is to “accurately grasp market trends and attentively execute investment for production expansion”. In January this year, we completed construction of a new building to be used in ceramic capacitor production. We will watch demand trends carefully following the Beijing Olympics before making the important decision as to timing for installation of equipment to expand capacity.

Our third main initiative is “innovation of new businesses for growth”, as I explained earlier.

<Slide 13: Creativity and Growth: Initiative for FY09>

The diagram on this slide plots expected performance of each reporting segment based on financial forecasts for this fiscal year. The horizontal axis indicates sales and the vertical axis indicates operating profit ratio of each reporting segment.

As you can see from this diagram, of the six reporting segments, the Telecommunications Equipment Group and the Applied Ceramic Products Group lie at the two extremes of sales and operating profit.

The operating profit ratio of the Telecommunications Equipment Group stands at single-digit value, although it is the third highest of Kyocera’s reporting segments in terms of amount of sales. With the addition of SANYO’s mobile phone related business, this segment will surely generate the largest sales among all reporting segments from fiscal 2009. Due to contribution from the solar energy business, the Applied Ceramic Products Group currently maintains the highest operating profit ratio of Kyocera’s six reporting segments, although its sales account for just over 10% of the consolidated total.

However, as I mentioned earlier, both of these segments are core businesses for Kyocera in key markets. We will therefore seek to reinforce these strategic businesses going forward.

<Slide 14: Relevant Businesses Gained through Acquisition of Mobile Phone Related Business of SANYO>

This slide shows business succession areas by acquiring SANYO’s mobile phone business, namely, mobile phone business in Japan, wireless communication network systems in Japan such as PHS base stations including PHS next-generation base stations(2.5GHz band) and mobile phone business in overseas, mainly in the United States. We aim to bring in growth of business valuation at the Telecommunication Equipment Group by integrating SANYO’s leading–edge engineering technology, design and marketing capability with our unique management resources,

resulting in synergy effect.

<Slide 15: Keys to Strengthening Domestic Mobile Phone Handset Business>
This slide illustrates the keys to strengthen mobile phone business in Japan.
Integrating management resources of mobile phone business of Kyocera and SANYO, we will provide a full range of attractive mobile phone hand sets that meet the needs of end-users.
Also, taking this significant opportunity under the business succession, we aim not only to retain the replacement demands of Kyocera and SANYO's mobile phone handset users, but also to cultivate the new users by creating new Kyocera brand.

<Slide 16: Mobile Phone Handset Line-up Positioning>
This slide shows product positioning for the line-ups of mobile phone handsets in Japan by Kyocera and SANYO. SANYO provides middle to high-end mobile phone handsets targeting age of 20-30s, while Kyocera provides middle to low-end mobile phone handsets targeting a wide range of users from late 20s to elders. As illustrated, Kyocera and SANYO mobile phone handsets complement each other and we believe that we will be able to capture and develop business in new frontier of the mobile phone market by integrating the technological resources of both companies for product development, as shown in pink.

<Slide 17: Launch Product Line-up that Meets Characteristics of Users>
Next, in wireless communication network systems business in Japan, we put technologies and engineering resources into PHS base stations to upgrade transmission speed and voice quality presently deployed at WILLCOM PHS network.

We also believe that we will be able to effectively conduct engineering and technological development of next generation PHS base stations by integrating SANYO's mobile phone business. Kyocera and SANYO have been conducting engineering and technological development of next generation PHS base stations separately. By the integration, we will be able to be more effective on engineering and technological developments. We are fully committed to the development of base stations for next generation PHS network provided by WILLCOM.
We also aim to further expand the PHS handset business.

<Slide 18: Business Structure in USA>
Third, we aim to strengthen and enhance overseas business.
Especially in the U.S market, Kyocera aims to operate mobile phone business under a two-company system. KWC has sales channels encompassing the Americas, and SANYO has a strong business relationship with North American Carriers. While we assimilate SANYO's leading-edge technology, product development, sales and marketing capability and generate synergies to strengthen and enhance overseas business, we will demonstrate commitment in supporting overseas operation to achieve successful turnaround in U.S mobile phone business.

<Slide 19: Synergy Effects with SANYO: Cost Reduction>
Next, I will explain synergies with SANYO, beginning with cost synergies, before moving on to sales synergies.

First, we will promote global management based on synergies between SANYO and KWC. KWC has been unable to provide a wide range of products due to a shortage of product development resources. By integrating SANYO's capability in engineering and technological development, we will be able to meet carrier and customer needs more efficiently, which will result in reducing R&D cost and lowering business risks.

Second, we also believe that we will be able to establish components/parts sourcing strategy in which we conduct cost reduction by sharing cost reduction methodology being implemented by Kyocera as "Amoeba Management System" and by SANYO's know-how of overseas components/parts procurement.

Third, by assimilating the knowledge of overseas production that SANYO has obtained through its production sites in Malaysia and Tianjin, China, Kyocera expects to increase efficiency in its production system.

<Slide 20: Synergy Effects with SANYO: Sales Growth>
I will now explain synergies on sales side. We provide the products that meet market needs in both Japan and overseas by making full use of synergies from the business amalgamation. To do so, we will share information on both companies' product roadmaps.

Second, we will make existing Kyocera and SANYO models operated by "au" much more attractive and satisfying customer needs to encourage replacement demand in mobile phone handsets.

Third, we will develop products that bring satisfaction to a wide age range of users by focusing in product planning and development on new and user friendly features. By doing so, we seek to boost sales.

Fourth, we will collaborate in development resources. Due to a saturated market in Japan, we will look into developing business operations in the W-CDMA market, the next key communications business pillar, by maximizing synergies with SANYO.

Finally, we will continue to support Wireless Broadband Planning Inc., established primarily by KDDI last year, in order to drive expansion of the broadband market and advancement of telecommunications business in Japan. We will continue to examine the future potential of this

business.

This concludes my brief outline of the reasons for our acquisition of the mobile phone related business of SANYO. We will work hard to swiftly reap the benefits of this business transfer.

This concludes my presentation. Next we will hear about the solar energy business.

Senior Managing Executive Officer and General Manager of Corporate Solar Energy Group, Tatsumi Maeda

<Slide 21: Contribution of Subsidies to Expansion of European and U.S. Markets>

Let me begin this presentation by explaining to you the market situation.

As is widely known, the field of solar energy systems these days continues to manifest dramatic growth due to efforts to resolve environmental problems and to implementation of numerous subsidies and supportive policies.

Here we outline the key subsidy measures that have been implemented in our major markets, namely, Europe and North America.

The graph at the top of this slide shows the average time it takes to recover investment in a normal 3kW solar energy system. The computation, done by Kyocera, simply converts the amount of power generated into a monetary value for each region and calculates how many years it will take to recoup the average initial investment.

In Japan, where there are no subsidies, it would take around 20 to 25 years to recoup investment, whereas it would take a much shorter period of time in Germany, Spain, France or California in the United States, where subsidies exist, at 11, 10, 6.5 and 13 years, respectively.

As shown at bottom left, the high-price buyback system in Europe known as feed-in tariffs, which started in Germany, has steadily expanded to neighboring countries, spurring rapid market growth in the region.

Similarly to Europe, incentives in the form of subsidy policies in the United States have spread from the initial state of California to other states. The market here is forecast to grow significantly going forward.

<Slide 22: 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(2007) have not yet been announced, my explanation is based on results for the calendar year 2006(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, taking into consideration the fact that future policies are being implemented in anticipation of the summit meeting at Toyako-lake this year.

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 23: Relationship 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 24: Overseas Solar Photovoltaic (PV) System Manufacturers>
This slide shows a map of photovoltaic manufacturers overseas.

First, I will explain Germany at the top.

The blue dots on the map represent the existing major manufacturers, and the red stars represent major new entrants. There are currently over 60 of these companies in Germany. More than 20 manufacturers are present in each of the United States, shown at bottom left, and China and Taiwan, shown at bottom right.

As depicted here, the number of new market entrants has increased considerably in the past 2~3 years on the back of rapid market growth and production expansion by material manufacturers. Although only major manufacturers are shown here, the number climbs to around 200~300 companies worldwide if small and medium-sized makers are included.

<Slide 25: Market Conditions: Overview>
Let's look at an overview of market condition.

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 26: 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 27: 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 in the calendar year of 2008. 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 180μm. This enhances productivity by approximately 40% compared with fiscal 2005. Kyocera aims to make cells even

thinner going forward by looking into the character of the cells.

<Slide 28: 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 29: 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 30: 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 sales quality.

<Slide 31: Kyocera Group's Production Expansion Plan of PV Systems>
I have been explaining Kyocera's strengths, namely, our integrated production system, which generates the greater conversion efficiency and higher productivity that in turn bring us cost advantages, technology to develop products with superior quality and differentiation as compared to the products of competitors, as well as the manufacture and sales structure to meet market needs worldwide.

Next, I will explain the plan for expansion of production volume 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.

In line with the forecast of continued market growth, Kyocera will expand production volume steadily from 300MW to 400 MW to 500MW by the year ending March 31, 2011.

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Finally, I will introduce some key examples of solar energy systems installed by Kyocera last year. Through this, you can obtain a better insight into the extent of market expansion.

At top left is the photovoltaic power plant installed in Salamanca, Spain, which has an output of 13.8MW. The number of projects for similar plants is increasing in Europe, illustrating the potential of solar energy.

At the center of this slide is a photovoltaic system at a soccer stadium in Switzerland (left) that has an output of 1.35MW, placing this community facility in the MW class and the number of installation of MW class in community as such is also increasing.

To the right of this, you can see a solar energy system installed at the Jungfrau railway station, also in Switzerland, which sits at an altitude of around 3000m.

At the bottom of the slide are examples of systems installed in the United States.

The solar energy system shown at left provides an independent power source used to prevent rust on a natural gas pipeline in Alaska. To the right of this photo, you can see an example of a MW class system introduced in the United States. In some States of the United States the number of projects to install systems in this class is increasing.

The right side of the slide presents examples in Asia: from the top, Taiwan, China and Timor.

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The construction of environment-conscious facilities is becoming increasingly widespread in Japan, and AEON Corporation has been installing solar energy systems at many of its stores. In particular, the photo at left shows the AEON store in Kagoshima, which houses its largest system, with an output of 140kW.

The photos at bottom right show the 500kW system at Asahi Shokuhin Co., Ltd. in Kochi Prefecture.

<Slide 34: Kyocera's Initiatives for Contribution to Environment>

I would like to explain the contribution of Kyocera to the environment. Kyocera strives to be an eco-friendly company, and it has introduced various equipment at its facilities illustrating this environmental consciousness. For example, the Headquarters has installed various energy saving equipment, such as 214kW of solar energy system and gas co-generation systems, implementing the concept of "environmentally friendly and coexist with the local community".

The photo at bottom left shows one of Kyocera's environmental classes. We were the first company in Japan to conduct classes at elementary and junior high schools on solar energy system and the environment. We have so far presented classes to roughly 3,500 students at around 50 schools.

Kyocera intends to continue spreading awareness about the environment through similar activities.

That concludes my presentation on Kyocera's solar energy business, which we aim to expand steadily and speedily in accord with rapid market expansion.