

**Outline of Q&A in conference call
relating to the six months ended September 30, 2008 (the "first half")
(held on October 30, 2008)**

【General】

Q1: In the new forecasts for fiscal 2009, ending March 31, 2009, you project profit from operations in the three months ending December 31, 2008 (the "third quarter") to fall below ¥10.0 billion. Can you explain the factors behind this?

A1: The first factor is yen appreciation. Second, we forecast a decline in sales and profit in the six months ending March 31, 2009 (the "second half") in the Semiconductor Parts Group, including packages for servers and packages for CCD/CMOS image sensors, despite strong performance in the first half, due to the global economic slowdown.

Q2: Has your market share in CCD/CMOS packages decreased?

A2: Kyocera commands a 70% share in CCD/CMOS packages, and our market share is increasing.

Q3: Amid the current business depression, what kind of instructions has the President given to work sites?

A3: The first is to reduce costs. Wasteful spending has increased in the past three years spurred by the healthy business environment. We are currently working to eliminate overtime and cut down on business trip expenses, in particular.

Q4: Have you considered reducing fixed costs?

A4: No, since we do not have any surplus personnel.

Q5: Inventory has increased by over ¥10.0 billion compared with that of March 31, 2008 on a consolidated basis. What is the situation on a non-consolidated basis?

A5: Inventory increased with the timing of shipments in the solar energy business. In addition, inventory of mobile phone handsets has increased due to the acquisition of the mobile phone handsets business from SANYO Electric Co., Ltd. ("SANYO").

【Applied Ceramic Products Group】

Q6: Please disclose sales and operating profit ratio in the solar energy business.

A6: We achieved production of 200MW in the fiscal year ended March 31, 2008 ("fiscal 2008") and are on line with plans to produce 300MW in the fiscal year ending March 31, 2009 ("fiscal 2009"). As a result, we forecast around a 50% increase in sales for fiscal 2009 compared with fiscal 2008. The operating profit ratio is expected to remain on par with fiscal 2008.

Q7: With regard to the business environment for the fiscal year ending March 31, 2010 ("fiscal 2010"), do you think Kyocera will be impacted by the reductions in housing starts and loans?

A7: Looking from a global perspective, we expect that the absolute quantity will increase. Although prices are expected to decrease in Germany by 8~10% due to the reduction of feed-in tariffs, and also to decrease drastically in Spain, we expect subsidies in the amount of ¥1.8 trillion in the United States as well as ¥23.7 billion for housing grants in Japan. Subsidy systems are also expanding in Korea and India. Since the trend toward subsidies is growing worldwide, we do not foresee reductions in housing starts and loans having a major impact.

【Electronic Device Group】

Q8: Please comment on the background to the increase in sales and decrease in profit in the three months ended September 30, 2008 ("second quarter") relative to the first quarter in the Electronic Device Group as well as its operating profit forecast for the second half.

A8: The primary reason for the increase in sales compared with the first quarter was the contribution from AVX. The main reasons for the decrease in profit were the recording of impairment loss and a slump in the capacitor business. With respect to the second half, we expect operating profit to remain flat in the third quarter and the remaining three months to the end of fiscal 2009 (the "fourth quarter").

Q9: Has profitability in the thin-film device business decreased significantly?

A9: There has not been a significant decrease.

Q10: What is the reason for the forecast increase in operating profit to ¥3.0 billion in the second half considering it was just ¥800 million in the second quarter?

A10: There is no special reason. We expect to regain the one-time impairment loss posted in the second quarter and recovery of business at AVX.

Q11: Please comment on the status of electronic component inventory.

A11: We do not have any surplus inventory, although inventory adjustments are currently underway at distributors.

Q12: Do you have numerical targets for capacity utilization ratio in the third and fourth quarters?

A12: The capacity utilization ratio in the capacitor business was 75% in the second quarter. The physical volume of production has increased, but not extensively. We expect similar outcomes in the third and fourth quarters. The capacity utilization ratio in the crystal business was slightly higher, at 80~90% for the first half. We forecast a slight decrease in capacity utilization ratio in the crystal business due to declined components demand in the mobile phone handsets from the third quarter onward.

Q13: Please comment on measures to drive recovery in the capacitor business.

A13: We are currently working to resolve two issues on the production technology front related to new products. Prospects look bright for resolution of the first issue, while all personnel in the development division are working to resolve the second issue. Once we clear these technical challenges, we can achieve a competitive edge.

【Telecommunications Equipment Group】

Q14: Please comment on the factors behind the considerable loss forecast in the second half.

A14: In the domestic mobile phone handset business, although sales are projected to decrease, we expect to achieve profitability. The main reason for the forecast lies in the extremely tough situation surrounding the mobile phone handset business overseas.

Q15: Is the situation tough in terms of unit price, or sales volume?

A15: Sales volume has dropped much further than initially forecast.

Q16: Will you implement any measures to overcome this problem aiming at a recovery in profitability in fiscal 2010?

A16: In the mobile phone handset business overseas, since performance is down at existing carriers in the United States, we will develop a sales channel for new carriers.

Q17: Were there any problems in strategy that led to the stagnation in the mobile phone handset business overseas? Can you reduce fixed costs in advance in the second half to improve profitability?

A17: A major reason of its revision is the decrease in shipment volume of Q-Chat capable handsets. As for production, we are studying the creation of a system to increase efficiency, including integration of overseas plants, and expect the positive effects therefrom to emerge in fiscal 2010. In development, we are pushing ahead with preparations to consolidate four development sites worldwide to reduce costs in fiscal 2010.

Q18: Please tell us the profit and loss outlook for KWC in fiscal 2010.

A18: We will take steps to eliminate loss at KWC.

Q19: Kyocera forecasts an operating loss of ¥15.0 billion in the Telecommunications Equipment Group in the second half. Please comment on the situation for the third and fourth quarters.

A19: Demand in the Christmas selling season is expected to be extremely low this year, and sales are forecast to be flat in the third and fourth quarters. We expect loss to be split evenly between these two quarters. If the positive effects of cost reductions emerge in the fourth quarter, loss in the fourth quarter will be slightly less than the third quarter.

Q20: Is it reasonable to assume that you are not considering any drastic measures in the second half such as cutbacks in personnel?

A20: That is correct.

Q21: Are you forecasting profitability on a full-year basis for fiscal 2009 in the domestic mobile phone handset business? There were no SANYO models among the seven winter "au" models announced on October 27. Please tell us about any plans to introduce SANYO brand models in the second half.

A21: We release models developed a year ago into the market from now on, and accordingly we have no plan to release SANYO brand models in the second half. One KC brand model was included in those seven winter models. We will develop handsets for a refined target market in combination with three models we aim to release in spring 2009. We expect the domestic mobile phone handset business to post a profit in fiscal 2009.

Q22: Are you considering posting a goodwill impairment loss for the business acquired from SANYO?

A22: No, we are not.

【Information Equipment Group】

Q23: Please comment on business trends and strategies in the Information Equipment Group.

A23: Half of the sales in this reporting segment are accounted for in Europe, so the yen's appreciation against the Euro has had a significant impact on results. Meanwhile, despite delays in measures to boost the proportion of color models, production goals are already within reach. We began production of a new color printer in September and will begin production of a new color MFP in November. Sales are not expected to decrease significantly in Europe, but the business environment is forecast to remain harsh. We intend to contain any possible decrease mainly through introduction of new color models.