

**Outline of Q&A on Financial Presentation**  
**for the year ended March 31, 2012 (“fiscal 2012”)**  
**(Held on April 27, 2012)**

**Solar Energy Business**

Q: Please tell us your market share target in Japan. Also, will production capacity be sufficient considering the Japanese market will double in scale?

A: Kyocera commands top share in the Japanese market for public and industrial use solar power. This share is estimated to be approximately 35% at present, a figure we would like to maintain going forward. Although the scale of the market is set to double in the year ending March 31, 2013 (“fiscal 2013”) relative to fiscal 2012, we have to keep a close eye on the situation as it is subject to change based on the rates and periods for renewable energy purchases to be decided under the Renewable Energy Law.

Regarding production capacity, although our start-of-year annual production volume target for fiscal 2012 was 800MW, we ceased capital expenditures during the period due to the sharp market downturn. However, some equipment has already been installed. We intend to enhance production capacity to meet customer requirements.

Q: When do you plan to achieve profitability?

A: The solar energy business is expected to become profitable from April. If product and raw material prices remain at current levels, we will certainly achieve profitability in fiscal 2013.

Q: Can you tell us of any major orders in the solar energy business? Also, is Kyocera in a position to enter the power generation business?

A: We haven’t decided on any other projects in the power generation business aside from the one in Nanatsujima, Kagoshima. However, we plan to challenge this field to take full advantage of opportunities.

Q: To what extent did product prices decline in fiscal 2012? What is the outlook for fiscal 2013?

A: Prices declined approximately 30% overseas, mainly in Europe, on a local currency basis in fiscal 2012. After translation into yen, the impact of currency exchange meant prices declined by more than 35%. Prices in Japan declined

around 20% due in part to the impact of price erosion in Europe.

Although the pace of price declines has eased in fiscal 2013 due to a weaker yen in foreign exchange, prices are still on a moderate downward trend. We expect prices to drop approximately 10% for the year, depending on competition.

Q: How do you expect the ratio of sales in Japan and overseas in the solar energy business to change from fiscal 2012 to fiscal 2013?

A: Japan accounted for just under 60% of total sales in fiscal 2012. In fiscal 2013, the ratio of sales in Japan is expected to increase significantly due to numerous mega-solar power projects. Sales ratio in Japan is forecast to be at least 70%.

Q: Do you expect overseas sales to decrease in the solar energy business?

A: The market in fiscal 2013 will certainly contract. Kyocera will therefore focus efforts in areas where sales can be made at an appropriate price.

Q: It seems the capacity utilization ratio increased after January following inventory adjustments. Please tell us what this ratio was in March. Also, what is your outlook for the first quarter of fiscal 2013 (April to June 2012)?

A: We began preparations to boost the capacity utilization around January with the start of projects such as the mega-solar power project, but it only actually increased in March for modules following an improvement from the front-end processing stage. The ratio now stands at around 80% on a module basis.

Q: How certain are orders for current mega-solar power projects? Are orders fixed until the second quarter (July to September 2012)?

A: We are in numerous talks at the moment, but most of inquiries have not been accepted orders. We cannot conduct detailed investigations until the rates and periods for renewable energy purchases have been decided under the Renewable Energy Law.

However, inquiries will be concluded as soon as these details are decided. Certain fast-moving customers have already made orders, but we expect to receive most orders after July.

Q: How will the entry of overseas manufacturers to the Japanese market affect the solar energy business?

A: Manufacturers from China and Taiwan in particular are big competitors overseas. Overseas manufacturers will likely grab some market share through a low-price strategy, but past results show that foreign entities that entered the Japanese residential sector gained only a minor share. The Japanese market is different from foreign markets in terms of attitude towards quality.

Q: Japan will soon implement a feed-in-tariff (FIT) for solar energy. Since this system was less than successful in Europe, what do you think the medium- to long-term risk of a FIT in Japan will be?

A: The FIT was an issue in Germany since the burden on each individual was much higher than originally planned. However, as the FIT is a national energy policy, and the government sets long-term plans that consider burden on the general public, I don't think there will be an issue in Japan as long as the system being developed gains the understanding of the people.

Q: What will the internal rate of return (IRR) be for the mega-solar power generation project in Kagoshima? IRR will no doubt change significantly depending on initial costs, but will the price of the solar modules be much less than those for residential use?

A: We have just concluded a basic agreement for the project in Kagoshima so I cannot disclose details yet. Parts of the plan still need to be finalized. This is a huge project of 70MW so it will be difficult to install all of the modules in fiscal 2013. In this case, these plans may change depending on the subsidy system for next year.

The price of the solar modules will be lower than those for residential use.

Q: Kyocera has stated a sales target of 10,000 units for its Home Energy Management System ("HEMS") for the first year of fiscal 2013. What sort of contribution will HEMS make to sales in fiscal 2013? Also, in what manner will the units be sold, such as in combination with homebuilders?

A: One strong point of the power storage system is that it can be used in an emergency. In addition, it saves up power at night, meaning the solar-generated electricity can be sold back to the grid. This results in short

investment cost recovery time.

Kyocera's HEMS has been proposed to homebuilders, who have shown significant interest. The system functions very well and the battery is highly reliable with the world's highest capacity and exceptional cost performance. Up until now, Kyocera only sold solar power generating systems for homes in Japan. Now, we will sell our solar power generating systems together with HEMS, which is expected to expand our market share. We project sales volume to reach a few thousand units in fiscal 2013.

### **Telecommunications Equipment Group**

Q: Kyocera reported that the overseas mobile phone handset business achieved profitability in February. Please tell us your forecast for this business for fiscal 2013 and your strategy to achieve it.

A: Fiscal 2012 yielded unexpected results in the mobile phone handset business overseas. A key customer introduced the iPhone and Kyocera could not release many products in existing lines or in fact new products prepared for the customer. We devised a plan to generate profit in fiscal 2013.

Current problem can arise when sales are over-concentrated with a single carrier. As such, we are interested in teaming up with other Tier 1 carriers. We aim to develop and propose new models in fiscal 2013 and have them adopted in fiscal 2014. We intend to approach various new small- and medium-sized Tier 2 carriers in fiscal 2013.

### **Components Business**

Q: How do you expect the volume of orders to change from the fourth quarter of fiscal 2012 (January to March 2012) to the first quarter of fiscal 2013 (April to June 2012) by core application for components in general?

A: Orders bottomed out in January and rebounded gradually in February and March. A further increase is expected in April. Compared with the fourth quarter of 2012, we expect orders to climb 10% in the first quarter of fiscal 2013.

Q: Do you expect the upward trend in orders to continue in May and June?

A: Yes, I do. I believe orders will increase up toward the Christmas selling season. This trend holds true for all components used in digital consumer equipment. Regarding automotive parts, despite an upswing in demand from

Japanese manufacturers as the impact of the Thailand floods dissipate, demand from European manufacturers remains unchanged or is down slightly. Although China has manifest strong growth up until now, the rate of growth has started to decline somewhat.

Q: Kyocera forecasts significant growth in sales in the Semiconductor Parts Group for fiscal 2013 to ¥180 billion. What are quarterly sales targets?

A: In the Semiconductor Parts Group, packages for crystal/SAW devices are now the largest contributors among ceramic packages.

As distinct from before, in fiscal 2013, we will increase ceramic packages for CMOS image sensors in particular. CCD image sensors are mainly used in digital cameras and CMOS image sensors in mobile phones. Sales of packages for CMOS image sensors have been growing due to enhanced pixel count and a slimmer design. Leading smartphone makers have started employing ceramic packages for CMOS image sensors in fiscal 2013, and as such, sales of ceramic packages for image sensors are expected to increase. In terms of quarterly sales targets, we expect to see growth from summer to autumn in line with a steady increase in orders in the second and third quarters, which follows the standard pattern. This increase should be around 20% relative to the fourth quarter of fiscal 2012.

Q: To what extent do you expect sales of ceramic packages for CMOS image sensors to increase in fiscal 2013 compared with fiscal 2012?

A: We expect more than twice.

Q: What is your forecast for financial results at Kyocera Display Corporation in fiscal 2013? It has been reported that its annual sales amount to approximately ¥90 billion. If this amount is included in the Electronic Device Group in fiscal 2013, does that mean businesses aside from Kyocera Display in this reporting segment will not grow?

A: Annual sales at Kyocera Display amount to approximately ¥90 billion, but since the company was acquired in February 2012, two months worth of sales were included in results for fiscal 2012. Around ¥70 billion of sales at Kyocera Display will contribute to sales growth in fiscal 2013 compared with fiscal 2012.

Sales at Kyocera Corporation are targeting around 15% growth in

components for digital consumer equipment.

We are forecasting an increase of 17% in sales for the Semiconductor Parts Group and a 35% increase in sales for the Electronic Device Group in fiscal 2013 compared with fiscal 2012. The difference in growth rate relates to the contribution from Kyocera Display.

### **Administrative Order to AVX Corporation**

Q: For what reason did the Environmental Protection Agency (“EPA”) issue an administrative order to AVX Corporation? Also, it has been reported that cleanup costs may amount to US\$401 million. What sort of risk does this pose?

A: We are currently examining the contents of its order in detail. The US\$401 million is the total cost of future cleanup work according to calculations made by the EPA. This does not mean that AVX has to pay the entire amount.

Q: AVX has already paid US\$66 million in cleanup costs for the New Bedford Harbor. Will payment under the current administrative order surpass this amount?

A: I’m not sure. All details regarding this matter will be disclosed as soon as they come to light.