

**Outline of Q&A on conference call**  
**For the three months ended June 30, 2010 (“the first quarter”)**  
**(Held on July 29, 2010)**

**Outlook for the second quarter**

Q: Please tell us about the outlook for the second quarter, including any expected changes in sales and profit from the first to second quarters in both the Components and Equipment Businesses.

A: Conditions in the Components Business are expected to remain unchanged from the first quarter overall, with the favorable climate projected to continue until September. I believe we can at the very least maintain sales and profit at levels posted in the first quarter.

We expect conditions to be particularly favorable in the Semiconductor Parts Group. The markets for SMD packages as well as packages for CCD/CMOS image sensors are robust, with these conditions forecast to continue in the second quarter as well.

In addition, in the Fine Ceramic Parts Group, we expect sales and profit of semiconductor fabrication equipment parts and automotive parts to grow in the second quarter based on first quarter order rates.

In the Electronic Device Group, brisk sales of smartphones and LCD TVs have led to a shortage of components. These conditions are expected to continue in the second quarter as well.

For the Equipment Business, the impact of the product cycle for mobile phone handsets is expected to emerge in the second quarter in the Telecommunications Equipment Group. Since the second quarter will be cyclical off timing for models, we forecast declines in sales and profit compared with the first quarter.

In the Information Equipment Group, we are forecasting shipment volume, sales and profit to be roughly unchanged from the first quarter. There are concerns over the weak euro due to the high proportion of sales in Europe.

## **Semiconductor Parts Group**

Q: Please tell us about the state of capital expenditures in the first quarter.

A: Despite increasing production capacity, supply still cannot keep up with demand for some products.

During the fiscal year ending March 31, 2011 (“fiscal 2011”), we plan to enhance capacity by 1.5 times relative to the previous fiscal year end in the Semiconductor Parts Group. We will continue to enhance capacity in Japan and China.

## **Solar Energy Business**

Q: Please explain the condition of solar energy business in the first quarter compared with the fourth quarter of the year ended March 31, 2010 (“the previous quarter”).

A: Sales and profit were down compared with the previous quarter.

The reasons for the decreases include a lag in orders due to delayed commencement of government subsidy procedures in the domestic market. In addition, orders in the public sector in Japan were slow compared with the previous quarter due to seasonal influence.

In Europe, a rush in demand ahead of cuts to feed-in tariffs (buy-back system) led to continued favorable conditions. We hoped that this would cover the decline in sales in the domestic market, but it wasn't quite enough to cover it completely.

Profit was down in the solar energy business due primarily to the impact of lower sales and the weak euro, along with around a 5% decrease in product selling prices on average compared with the previous quarter (local currency base).

We are currently working to make up for the delayed subsidy procedures in Japan, and expect the impact of the lag in orders to emerge in the second quarter.

Q: Please describe the impact of the feed-in tariff cuts made in Germany in July.

A: The degree of the cuts was less than expected, so the impact was within the scope of our assumptions. As such, we expect to be able to proceed with business as planned.

### **Electronic Device Group**

Q: Sales in the Electronic Device Group grew significantly compared with the previous quarter. Please tell us about the rate of increase and change in profit ratio for each business.

A: The highest sales growth was recorded in thin-film products, followed by ceramic capacitors and then crystal related products compared with the previous quarter. Sales of connectors remained unchanged.

Profit grew most for ceramic capacitors. Electronic components business at Kyocera Corporation turned to be profitable.

### **Telecommunications Equipment Group**

Q: Please give us a breakdown of sales for this reporting segment.

A: The majority of sales in this reporting segment are accounted for by the mobile phone handset business. The Japanese market makes up 60% of sales and the overseas market makes up 40% of sales in this business on a value base. We recorded profit in both domestic and overseas mobile phone handset markets.

The mobile phone handset business overseas achieved profitability primarily by reducing fixed costs in the previous fiscal year (including the sale of a software company in India and structural reforms, etc.), and through the release of new products as planned.

Q: Please tell us about the launch of the smartphone.

A: We started shipping the smartphone to the North American market this month, and expect sales contribution from the second quarter.

Q: Please tell us the number of models you will introduce in fiscal 2011.

A: We are currently developing products planned for future release, but I cannot disclose the exact number of models we will release due to commitments with communications carriers. In the second half of fiscal 2011, we are planning to release around the same number of models as the second half in the previous fiscal year.

Q: In the first quarter, the Telecommunications Equipment Group already enhanced profit close to the target for fiscal 2011, so is there cause for further optimism?

A: We are currently trying to ascertain conditions for the third quarter and beyond, including those for the Telecommunications Equipment Group. We will review financial forecasts based on information that is more accurate when the outlook for the second half comes out in around two months. For now, there are no changes to forecasts.