THE NEW VALUE FRONTIER
KYOCERA

April 27, 2006
KYOCERA CORPORATION

Consolidated Financial Highlights
Results for the Year Ended March 31, 2006

(Yen in millions, except per share amounts and exchange rates)

	Years Ended March 31, 2006	Years Ended March 31, 2005	Increase or Decrease (%)
Net sales	1,181,489	1,180,655	0.1
Profit from operations	103,207	100,968	2.2
Income before income taxes	121,388	107,530	12.9
Net income	69,696	45,908	51.8
Average exchange rates :			
US$	113	108	—
Euro	138	135	—
Earnings per share :			
Net income			
Basic	371.68	244.86	—
Diluted	371.43	244.81	—
Capital expenditures	90,271	63,176	42.9
Depreciation	63,018	58,790	7.2
R&D expenses	57,436	54,398	5.6
Total assets	1,931,522	1,745,519	10.7
Stockholders' equity	1,289,077	1,174,851	9.7
Sales of products manufactured outside Japan to net sales (%)	31.3	31.8	—

Kyocera Corporation and its Consolidated Subsidiaries

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America.

Date of the board of directors' meeting for the consolidated results for the year: April 27, 2006

1. Results for the year ended March 31, 2006:

(1) Consolidated results of operations:

	Japanese yen	
	Years ended March 31,	
	2006	**2005**
Net sales	**¥1,181,489 million**	¥1,180,655 million
% change from the previous year	**0.1%**	3.5%
Profit from operations	**103,207 million**	100,968 million
% change from the previous year	**2.2%**	(7.3)%
Income before income taxes	**121,388 million**	107,530 million
% change from the previous year	**12.9%**	(6.5)%
Net income	**69,696 million**	45,908 million
% change from the previous year	**51.8%**	(32.6)%
Earnings per share:		
Basic	**¥ 371.68**	¥ 244.86
Diluted	**371.43**	244.81
Return on equity	**5.7%**	3.9%
Income before income taxes to total assets	**6.6%**	6.1%
Income before income taxes to net sales	**10.3%**	9.1%

Notes:

1. Equity in losses of affiliates and unconsolidated subsidiaries:
   - Year ended March 31, 2006: ¥(1,216) million
   - Year ended March 31, 2005: ¥(1,678) million

2. Weighted average number of shares outstanding during the year:
   - Year ended March 31, 2006: **187,513,918** shares
   - Year ended March 31, 2005: **187,488,658** shares

3. Change in accounting policies: None

(2) Consolidated financial position:

	Japanese yen	
	As of March 31,	
	2006	**2005**
Total assets	**¥1,931,522 million**	¥1,745,519 million
Stockholders' equity	**1,289,077 million**	1,174,851 million
Stockholders' equity to total assets	**66.7%**	67.3%
Stockholders' equity per share	**¥6,865.75**	¥6,266.50

Note: Total number of shares outstanding as of:
- March 31, 2006: **187,754,750** shares
- March 31, 2005: **187,481,084** shares

(3) Consolidated cash flows:

	Japanese yen	
	Years ended March 31,	
	2006	**2005**
Cash flows from operating activities	**¥ 171,077 million**	¥ 145,523 million
Cash flows from investing activities	**(165,467) million**	(132,494) million
Cash flows from financing activities	**(23,289) million**	(67,344) million
Cash and cash equivalents at end of year	**300,809 million**	310,592 million

(4) Scope of consolidation and application of the equity method:

Number of consolidated subsidiaries: 168

Number of non-consolidated subsidiaries accounted for by the equity method: 2

Number of affiliates accounted for by the equity method: 12

(5) Changes in scope of consolidation and application of the equity method:

	Consolidation	Equity method
Increase	5	2
Decrease	2	4

2. Forecast for the year ending March 31, 2007:

	Japanese yen
	Year ending March 31, 2007
Net sales	**¥1,230,000 million**
Income before income taxes	**138,000 million**
Net income	**83,000 million**

Note:
Forecast of earnings per share: ¥442.34

Net income per share amounts is computed based on Statement of Financial Accounting Standards No.128.

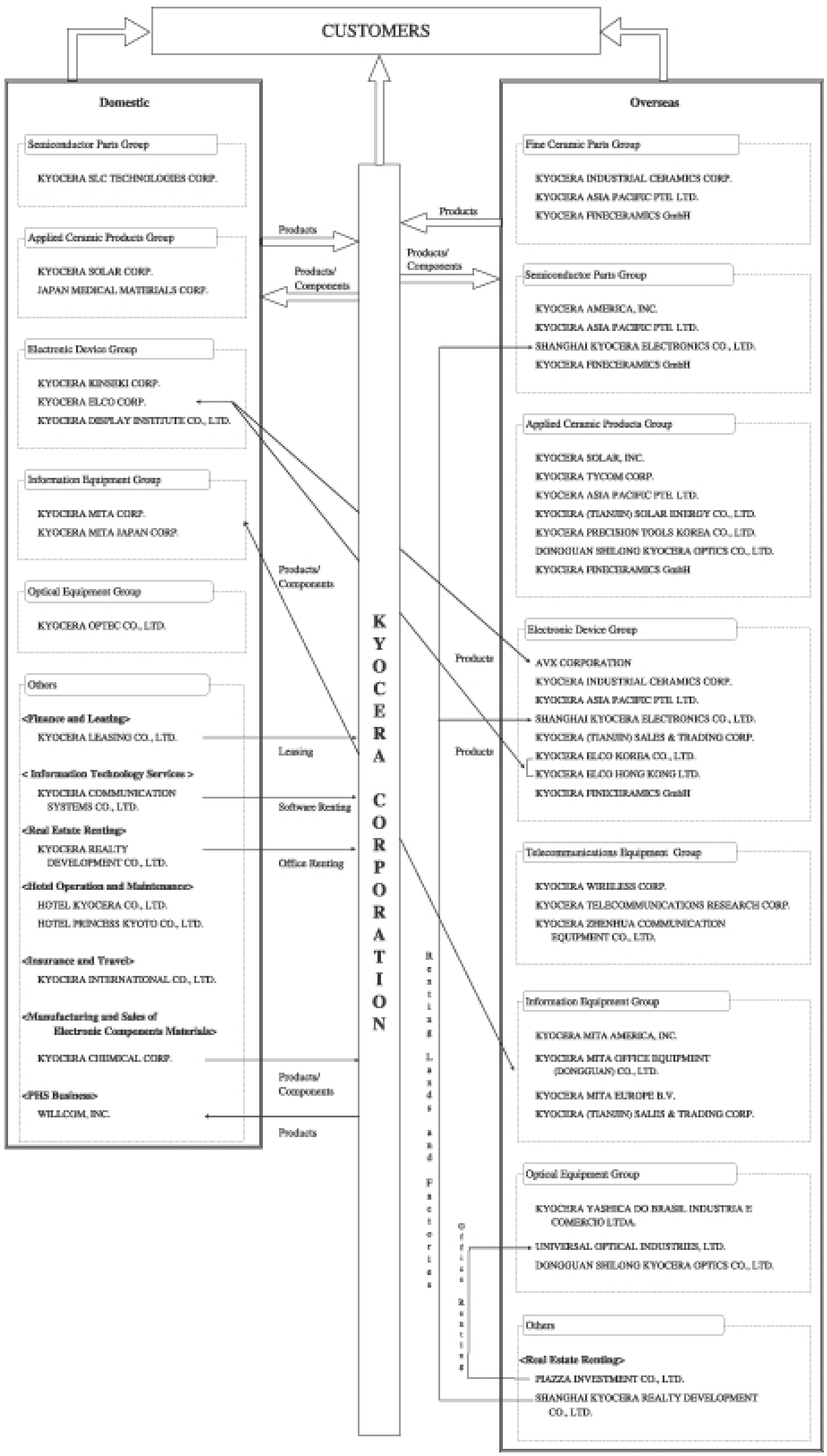
Forecast of earnings per share is computed based on the diluted average number of shares outstanding during the year ended March 31, 2006.

With regard to forecasts set forth above, please refer to the accompanying “Forward Looking Statements” on page 16.

KYOCERA GROUP

Kyocera group consists of Kyocera Corporation, 170 subsidiaries and 12 affiliates.

(Chart of the group companies)


CUSTOMERS
Domestic
Semiconductor Parts Group
KYOCERA SLC TECHNOLOGIES CORP.
Applied Ceramic Products Group
KYOCERA SOLAR CORP.
JAPAN MEDICAL MATERIALS CORP.
Electronic Device Group
KYOCERA KINSEKI CORP.
KYOCERA ELCO CORP.
KYOCERA DISPLAY INSTITUTE CO., LTD.
Information Equipment Group
KYOCERA MITA CORP.
KYOCERA MITA JAPAN CORP.
Optical Equipment Group
KYOCERA OPTEC CO., LTD.
Others
<Finance and Leasing>
KYOCERA LEASING CO., LTD.
< Information Technology Services >
KYOCERA COMMUNICATION SYSTEMS CO., LTD.
<Real Estate Renting>
KYOCERA REALTY DEVELOPMENT CO., LTD.
<Hotel Operation and Maintenance>
HOTEL KYOCERA CO., LTD.
HOTEL PRINCESS KYOTO CO., LTD.
<Insurance and Travel>
KYOCERA INTERNATIONAL CO., LTD.
<Manufacturing and Sales of Electronic Components Materials>
KYOCERA CHEMICAL CORP.
<PHS Business>
WILLCOM, INC.
Products
Products/ Components
Products/ Components
Leasing
Software Renting
Office Renting
Products/ Components
Products
KYOCERA CORPORATION
Renting Lands and Factories
Office Renting
Products
Products/ Components
Products
Products
Overseas
Fine Ceramic Parts Group
KYOCERA INDUSTRIAL CERAMICS CORP.
KYOCERA ASIA PACIFIC PTE. LTD.
KYOCERA FINECERAMICS GmbH
Semiconductor Parts Group
KYOCERA AMERICA, INC.
KYOCERA ASIA PACIFIC PTE. LTD.
SHANGHAI KYOCERA ELECTRONICS CO., LTD.
KYOCERA FINECERAMICS GmbH
Applied Ceramic Products Group
KYOCERA SOLAR, INC.
KYOCERA TYCOM CORP.
KYOCERA ASIA PACIFIC PTE. LTD.
KYOCERA (TIANJIN) SOLAR ENERGY CO., LTD.
KYOCERA PRECISION TOOLS KOREA CO., LTD.
DONGGUAN SHILONG KYOCERA OPTICS CO., LTD.
KYOCERA FINECERAMICS GmbH
Electronic Device Group
AVX CORPORATION
KYOCERA INDUSTRIAL CERAMICS CORP.
KYOCERA ASIA PACIFIC PTE. LTD.
SHANGHAI KYOCERA ELECTRONICS CO., LTD.
KYOCERA (TIANJIN) SALES & TRADING CORP.
KYOCERA ELCO KOREA CO., LTD.
KYOCERA ELCO HONG KONG LTD.
KYOCERA FINECERAMICS GmbH
Telecommunications Equipment Group
KYOCERA WIRELESS CORP.
KYOCERA TELECOMMUNICATIONS RESEARCH CORP.
KYOCERA ZHENHUA COMMUNICATION EQUIPMENT CO., LTD.
Information Equipment Group
KYOCERA MITA AMERICA, INC.
KYOCERA MITA OFFICE EQUIPMENT (DONGGUAN) CO., LTD.
KYOCERA MITA EUROPE B.V.
KYOCERA (TIANJIN) SALES & TRADING CORP.
Optical Equipment Group
KYOCERA YASHICA DO BRASIL INDUSTRIA E COMERCIO LTDA.
UNIVERSAL OPTICAL INDUSTRIES, LTD.
DONGGUAN SHILONG KYOCERA OPTICS CO., LTD.
Others
<Real Estate Renting>
PIAZZA INVESTMENT CO., LTD.
SHANGHAI KYOCERA REALTY DEVELOPMENT CO., LTD.

Management Policies

Kyocera Corporation and its consolidated subsidiaries (Kyocera) aim to be "The Company" respected by society from the perspective of corporate ethics, while maintaining continuous sales growth and high profitability. To achieve this management vision, Kyocera's management policy is to further drive business expansion to be "a creative company that continues to grow in the 21st century." Kyocera promotes efficient resource management and emphasizes consolidated group management and intends to increase corporate value (aggregate market value of its shares) through improvement of business performance.

Management Strategies

Kyocera promotes "high-value-added diversification" as its management strategy to realize this management policy. By making each individual business highly profitable and maximizing group synergies, Kyocera seeks to propel continuous corporate growth even in a tough, rapidly changing business environment.

In particular, Kyocera aims to: (1) exploit competitive advantages; (2) strengthen existing businesses; and (3) create new businesses.

(1) Exploit competitive advantages

The "Kyocera Philosophy," a corporate philosophy of Kyocera that is run with faith in the human spirit, and the so-called "amoeba" management system, which has been a unique management system of Kyocera based on small business units and has been a driving force for corporate growth since Kyocera Corporation was founded, as well as its strong financial basis have been Kyocera's particular competitive advantages in promoting its diversification strategy. Leveraging off this sturdy base, Kyocera will focus its energies into two high-growth-potential areas going forward, namely the markets for telecommunications and information processing and for environmental preservation. By establishing further competitive advantages in technology, and sales and marketing, Kyocera intends to improve business performance through its diversification strategy.

(2) Strengthen existing businesses

Kyocera will improve profitability of each existing business on a daily basis and improve profitability of each operating segment on a consolidated business by deepening the ties between Kyocera Group companies and each Corporate Business Group of Kyocera Corporation to pursue maximization of synergies. Kyocera will also employ a global strategy in each business and integrate group-wide management resources to establish the structure to undertake R&D, production and sales at optimal localities. As a result, Kyocera can hone the competitive edge of each of its existing businesses. Kyocera also regularly reviews those businesses that have lost market competitiveness or where significant performance improvement is not expected in the future.

(3) Create new businesses

Kyocera will create new core businesses to spur growth over the medium to long term by integrating group-wide management resources and developing new technologies, products and markets. Special emphasis will be placed on generating new business domains in the markets for telecommunications and information processing and for environmental preservation.

Challenges

Kyocera aims to be "a creative company that continues to grow in the 21st century." To achieve such management policy, Kyocera seeks to improve the profitability of its component and equipment businesses, and is working to rapidly attain a pre-tax income ratio of 15% or more on a group-wide basis. Toward this goal, Kyocera will strive to achieve its financial forecasts set for the year ending March 31, 2007 (fiscal 2007) and to further strengthen its business foundation.

The following outlines specific measures being undertaken to accomplish these goals.

(1) Further strengthen "amoeba" management system

Kyocera's "amoeba" management system offers a unique competitive advantage over rival companies, and as such, Kyocera aims to further strengthen such management system. Since Kyocera Corporation was founded, this system has been a driving force for growth of Kyocera. Kyocera will further seek to thoroughly implement such management system and invigorate competencies in its development, manufacturing, sales and marketing departments, which in turn will boost the ability to achieve objectives. In particular, Kyocera is working to strengthen its capabilities in manufacturing, which is the profit center of Kyocera.

(2) Translate results of strategic investment and structural reform into improved performance

Kyocera aims to ensure that strategic investment during the year ended March 31, 2006 (fiscal 2006) will translate into improved performance in fiscal 2007 and beyond. Concrete initiatives include launching new businesses and improving profitability in the components business, especially the Fine Ceramic Parts Group (ceramic parts for LCD fabrication equipment), the Semiconductor Parts Group (ceramic packages and organic packages) and the Applied Ceramic Products Group (solar energy products and cutting tools).

Kyocera also expects structural reforms implemented in fiscal 2006 to lead to improved sales and profit.

(3) Promote commercialization of strategic businesses from a medium term perspective

Kyocera will promote the commercialization of new businesses that will be key growth drivers for Kyocera in the medium term. In addition to pursuing business expansion in prospective markets including ceramic parts for diesel engines, Kyocera aims to realize practical application of next-generation solar cells and solid oxide fuel cells (SOFCs), and to make these businesses contribute to our business performance as quickly as possible.

Basic Profit Distribution Policy

Historically, Kyocera has set dividend amounts with the policy of maintaining stable payment of dividends. In order to implement its policy of giving more weight to the interests of shareholders, however, Kyocera decided, commencing with the year end dividend relating to the year ended March 31, 2005 (fiscal 2005), to change this policy to establish a greater linkage between dividend amounts and Kyocera's performance. In particular, Kyocera will determine dividend amounts based on an overall assessment that will take into consideration capital expenditures necessary for the further development of Kyocera from a medium to long-term perspective, while also aiming for a payout ratio of approximately 20 to 25% on a consolidated basis.

Based on this policy, Kyocera plans to distribute the year-end dividend in the amount of ¥50 per share for fiscal 2006. As a result, when aggregated with the interim dividend in the amount of ¥50 per share, which has been already paid, the total amount of dividends per share through fiscal 2006 will be ¥100 per share. Accordingly, the dividend payout ratio will be 26.9%.

Policy Encouraging Individual Share Ownership

In February 1997, to make share transactions easier for individuals, Kyocera Corporation revised the number of shares in a minimum trading unit, reducing it from 1,000 to 100 shares. These efforts have proven highly rewarding as the number of stockholders in Kyocera Corporation continues to rise. At present, Kyocera Corporation has secured sufficient liquidity in its shares and so has no further plans to reduce the size of trading units.

Business Results and Financial Condition

1. Business Results for the Year Ended March 31, 2006

(1) Economic Situation and Business Environment

The Japanese economy continued to expand steadily during fiscal 2006 on the back of improved corporate earnings, increased capital investment and robust personal consumption. As to the world economy, the U.S. economy continued to grow through healthy expansion in personal consumption, while in Europe an increase in exports and production actively helped the economy towards a moderate recovery track. The Chinese economy maintained high growth as exports increased due to expanded production of electronic equipment and strong capital investment in the private sector. Other economies in Asia also expanded steadily on the whole.

In the first quarter of fiscal 2006, the business environment was severe in the electronics industry, which is a key market for Kyocera. Recovery in demand was moderate, while components prices declined significantly. Nonetheless, the environment made an about-turn since last summer. Not only has production of core digital consumer products such as mobile phone handsets, PCs and digital home appliances expanded remarkably, but demand for related electronic components also maintained an upward trend until the end of the fourth quarter of fiscal 2006.

(2) Management Initiatives

1) In May 2005, Kyocera decided to outsource the manufacture of mobile phone handsets of Kyocera Wireless Corp. (KWC), a U.S. subsidiary, and to sell KWC's manufacturing equipment and inventories to Flextronics International Ltd., a leading provider of electronics manufacturing services. The production transfer was completed in September 2005. Through this outsourcing, KWC has realized a major reduction in manufacturing costs, thereby driving a significant improvement in profitability in the second half of fiscal 2006 compared with the first half of fiscal 2006.

2) In June 2005, Kyocera entered into a purchase agreement with IBM Japan, Ltd. to purchase the land, building and other assets of the Yasu Office (Yasu City, Shiga Prefecture) owned by IBM Japan, Ltd. The transfer took place in August 2005. Kyocera intends to make the most effective use of the acquired assets to provide meaningful enhancement to the future business of Kyocera.

3) Kyocera accepted a tender bid by Square Enix Co., Ltd. for shares of Taito Corporation, an affiliate engaged in the entertainment business, and sold its entire holding of shares of Taito Corporation (133,260 shares or 36.02% of outstanding shares) in September, 2005. The gain on sale of shares of Taito Corporation was ¥6,931 million.

4) In November 2005, Kyocera established a Corporate Social Responsibility (CSR) Committee to deliberate upon and decide policy and material matters with regard to CSR, and a Corporate CSR Division to execute these policies and material matters determined by the CSR Committee throughout Kyocera in order to broadly strengthen its CSR activities. Kyocera aims to generate sustainable growth by contributing to the healthy development of society through coordinated activities in Japan and overseas that take into consideration both Japanese and overseas trends in CSR.

5) In March, 2006, Kyocera discontinued the use of the titles of Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief Operating Officer (COO) under its executive officer system, and shifted to a new management system in which a President and Executive Officer has total responsibility for executing group management and implementing management strategies and management policy. The aim of this change is to enhance the speed of decision-making in Kyocera. The new system has been in effect since April 1, 2006.

(3) Consolidated Financial Results

	(Yen in millions, except per share amounts and exchange rates)		
	Years Ended March 31,		Increase (Decrease)
	2006	2005	%
Net sales	1,181,489	1,180,655	0.1
Profit from operations	103,207	100,968	2.2
Income before income taxes	121,388	107,530	12.9
Net income	69,696	45,908	51.8
Diluted earnings per share	371.43	244.81	—
Average US$ exchange rate	113	108	—
Average Euro exchange rate	138	135	—

Overview of Performance for the Year Ended March 31, 2006

Consolidated net sales remained roughly the same as in fiscal 2005, while profits increased due to a substantial improvement in profits from the equipment business as a result of the positive effects of structural reforms.

In the component business, sales and profits in the Applied Ceramic Products Group increased considerably compared with the previous year due to expansion of sales of solar energy products and cutting tools. However, sales and profits in the Fine Ceramic Parts Group and the Electronic Device Group declined due to slumping component demand until the end of the first quarter of fiscal 2006 and to a substantial decline in component prices.

In the equipment business, sales in the Telecommunications Equipment Group and the Optical Equipment Group declined compared with fiscal 2005 due to continued structural reforms at KWC and the material downsizing of the camera equipment business. Despite this, there was a considerable improvement on a profit front as the positive effects of structural reforms in both of these business groups began to emerge, accompanied by and increased sales in Japan of new products in the Telecommunications Equipment Group, namely mobile phone handsets and PHS handsets.

The yen depreciated 5 yen against the U.S. dollar and 3 yen against the Euro compared with the average exchange rates in fiscal 2005. Accordingly, net sales and income before income taxes after translation into yen were pushed up by ¥32.2 billion and ¥8.0 billion, respectively, compared with fiscal 2005.

Besides, the merger of Mitsubishi Tokyo Financial Group, Inc. and UFJ Holdings, Inc., on October 1, 2005, Kyocera Group’s holding shares in UFJ Holdings, Inc. were exchanged for shares of the new company, Mitsubishi UFJ Financial Group. As a result of this share exchange, Kyocera recognized a gain in the amount of ¥5,281million. Furthermore, a subsidiary of Kyocera recognized loss on devaluation of investment in an affiliate of ¥3,492 million in the fourth quarter of fiscal 2006.

(4) Consolidated Sales and Operating Profits by Reporting Segment

	Years Ended March 31, 2006	Years Ended March 31, 2005	(Yen in millions) Increase (Decrease) %
Fine Ceramic Parts Group	69,373	73,711	(5.9)
Semiconductor Parts Group	135,299	127,960	5.7
Applied Ceramic Products Group	117,555	93,879	25.2
Electronic Device Group	259,592	262,997	(1.3)
Total components business	581,819	558,547	4.2
Telecommunications Equipment Group	229,035	250,918	(8.7)
Information Equipment Group	249,381	241,145	3.4
Optical Equipment Group	14,947	35,776	(58.2)
Total equipment business	493,363	527,839	(6.5)
Others	124,974	118,040	5.9
Adjustments and eliminations	(18,667)	(23,771)	—
Net sales	1,181,489	1,180,655	0.1
Fine Ceramic Parts Group	11,014	11,535	(4.5)
Semiconductor Parts Group	17,742	17,550	1.1
Applied Ceramic Products Group	21,876	17,129	27.7
Electronic Device Group	27,170	35,406	(23.3)
Total components business	77,802	81,620	(4.7)
Telecommunications Equipment Group	(1,706)	(14,918)	—
Information Equipment Group	26,412	36,186	(27.0)
Optical Equipment Group	(5,774)	(15,387)	—
Total equipment business	18,932	5,881	221.9
Others	12,560	13,019	(3.5)
Operating profit	109,294	100,520	8.7
Corporate	13,358	8,683	53.8
Equity in losses of affiliates and unconsolidated subsidiaries	(1,216)	(1,678)	—
Adjustments and eliminations	(48)	5	—
Income before income taxes	121,388	107,530	12.9

Notes:
Kyocera previously classified its operations into four reporting segments: “Fine Ceramics Group,” “Electronic Device Group,” “Equipment Group” and “Others.” Kyocera changed its segmentation to clarify the nature of each of its operations and to rationalize its management structure more efficiently. Kyocera currently has the following eight reporting segments: “Fine Ceramic Parts Group,” “Semiconductor Parts Group,” “Applied Ceramic Products Group,” “Electronic Device Group,” “Telecommunications Equipment Group,” “Information Equipment Group,” “Optical Equipment Group” and “Others.” Consolidated results for the year ended March 31, 2005 have been retroactively reclassified accordingly.

1) Fine Ceramic Parts Group

Sales and operating profit in this segment decreased compared with fiscal 2005. Demand for ceramic parts used in semiconductor fabrication equipment was weaker than fiscal 2005, and sales of sapphire products for LCD projectors decreased by intensifying market competition with other materials.

2) Semiconductor Parts Group

Although demand for ceramic packages for digital consumer products such as mobile phone handsets and digital cameras declined in the first half of fiscal 2006, it recovered in the second half of fiscal 2006. Sales of organic packages for servers and digital consumer products increased. Operating profit was negatively impacted by an increase in depreciation costs in line with aggressive capital expenditures, including those to establish a new plant aimed at future business expansion. As a result, sales and operating profit in this segment increased compared with fiscal 2005.

3) Applied Ceramic Products Group

Both sales and operating profit in this segment increased significantly compared with fiscal 2005. Strong sales growth was recorded in the solar system business amid an expanding global market spurred by rising environmental awareness. Sales of cutting tools also grew due to healthy production activity in the automobile industry.

4) Electronic Device Group

Sales in this segment for fiscal 2006 declined slightly, and operating profit decreased compared with fiscal 2005. Although business environment in the first quarter of fiscal 2006 was stagnant, components demand for digital consumer products such as mobile handsets increased since last summer. However, this was insufficient to absorb a decline in sales and profits in the first half of fiscal 2006 because of slow sales of crystal related components for digital still cameras and mobile handsets and so on.

5) Telecommunications Equipment Group

Sales of mobile phone handsets decreased at KWC because it was in the process of executing structural reforms in the first half of fiscal 2006. In addition, sales of PHS-related products for the overseas market decreased. As a result, sales in this segment decreased compared with fiscal 2005. Nonetheless, operating loss was greatly reduced compared to fiscal 2005 due to increased sales of mobile phone handsets and PHS handsets in Japan combined with the positive effects of structural reforms at KWC.

6) Information Equipment Group

Sales in this segment increased compared with fiscal 2005 due to the introduction of a series of new machines and encouraged sales activities despite intensifying global competition and a severe market environment. Operating profit decreased compared with fiscal 2005, however, due to the impact of a decline in unit prices and increasing development costs for color printers and digital multifunction products equipped with solution functions.

7) Optical Equipment Group

Sales of camera equipment decreased in line with the execution of structural reforms. Operating loss in this segment, however, decreased considerably as a result of the positive effects of structural reforms.

8) Others

Kyocera Communication Systems Co., Ltd. (KCCS) posted solid sales growth due to an increase in sales by its telecommunications engineering business and to the contribution of a new subsidiary of KCCS, which was consolidated in fiscal 2005. Consequently, sales in this segment increased compared with fiscal 2005. Operating profit decreased slightly, however, due mainly to the impact of a decline in profits at Kyocera Chemical Corporation (KCC).

(5) Consolidated Orders and Production

	Years Ended March 31, 2006	2005	Increase (Decrease) %
			(Yen in millions)
Fine Ceramic Parts Group	70,039	74,026	(5.4)
Semiconductor Parts Group	142,827	124,193	15.0
Applied Ceramic Products Group	119,494	95,823	24.7
Electronic Device Group	269,329	265,628	1.4
Total components business	601,689	559,670	7.5
Telecommunications Equipment Group	235,022	223,365	5.2
Information Equipment Group	248,504	240,254	3.4
Optical Equipment Group	14,233	34,133	(58.3)
Total equipment business	497,759	497,752	0.0
Others	127,282	120,005	6.1
Adjustments and eliminations	(19,395)	(22,641)	—
Orders	1,207,335	1,154,786	4.6
Fine Ceramic Parts Group	68,630	74,063	(7.3)
Semiconductor Parts Group	136,757	127,908	6.9
Applied Ceramic Products Group	119,122	99,381	19.9
Electronic Device Group	257,558	268,950	(4.2)
Total components business	582,067	570,302	2.1
Telecommunications Equipment Group	224,687	248,144	(9.5)
Information Equipment Group	244,291	245,066	(0.3)
Optical Equipment Group	13,759	29,291	(53.0)
Total equipment business	482,737	522,501	(7.6)
Others	85,849	77,509	10.8
Production	1,150,653	1,170,312	(1.7)

(6) Consolidated Sales by Geographic Area

	Years Ended March 31, 2006	2005	Increase (Decrease) %
			(Yen in millions)
Japan	474,980	472,417	0.5
United States of America	253,696	248,333	2.2
Asia	198,731	203,848	(2.5)
Europe	184,351	175,850	4.8
Others	69,731	80,207	(13.1)
Net Sales	1,181,489	1,180,655	0.1

1) Japan

Sales increased compared with fiscal 2005 due to steady growth in sales of solar energy products, mobile phone handsets and PHS-related products in the Telecommunications Equipment Group, as well as telecommunications engineering and other businesses at KCCS.

2) USA

Although sales of the Telecommunications Equipment Group declined, sales of the Electronic Device Group, the solar energy business and the Information Equipment Group increased. Consequently, sales increased compared with fiscal 2005.

3) Asia

Sales decreased due to slumping sales of the Telecommunications Equipment Group, even though sales of solar energy products and cutting tools in the Applied Ceramic Products Group and of the Electronic Device Group grew.

4) Europe

Sales increased compared with fiscal 2005 due mainly to increased sales of solar energy products.

5) Others

Sales decreased compared with fiscal 2005 due to lower sales of the Telecommunications Equipment Group in Latin America.

2. Cash Flow

Cash and cash equivalents at the end of fiscal 2006 decreased by ¥9,783 million to ¥300,809 million compared with the end of fiscal 2005.

(Yen in millions)

	Years Ended March 31,		Increase
	2006	2005	(Decrease)
Cash flow from operating activities	171,077	145,523	25,554
Cash flow from investing activities	(165,467)	(132,494)	(32,973)
Cash flow from financing activities	(23,289)	(67,344)	44,055
Effect of exchange rate changes on cash and cash equivalents	7,896	3,775	4,121
Net decrease in cash and cash equivalents	(9,783)	(50,540)	40,757
Cash and cash equivalents at beginning of year	310,592	361,132	(50,540)
Cash and cash equivalents at end of year	300,809	310,592	(9,783)

(1) Cash flow from operating activities

Net cash provided by operating activities in fiscal 2006 was ¥171,077 million. Cash flow from receivables decreased by ¥77,795 million compared with fiscal 2005, although due to an increase in cash flows from inventories and notes and accounts payable by ¥93,165 million compared with fiscal 2005, in addition, net income in fiscal 2006 increased by ¥23,788 million compared with fiscal 2005. As a result net cash provided by operating activities increased by ¥25,554 million compared with fiscal 2005 of ¥145,523 million.

(2) Cash flow from investing activities

Net cash used in investing activities in fiscal 2006 increased by ¥32,973 million to ¥165,467 million from net cash used in fiscal 2005 of ¥132,494 million. This was due to proceeds from sales of investment in an affiliate to ¥24,133 million, in addition decrease in payments for purchases of investments and advances by ¥11,634 million, on the other hand, an increase in payments for purchase of securities and payments for purchases of property, plant and equipment, and intangible assets, also deposit of negotiable certificate of deposits and time deposits increased by ¥74,409 million compared with fiscal 2005.

(3) Cash flow from financing activities

Net cash used in investing activities in fiscal 2006 decreased by ¥44,055 million to ¥23,289 million from fiscal 2005 of ¥67,344 million. This was due mainly to an increase in short-term debt.

<Cash Flows Indexes (Consolidated)>

	Years Ended March 31,				
	2006	2005	2004	2003	2002
Stockholders' equity to total assets	66.7%	67.3%	64.3%	61.4%	63.2%
Market capitalization to total assets	101.3%	82.2%	91.3%	66.5%	101.2%
Interest bearing debts per operating cash flows (years)	0.8	1.0	3.2	1.2	1.5
Operating cash flows per interest paid (ratio)	88.5	62.4	20.6	49.8	26.6

All indexes are computed on a consolidated basis.
Interest bearing debts represent all debts with interest expense included in consolidated balance sheets.

3. Capital Expenditures and Depreciation (Consolidated)

	Years Ended March 31,		Increase (Decrease)
	2006	2005	(%)
Capital expenditures	90,271	63,176	42.9
(% to net sales)	7.6%	5.4%	—
Depreciation expenses	63,018	58,790	7.2
(% to net sales)	5.3%	5.0%	—

During fiscal 2006, Kyocera made aggressive capital expenditures in its organic packages business and solar energy business including the establishment of new production bases and the expansion of production capacity. Due mainly to these factors, capital expenditures for fiscal 2006 increased significantly compared with fiscal 2005.

4. Non-Consolidated Results for the Year Ended March 31, 2006

			(Yen in millions)
	Years Ended March 31,		Increase (Decrease)
	2006	2005	(%)
Net sales	477,379	493,271	(3.2)
Profit from operations	39,937	33,822	18.1
Recurring profit	68,182	66,434	2.6
Net income	68,712	34,327	100.2

5. Business Risk

Please see "Forward-Looking Statements" on page 16 for details of business risk.

Basic Outlook and Future Management and Business Strategies

1. Economic Situation and Business Environment for the Year Ending March 31, 2007

The economy in Japan is expected to continue expanding in fiscal 2007 due to continued improvement in corporate earnings. As for overseas economy, although the U.S., Asian and European economies are forecasted to grow steadily, there are concerns over the impact of crude oil price trends on material prices and world economies.

In the electronics industry, Kyocera projects an increase in demand for digital TVs and next-generation game consoles, and for mobile phone handsets in the BRICs (Brazil, Russia, India, China) markets, and therefore an increase in demand of components for these digital consumer products. In the semiconductor industry, Kyocera expects an increase in capital investment from equipment manufacturers and a generally favorable business environment in the electronics market in fiscal 2007.

2. Consolidated Forecasts for the Year Ending March 31, 2007

In light of the aforementioned outlook for the business environment, Kyocera forecasts year-on-year increases in both consolidated sales and profits on a basis for fiscal 2007.

	(Yen in millions, except per share amounts and exchange rate)		
	Years Ending (Ended) March 31,		Increase (Decrease)
	2007 (Forecast)	2006 (Results)	%
Net sales	1,230,000	1,181,489	4.1
Profit from operations	123,000	103,207	19.2
Income before income taxes	138,000	121,388	13.7
Net income	83,000	69,696	19.1
Diluted earnings per share	442.34	371.43	—
Average US$ exchange rate	108	113	—
Average Euro exchange rate	134	138	—

3. Consolidated Outlook and Future Business Strategies by Reporting Segment

	Years Ending (Ended) March 31,		(Yen in millions)
	2007 (Forecast)	2006 (Results)	Increase (Decrease) %
Fine Ceramic Parts Group	71,000	69,373	2.3
Semiconductor Parts Group	145,000	135,299	7.2
Applied Ceramic Products Group	122,000	117,555	3.8
Electronic Device Group	263,000	259,592	1.3
Total components business	601,000	581,819	3.3
Telecommunications Equipment Group	245,000	229,035	7.0
Information Equipment Group	260,000	249,381	4.3
Optical Equipment Group	11,000	14,947	(26.4)
Total equipment business	516,000	493,363	4.6
Others	133,000	124,974	6.4
Adjustments and eliminations	(20,000)	(18,667)	—
Net sales	1,230,000	1,181,489	4.1
Fine Ceramic Parts Group	11,500	11,014	4.4
Semiconductor Parts Group	21,000	17,742	18.4
Applied Ceramic Products Group	21,500	21,876	(1.7)
Electronic Device Group	28,500	27,170	4.9
Total components business	82,500	77,802	6.0
Telecommunications Equipment Group	9,000	(1,706)	—
Information Equipment Group	28,500	26,412	7.9
Optical Equipment Group	0	(5,774)	—
Total equipment business	37,500	18,932	98.1
Others	14,000	12,560	11.5
Operating profit	134,000	109,294	22.6
Corporate	4,000	12,094	(66.9)
Income before income taxes	138,000	121,388	13.7

Kyocera aims to be “a creative company that continues to grow in the 21st century.” To this end, Kyocera intends to confidently seize opportunities for growth in each of its businesses under the expected favorable business conditions and to strengthen its business foundations with a view towards attaining a pre-tax income ratio of over 15%.

In the components business, Kyocera expects that strategic investments during the year will translate into improved performance from the next fiscal year onward. Specifically, Kyocera seeks to create sound business foundations in ceramic parts for LCD fabrication equipment, ceramic packages, organic packages, solar energy products and cutting tools aimed at improving profitability and driving future growth.

In the equipment business, Kyocera expects the positive effects of structural reforms implemented in during the year to emerge in the form of higher sales and profits. In the Telecommunications Equipment Group, Kyocera will increase sales through the timely launch of new products and by cultivating new markets. Efforts will be made to expand mobile phone handset sales and boost profitability at KWC. Elsewhere, Kyocera will work to expand market share of PHS handsets in Japan and to develop the PHS market overseas. In the Information Equipment Group, Kyocera will strengthen its lineup of models with color capability and solution functionality in order to expand sales.

4. Non-Consolidated Forecasts for the Year Ending March 31, 2007

	Years Ending (Ended) March 31,		(Yen in millions) Increase (Decrease)
	2007 (Forecast)	2006 (Results)	%
Net sales	510,000	477,379	6.8
Profit from operations	44,000	39,937	10.2
Recurring profit	74,000	68,182	8.5
Net income	53,000	68,712	(22.9)

Note: Forward-Looking Statements

Certain of the statements made in this document are forward-looking statements (within the meaning of Section 21E of the U.S. Securities and Exchange Act of 1934), which are based on our current assumptions and beliefs in light of the information currently available to us. These forward-looking statements involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors include, but are not limited to: general economic conditions in our markets, which are primarily Japan, North America, Europe, and Asia, including in particular China; changes in exchange rates, particularly between the yen and the U.S. dollar and euro, respectively, in which we make significant sales; our ability to launch innovative products and otherwise meet the advancing technical requirements of our customers, particularly in the highly competitive markets for ceramics, semiconductor parts and electronic components; and the extent and pace of future growth or contraction in information technology-related markets around the world, including those for communications and personal computers; fluctuations in the value of securities and other assets held by us and changes in accounting principles; business performance of other companies with which we maintain business alliances; laws and regulations relating to the taxation, and to manufacturing and trade; events that may impact negatively on our markets or supply chain, including terrorist acts and outbreaks of diseases; and the occurrence of natural disasters, such as earthquakes, in locations where our manufacturing and other key business facilities are located. Such risks, uncertainties and other factors may cause our actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. We undertake no obligation to publicly update any forward-looking statements included in this document.

CONSOLIDATED BALANCE SHEETS

	Yen in millions				
	March 31,				
	2006		2005		Increase
	Amount	%	Amount	%	(Decrease)
Current assets :					
Cash and cash equivalents	**¥ 300,809**		¥ 310,592		¥ (9,783)
Short-term investments	**87,942**		34,938		53,004
Trade notes receivable	**24,597**		29,552		(4,955)
Trade accounts receivable	**210,393**		201,374		9,019
Short-term finance receivables	**39,505**		40,801		(1,296)
Less allowances for doubtful accounts and sales returns	**(7,425)**		(7,981)		556
Inventories	**190,564**		213,411		(22,847)
Deferred income taxes	**40,411**		38,659		1,752
Other current assets	**33,872**		34,229		(357)
Total current assets	**920,668**	**47.7**	895,575	51.3	25,093
Non-current assets :					
Investments and advances :					
Investments in and advances to affiliates and unconsolidated subsidiaries	**7,355**		30,623		(23,268)
Securities and other investments	**553,377**		430,437		122,940
Total investments and advances	**560,732**	**29.0**	461,060	26.4	99,672
Long-term finance receivables	**80,970**	**4.2**	66,427	3.8	14,543
Property, plant and equipment, at cost :					
Land	**58,286**		55,210		3,076
Buildings	**249,506**		225,964		23,542
Machinery and equipment	**697,383**		656,780		40,603
Construction in progress	**13,473**		14,384		(911)
Less accumulated depreciation	**(733,302)**		(693,341)		(39,961)
	285,346	**14.8**	258,997	14.9	26,349
Goodwill	**31,351**	**1.6**	28,110	1.6	3,241
Intangible assets	**31,227**	**1.6**	15,847	0.9	15,380
Other assets	**21,228**	**1.1**	19,503	1.1	1,725
Total non-current assets	**1,010,854**	**52.3**	849,944	48.7	160,910
Total assets	**¥1,931,522**	**100.0**	¥1,745,519	100.0	¥186,003

	Yen in millions				
	March 31,				
	2006		2005		Increase
	Amount	%	Amount	%	(Decrease)
Current liabilities :					
Short-term borrowings	**¥ 90,865**		¥ 66,556		¥ 24,309
Current portion of long-term debt	**16,347**		44,051		(27,704)
Trade notes and accounts payable	**103,503**		86,872		16,631
Other notes and accounts payable	**51,997**		34,690		17,307
Accrued payroll and bonus	**37,998**		34,821		3,177
Accrued income taxes	**27,658**		31,180		(3,522)
Other accrued expenses	**31,414**		28,849		2,565
Other current liabilities	**18,841**		17,338		1,503
Total current liabilities	**378,623**	**19.6**	344,357	19.7	34,266
Non-current liabilities :					
Long-term debt	**33,360**		33,557		(197)
Accrued pension and severance costs	**27,092**		31,166		(4,074)
Deferred income taxes	**125,686**		96,345		29,341
Other non-current liabilities	**12,742**		4,761		7,981
Total non-current liabilities	**198,880**	**10.3**	165,829	9.5	33,051
Total liabilities	**577,503**	**29.9**	510,186	29.2	67,317
Minority interests in subsidiaries	**64,942**	**3.4**	60,482	3.5	4,460
Stockholders' equity :					
Common stock	**115,703**		115,703		—
Additional paid-in capital	**161,994**		162,061		(67)
Retained earnings	**967,576**		916,628		50,948
Accumulated other comprehensive income	**72,947**		11,839		61,108
Treasury stock, at cost	**(29,143)**		(31,380)		2,237
Total stockholders' equity	**1,289,077**	**66.7**	1,174,851	67.3	114,226
Total liabilities, minority interests and stockholders' equity	**¥1,931,522**	**100.0**	¥1,745,519	100.0	¥186,003

Note : Accumulated other comprehensive income is as follows:

	Yen in millions	
	March 31,	
	2006	2005
Net unrealized gains on securities	**¥82,649**	¥ 42,461
Net unrealized losses on derivative financial instruments	**¥ (75)**	¥ (27)
Minimum pension liability adjustments	**¥ (2,057)**	¥ (1,629)
Foreign currency translation adjustments	**¥ (7,570)**	¥(28,966)

CONSOLIDATED STATEMENTS OF INCOME

	Yen in millions and shares in thousands, except per share amounts					
	Years ended March 31,				Increase (Decrease)	
	2006		2005			
	Amount	%	Amount	%	Amount	%
Net sales	**¥1,181,489**	**100.0**	¥1,180,655	100.0	¥ 834	0.1
Cost of sales	**838,295**	**71.0**	855,067	72.4	(16,772)	(2.0)
Gross profit	**343,194**	**29.0**	325,588	27.6	17,606	5.4
Selling, general and administrative expenses	**239,987**	**20.3**	224,620	19.0	15,367	6.8
Profit from operations	**103,207**	**8.7**	100,968	8.6	2,239	2.2
Other income (expenses) :						
Interest and dividend income	**8,968**	**0.8**	6,396	0.5	2,572	40.2
Interest expense	**(1,301)**	**(0.1)**	(1,275)	(0.1)	(26)	—
Foreign currency transaction (losses) gains, net	**(316)**	**(0.0)**	2,618	0.2	(2,934)	—
Equity in losses of affiliates and unconsolidated subsidiaries	**(1,216)**	**(0.1)**	(1,678)	(0.1)	462	—
Gain on sale of investment in an affiliate	**6,931**	**0.6**	—	—	6,931	—
Gains on exchange for the shares	**5,294**	**0.4**	—	—	5,294	—
Loss on devaluation of investment in an affiliate	**(3,492)**	**(0.3)**	—	—	(3,492)	—
Other, net	**3,313**	**0.3**	501	0.0	2,812	561.3
Total other income (expenses)	**18,181**	**1.6**	6,562	0.5	11,619	177.1
Income before income taxes and minority interests	**121,388**	**10.3**	107,530	9.1	13,858	12.9
Income taxes	**47,303**	**4.0**	58,480	4.9	(11,177)	(19.1)
Income before minority interests	**74,085**	**6.3**	49,050	4.2	25,035	51.0
Minority interests	**(4,389)**	**(0.4)**	(3,142)	(0.3)	(1,247)	—
Net income	**¥ 69,696**	**5.9**	¥ 45,908	3.9	¥ 23,788	51.8
Earnings per share:						
Net income:						
Basic	**¥ 371.68**		¥ 244.86			
Diluted	**¥ 371.43**		¥ 244.81			
Weighted average number of shares of common stock outstanding :						
Basic	**187,514**		187,489			
Diluted	**187,640**		187,528			

Notes:

1. Kyocera applies Statement of Financial Accounting Standards No.130, “Financial Reporting of Comprehensive Income.” Based on this standard, comprehensive income for years ended March 31, 2006 and 2005 was an increase of 130,804 million yen and 35,701 million yen, respectively.
2. Earnings per share amounts were computed based on Statement of Financial Accounting Standards No.128, “Earnings per Share.” Under Statement of Financial Accounting Standards No.128, basic earnings per share was computed based on the average number of shares of common stock outstanding during each period and diluted earnings per share assumed the dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock.
3. On March 28, 2005, Kyocera Corporation received a notice of tax assessment based on tax on transfer pricing adjustments from the Osaka Regional Tax Bureau stating that, in the Bureau's judgment, allocation of profit earned from transfers of products between Kyocera Corporation and its overseas subsidiaries was less than appropriate for the five years from the year ended March 31, 1999 through the year ended March 31, 2003. Based on this notice of tax assessment, Kyocera Corporation recorded 12,748 million yen in income taxes for years ended March 31, 2005 as tax expenses of previous years.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Yen in millions and shares in thousands)

(Number of shares of common stock)	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Comprehensive income
Balance, March 31, 2004 (187,484)	¥115,703	¥162,091	¥881,969	¥ 22,046	¥(31,356)	
Net income for the year			45,908			¥ 45,908
Other comprehensive income				(10,207)		(10,207)
Total comprehensive income for the year						¥ 35,701
Cash dividends			(11,249)			
Purchase of treasury stock (21)					(170)	
Reissuance of treasury stock (18)		(5)			146	
Stock option plan of a subsidiary		(25)				
Balance, March 31, 2005 (187,481)	115,703	162,061	916,628	11,839	(31,380)	
Net income for the year			69,696			¥ 69,696
Other comprehensive income				61,108		61,108
Total comprehensive income for the year						¥ 130,804
Cash dividends			(18,748)			
Purchase of treasury stock (20)					(170)	
Reissuance of treasury stock (294)		(67)			2,407	
Balance, March 31, 2006 (187,755)	¥115,703	¥161,994	¥967,576	¥ 72,947	¥(29,143)	

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Yen in millions	
	Years ended March 31,	
	2006	2005
Cash flows from operating activities:		
Net income	**¥ 69,696**	¥ 45,908
Adjustments to reconcile net income to net cash provided by operating activities :		
Depreciation and amortization	**73,186**	65,909
Write-down of inventories	**8,446**	10,405
Gain on sale of investment in an affiliate	**(6,931)**	—
Gains on exchange for the shares	**(5,294)**	—
Minority interests	**4,389**	3,142
Loss on devaluation of investment in an affiliate	**3,492**	—
(Increase) decrease in receivables	**(9,237)**	68,558
Decrease (increase) in inventories	**21,263**	(25,598)
Increase (decrease) in notes and accounts payable	**14,390**	(31,914)
Other, net	**(2,323)**	9,113
Net cash provided by operating activities	**171,077**	145,523
Cash flows from investing activities :		
Payments for purchases of securities	**(109,289)**	(92,087)
Payments for purchases of investments and advances	**(224)**	(11,858)
Sales and maturities of securities	**52,430**	49,674
Proceeds from sales of investment in an affiliate	**24,133**	—
Payments for purchases of property, plant and equipment, and intangible assets	**(102,025)**	(64,201)
Proceeds from sales of property, plant and equipment, and intangible assets	**3,350**	2,920
Acquisitions of businesses, net of cash acquired	**3**	(2,794)
Acquisitions of minority interests	**(3,575)**	(5)
Deposit of negotiable certificate of deposits and time deposits	**(132,286)**	(112,903)
Withdrawal of negotiable certificate of deposits and time deposits	**100,923**	95,220
Other, net	**1,093**	3,540
Net cash used in investing activities	**(165,467)**	(132,494)
Cash flows from financing activities :		
Increase (decrease) in short-term debt	**23,363**	(18,490)
Proceeds from issuance of long-term debt	**19,876**	21,077
Payments of long-term debt	**(48,458)**	(58,720)
Dividends paid	**(20,473)**	(12,614)
Net sales (purchases) of treasury stock	**2,169**	(28)
Other, net	**234**	1,431
Net cash used in financing activities	**(23,289)**	(67,344)
Effect of exchange rate changes on cash and cash equivalents	**7,896**	3,775
Net decrease in cash and cash equivalents	**(9,783)**	(50,540)
Cash and cash equivalents at beginning of year	**310,592**	361,132
Cash and cash equivalents at end of year	**¥ 300,809**	¥ 310,592

SUPPLEMENTAL CASH FLOW INFORMATION

	Yen in millions	
	Years ended March 31,	
	2006	**2005**
Cash paid during the year for :		
Interest	**¥ 1,933**	¥ 2,331
Income taxes	**53,037**	40,055
Acquisitions of businesses :		
Fair value of assets acquired	**¥ 65**	¥ 8,478
Fair value of liabilities assumed	**(45)**	(2,683)
Minority interests	**(8)**	(2,440)
Cash acquired	**(15)**	(561)
	¥ (3)	¥ 2,794

SEGMENT INFORMATION

1. Reporting segments:

	Yen in millions			
	Years ended March 31,		Increase (Decrease)	
	2006	2005		
	Amount	Amount	Amount	%
Net sales :				
Fine Ceramic Parts Group	**¥ 69,373**	¥ 73,711	¥ (4,338)	(5.9)
Semiconductor Parts Group	**135,299**	127,960	7,339	5.7
Applied Ceramic Products Group	**117,555**	93,879	23,676	25.2
Electronic Device Group	**259,592**	262,997	(3,405)	(1.3)
Telecommunications Equipment Group	**229,035**	250,918	(21,883)	(8.7)
Information Equipment Group	**249,381**	241,145	8,236	3.4
Optical Equipment Group	**14,947**	35,776	(20,829)	(58.2)
Others	**124,974**	118,040	6,934	5.9
Adjustments and eliminations	**(18,667)**	(23,771)	5,104	—
	¥1,181,489	¥1,180,655	¥ 834	0.1
Operating profit :				
Fine Ceramic Parts Group	**¥ 11,014**	¥ 11,535	¥ (521)	(4.5)
Semiconductor Parts Group	**17,742**	17,550	192	1.1
Applied Ceramic Products Group	**21,876**	17,129	4,747	27.7
Electronic Device Group	**27,170**	35,406	(8,236)	(23.3)
Telecommunications Equipment Group	**(1,706)**	(14,918)	13,212	—
Information Equipment Group	**26,412**	36,186	(9,774)	(27.0)
Optical Equipment Group	**(5,774)**	(15,387)	9,613	—
Others	**12,560**	13,019	(459)	(3.5)
	109,294	100,520	8,774	8.7
Corporate	**13,358**	8,683	4,675	53.8
Equity in losses of affiliates and unconsolidated subsidiaries	**(1,216)**	(1,678)	462	—
Adjustments and eliminations	**(48)**	5	(53)	—
Income before income taxes	**¥ 121,388**	¥ 107,530	¥ 13,858	12.9
Segment assets :				
Fine Ceramic Parts Group	**¥ 43,822**	¥ 43,414	¥ 408	0.9
Semiconductor Parts Group	**103,302**	79,711	23,591	29.6
Applied Ceramic Products Group	**112,422**	85,595	26,827	31.3
Electronic Device Group	**383,150**	357,797	25,353	7.1
Telecommunications Equipment Group	**87,343**	98,877	(11,534)	(11.7)
Information Equipment Group	**185,362**	178,596	6,766	3.8
Optical Equipment Group	**16,211**	31,338	(15,127)	(48.3)
Others	**241,142**	216,178	24,964	11.5
	1,172,754	1,091,506	81,248	7.4
Corporate	**817,857**	684,970	132,887	19.4
Investments in and advances to affiliates and unconsolidated subsidiaries	**7,355**	30,623	(23,268)	(76.0)
Adjustments and eliminations	**(66,444)**	(61,580)	(4,864)	—
Total assets	**¥1,931,522**	¥1,745,519	¥186,003	10.7
Depreciation and amortization :				
Fine Ceramic Parts Group	**¥ 4,126**	¥ 4,320	¥ (194)	(4.5)
Semiconductor Parts Group	**10,623**	8,922	1,701	19.1
Applied Ceramic Products Group	**7,167**	4,645	2,522	54.3
Electronic Device Group	**21,202**	21,723	(521)	(2.4)
Telecommunications Equipment Group	**8,692**	8,101	591	7.3
Information Equipment Group	**12,641**	8,953	3,688	41.2
Optical Equipment Group	**1,635**	2,909	(1,274)	(43.8)
Others	**3,794**	4,070	(276)	(6.8)
Corporate	**3,306**	2,266	1,040	45.9
Total	**¥ 73,186**	¥ 65,909	¥ 7,277	11.0
Capital expenditures :				

Fine Ceramic Parts Group	**¥ 4,182**	¥ 4,394	¥ (212)	(4.8)
Semiconductor Parts Group	**24,136**	7,111	17,025	239.4
Applied Ceramic Products Group	**14,545**	7,584	6,961	91.8
Electronic Device Group	**21,562**	19,453	2,109	10.8
Telecommunications Equipment Group	**2,639**	5,170	(2,531)	(49.0)
Information Equipment Group	**12,389**	11,751	638	5.4
Optical Equipment Group	**199**	2,248	(2,049)	(91.1)
Others	**6,576**	2,279	4,297	188.5
Corporate	**4,043**	3,186	857	26.9
Total	**¥ 90,271**	¥ 63,176	¥ 27,095	42.9

2. Geographic segments (Sales and operating profit by geographic area):

	Yen in millions			
	Years ended March 31,		Increase (Decrease)	
	2006	2005		
	Amount	Amount	Amount	%
Net sales:				
Japan	**¥ 505,703**	¥ 525,432	¥(19,729)	(3.8)
Intra-group sales and transfer between geographic areas	**327,786**	314,149	13,637	4.3
	833,489	839,581	(6,092)	(0.7)
United States of America	**288,746**	307,490	(18,744)	(6.1)
Intra-group sales and transfer between geographic areas	**26,246**	25,299	947	3.7
	314,992	332,789	(17,797)	(5.3)
Asia	**171,015**	147,654	23,361	15.8
Intra-group sales and transfer between geographic areas	**125,586**	118,877	6,709	5.6
	296,601	266,531	30,070	11.3
Europe	**189,750**	180,604	9,146	5.1
Intra-group sales and transfer between geographic areas	**33,764**	30,475	3,289	10.8
	223,514	211,079	12,435	5.9
Others	**26,275**	19,475	6,800	34.9
Intra-group sales and transfer between geographic areas	**8,274**	7,559	715	9.5
	34,549	27,034	7,515	27.8
Adjustments and eliminations	**(521,656)**	(496,359)	(25,297)	—
	¥1,181,489	¥1,180,655	¥ 834	0.1
Operating profit:				
Japan	**¥ 82,856**	¥ 91,760	¥ (8,904)	(9.7)
United States of America	**3,317**	2,091	1,226	58.6
Asia	**14,880**	13,055	1,825	14.0
Europe	**4,748**	(1,482)	6,230	—
Others	**757**	1,245	(488)	(39.2)
	106,558	106,669	(111)	(0.1)
Adjustments and eliminations	**2,688**	(6,144)	8,832	—
	109,246	100,525	8,721	8.7
Corporate	**13,358**	8,683	4,675	53.8
Equity in losses of affiliates and unconsolidated subsidiaries	**(1,216)**	(1,678)	462	—
Income before income taxes	**¥ 121,388**	¥ 107,530	¥ 13,858	12.9

3. Geographic segments (Sales by region):

	Yen in millions					
	Years ended March 31,				Increase (Decrease)	
	2006		2005			
	Amount	%	Amount	%	Amount	%
Japan	**¥ 474,980**	**40.2**	¥ 472,417	40.0	¥ 2,563	0.5
United States of America	**253,696**	**21.5**	248,333	21.0	5,363	2.2
Asia	**198,731**	**16.8**	203,848	17.3	(5,117)	(2.5)
Europe	**184,351**	**15.6**	175,850	14.9	8,501	4.8
Others	**69,731**	**5.9**	80,207	6.8	(10,476)	(13.1)
Net sales	**¥1,181,489**	**100.0**	¥1,180,655	100.0	¥ 834	0.1
Sales outside Japan	**¥ 706,509**		¥ 708,238		¥ (1,729)	(0.2)
Sales outside Japan ratio to net sales	**59.8%**		60.0%			

INVESTMENTS IN DEBT AND EQUITY SECURITIES

Investments in debt and equity securities at March 31, 2006 and 2005, included in short-term investments (current assets) and securities and other investments (non-current assets) are summarized as follows:

	Yen in millions							
	March 31,							
	2006				2005			
	Cost	Aggregate fair values	Gross unrealized gains	Gross unrealized losses	Cost	Aggregate fair values	Gross unrealized gains	Gross unrealized losses
Available-for-sale securities :								
Corporate debt securities	**¥ 3,645**	**¥ 3,808**	**¥ 183**	**¥ 20**	¥ 2,024	¥ 2,029	¥ 13	¥ 8
Other debt securities	**133,858**	**132,760**	**29**	**1,127**	73,886	73,773	199	312
Equity securities	**275,076**	**415,950**	**141,007**	**133**	272,006	343,208	71,448	246
Total available-for-sale securities	**412,579**	**552,518**	**141,219**	**1,280**	347,916	419,010	71,660	566
Held-to-maturity securities :								
Other debt securities	**34,398**	**34,026**	**—**	**372**	22,900	22,545	—	355
Total held-to-maturity securities	**34,398**	**34,026**	**—**	**372**	22,900	22,545	—	355
Total investments in debt and equity securities	**¥446,977**	**¥586,544**	**¥141,219**	**¥ 1,652**	¥370,816	¥441,555	¥71,660	¥ 921

Note: Cost represents amortized cost for held-to-maturity securities and acquisition cost for available-for-sale securities. The cost basis of the individual securities is written down to fair value as a new cost basis when other-than-temporary impairment is recognized.

BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of consolidation and application of the equity method:

Major consolidated subsidiaries:
AVX CORPORATION
KYOCERA WIRELESS CORPORATION
KYOCERA MITA CORPORATION
KYOCERA ELCO CORPORATION

Major affiliates accounted for by the equity method:
WILLCOM, INC.

2. Changes in scope of consolidation and application of the equity method:

Consolidation		
(Increase)	5	KYOCERA KOREA CO., LTD. and others
(Decrease)	2	KYOCERA CHEMICAL TAIWAN CO., LTD. and another
Equity method		
(Increase)	2	
(Decrease)	4	TAITO CORPORATION and others

3. Summary of significant accounting policies
Kyocera's consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America.

(1) Valuation of inventories

Finished goods and work in process are mainly stated at the lower cost of market, the cost being determined by the average method. All other inventories are mainly stated at the lower cost of market, the cost being determined by the first-in, first-out method.

(2) Valuation of securities

Kyocera adopts Statement of Financial Accounting Standards No.115, "Accounting for Certain Investments in Debt and Equity Securities."
Held-to-maturity securities are recorded at amortized cost.
Available-for-sales securities are recorded at fair value, with unrealized gains and losses excluded from income and recorded in other comprehensive income, net of tax.

(3) Depreciation method of Property, Plant and Equipment

Depreciation is computed at rates based on the estimated useful lives of assets mainly using the declining balance method.

(4) Goodwill and other intangible assets

Kyocera adopts Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets."
Goodwill and intangible assets with indefinite useful lives are not amortized, but instead are tested for impairment at least annually.
Intangible assets with definite useful lives are amortized over their respective estimated useful lives.

(5) Accounting for allowance and accruals

Allowance for doubtful accounts:
Kyocera provided based on the past actual ratio of losses on bad debt in addition to estimation of uncollectible amount based on the analysis of certain individual receivables.
Accrued pension and severance cost:
Kyocera adopts Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions", pension and severance cost is accrued based on the projected benefit obligations and the fair value of plan assets at the balance sheet date. If the accumulated benefit obligation (i.e., obligations deducting an effect of future compensation levels from projected benefit obligations) exceeds the fair value of plan assets, a minimum pension liability equal to this difference is reflected in the consolidated balance sheets by recognizing an additional minimum pension liability. Unrecognized prior service cost is amortized by the straight-line method over the average remaining service period of employees. Unrecognized actuarial loss is recognized by amortizing a portion in excess of 10% of the greater of the projected benefit obligations or the market-related value of plan assets by the straight-line method over the average remaining service period of employees.

Kyocera Corporation

The non-consolidated financial statements are in conformity with accounting principles generally accepted in Japan.

Date of the board of directors' meeting for the results for the year: April 27, 2006
Date of the general meeting of shareholders: June 23, 2006

1. Results for the year ended March 31, 2006:
(1) Results of operations:

	Years ended March 31, 2006	2005
Net sales	**¥477,379 million**	¥493,271 million
% change from the previous year	**(3.2)%**	(0.2)%
Profit from operations	**39,937 million**	33,822 million
% change from the previous year	**18.1%**	(18.0)%
Recurring profit	**68,182 million**	66,434 million
% change from the previous year	**2.6%**	7.5%
Net income	**68,712 million**	34,327 million
% change from the previous year	**100.2%**	(43.4)%
Earnings per share:		
Basic	**¥ 366.07**	¥ 182.77
Diluted	**¥ 365.83**	¥ 182.73
Return on equity	**6.3%**	3.3%
Recurring profit to total assets	**5.2%**	5.4%
Recurring profit to net sales	**14.3%**	13.5%

Notes:

1. Average number of common stock outstanding during the year

Year ended March 31, 2006:	187,513,918 shares
Year ended March 31, 2005:	187,488,658 shares

2. Change in accounting policies: None except for the adoption of new accounting standard described in page 37.

(2) Dividend information:

	Years ended March 31, 2006	2005
Year-end dividends per share	**¥ 50.00**	¥ 50.00
Interim dividends per share	**50.00**	30.00
Annual dividends per share	**100.00**	80.00
Annual aggregate amount of dividends paid	**18,760 million**	14,999 million
Dividends to net income	**27.3%**	43.8%
Dividends to stockholders' equity	**1.7%**	1.4%

(3) Financial Position:

	March 31, 2006	March 31, 2005
Total assets	**¥1,389,396 million**	¥1,232,069 million
Stockholders’ equity	**1,132,261 million**	1,036,744 million
Stockholders’ equity to total assets	**81.5%**	84.1%
Stockholders’ equity per share	**¥ 6,030.17**	¥ 5,529.54

Notes: Total number of shares outstanding as of:

March 31, 2006	187,754,750 shares
March 31, 2005	187,481,084 shares

Total number of treasury stock as of:

March 31, 2006	3,554,540 shares
March 31, 2005	3,828,206 shares

2. Forecast for the year ending March 31, 2007:

	Year ending March 31, 2007
Net sales	**¥ 510,000 million**
Recurring profit	**74,000 million**
Net income	**53,000 million**
Annual dividends per share	**¥ 100.00**

Note: Forecast of earnings per share: ¥ 282.28

With regard to the forecasts set forth above, please refer to the accompanying “Forward Looking Statements” on page 16.

BALANCE SHEETS

	Yen in millions				
	March 31,				
	2006		2005		Increase
	Amount	%	Amount	%	(Decrease)
Current assets:					
Cash and bank deposits	**¥ 136,870**		¥ 154,347		¥ (17,477)
Trade notes receivable	**43,325**		40,249		3,076
Trade accounts receivable	**90,073**		90,666		(593)
Marketable securities	**19,331**		12,606		6,725
Finished goods and merchandise	**17,588**		15,483		2,105
Raw materials	**14,152**		21,663		(7,511)
Work in process	**17,104**		20,217		(3,113)
Supplies	**751**		625		126
Advanced payments	**2,967**		676		2,291
Deferred income taxes	**15,375**		12,525		2,850
Short-term loans to subsidiaries	**1,316**		3,766		(2,450)
Other accounts receivable	**9,012**		5,413		3,599
Other current assets	**434**		328		106
Allowances for doubtful accounts	**(142)**		(139)		(3)
Total current assets	**368,156**	**26.5**	378,425	30.7	(10,269)
Fixed assets:					
Tangible fixed assets:					
Buildings	**36,978**		33,378		3,600
Structures	**2,268**		2,131		137
Machinery and equipment	**44,113**		36,706		7,407
Vehicles	**25**		27		(2)
Tools, furniture and fixtures	**7,477**		7,652		(175)
Land	**33,323**		32,277		1,046
Construction in progress	**4,533**		1,958		2,575
Total tangible fixed assets	**128,717**	**9.3**	114,129	9.3	14,588
Intangible assets:					
Patent rights and others	**14,298**		2,192		12,106
Total intangible assets	**14,298**	**1.0**	2,192	0.2	12,106
Investments and other assets:					
Investments in securities	**536,019**		407,221		128,798
Investments in subsidiaries and affiliates	**278,817**		284,996		(6,179)
Investments in subsidiaries and affiliates other than equity securities	**27,033**		23,254		3,779
Long-term loans to subsidiaries	**30,428**		19,744		10,684
Bankruptcy and Rehabilitation claims	**256**		5,336		(5,080)
Long-term prepaid expenses	**3,785**		5,035		(1,250)
Security deposits	**1,918**		2,173		(255)
Other investments	**336**		364		(28)
Allowances for doubtful accounts	**(367)**		(4,850)		4,483
Allowances for impairment loss on securities	**—**		(5,950)		5,950
Total investments and other assets	**878,225**	**63.2**	737,323	59.8	140,902
Total fixed assets	**1,021,240**	**73.5**	853,644	69.3	167,596
Total assets	**¥1,389,396**	**100.0**	¥1,232,069	100.0	¥157,327

	Yen in millions				
	March 31,				
	2006		2005		Increase
	Amount	%	Amount	%	(Decrease)
Current liabilities :					
Trade accounts payable	**¥ 49,570**		¥ 42,602		¥ 6,968
Other payables	**29,659**		13,737		15,922
Accrued expenses	**7,610**		6,165		1,445
Income taxes payables	**14,200**		13,800		400
Advance received	**340**		109		231
Deposits received	**2,315**		2,845		(530)
Unearned income	**4**		3		1
Accrued bonuses	**10,109**		9,215		894
Provision for warranties	**521**		493		28
Provision for sales returns	**163**		232		(69)
Other current liabilities	**369**		568		(199)
Total current liabilities	**114,860**	**8.3**	89,769	7.3	25,091
Non-current liabilities :					
Long-term debt	**5,309**		—		5,309
Deferred income taxes	**118,557**		83,376		35,181
Accrued pension and severance costs	**17,236**		20,789		(3,553)
Directors' retirement allowance	**889**		1,078		(189)
Other non-current liabilities	**284**		313		(29)
Total non-current liabilities	**142,275**	**10.2**	105,556	8.6	36,719
Total liabilities	**257,135**	**18.5**	195,325	15.9	61,810
Stockholder's equity					
Common stock	**115,703**	**8.3**	115,703	9.4	—
Additional paid-in capital	**192,555**	**13.9**	192,555	15.6	—
Retained earnings:					
Legal reserves	**17,207**	**1.2**	17,207	1.4	—
General reserves	**558,721**	**40.2**	541,139	43.9	17,582
Reserve for special depreciation	**1,584**		2,003		(419)
Reserve for research and development	**1,000**		1,000		—
Reserve for dividends	**1,000**		1,000		—
Reserve for retirement benefits	**300**		300		—
Reserve for overseas investments	**1,000**		1,000		—
Other general reserve	**553,837**		535,836		18,001
Unappropriated retained earnings	**69,245**	**5.0**	36,990	3.0	32,255
Total retained earnings	**645,173**	**46.4**	595,336	48.3	49,837
Net unrealized gain on other securities	**207,973**	**15.0**	164,530	13.3	43,443
Treasury stock, at cost	**(29,143)**	**(2.1)**	(31,380)	(2.5)	2,237
Total stockholders' equity	**1,132,261**	**(81.5)**	1,036,744	(84.1)	95,517
Total liabilities and stockholders' equity	**¥1,389,396**	**100.0**	¥1,232,069	100.0	¥157,327

STATEMENTS OF INCOME

	Yen in millions					
	Years ended March 31,					
	2006		2005		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Net sales	**¥477,379**	**100.0**	¥493,271	100.0	¥(15,892)	(3.2)
Cost of sales	**367,835**	**77.1**	390,348	79.1	(22,513)	(5.8)
Gross profit	**109,544**	**22.9**	102,923	20.9	6,621	6.4
Selling, general and administrative expenses	**69,607**	**14.5**	69,101	14.0	506	0.7
Profit from operations	**39,937**	**8.4**	33,822	6.9	6,115	18.1
Non-operating income :						
Interest and dividend income	**26,441**	**5.5**	28,083	5.7	(1,642)	(5.8)
Foreign currency transaction gains, net	**437**	**0.1**	1,445	0.3	(1,008)	(69.8)
Other non-operating income	**6,652**	**1.4**	8,510	1.7	(1,858)	(21.8)
Total non-operating income	**33,530**	**7.0**	38,038	7.7	(4,508)	(11.9)
Non-operating expenses :						
Interest expense	**14**	**0.0**	15	0.0	(1)	(8.0)
Loss on disposal of inventories	**2,779**	**0.6**	3,863	0.8	(1,084)	(28.1)
Loss on long-term purchase commitment	**1,240**	**0.2**	—	—	1,240	—
Compensation expense for defective goods	**—**	**—**	696	0.1	(696)	—
Other non-operating expenses	**1,252**	**0.3**	852	0.2	400	47.1
Total non-operating expenses	**5,285**	**1.1**	5,426	1.1	(141)	(2.6)
Recurring profit	**68,182**	**14.3**	66,434	13.5	1,748	2.6
Non-recurring gain	**28,889**	**6.1**	2,187	0.4	26,702	—
Non-recurring loss	**5,992**	**1.3**	12,738	2.6	(6,746)	(53.0)
Income before income taxes	**91,079**	**19.1**	55,883	11.3	35,196	63.0
Income taxes – current	**20,233**	**4.2**	9,320	1.9	10,913	117.1
Income taxes – previous years	**—**	**—**	12,748	2.5	(12,748)	—
Income taxes – deferred	**2,134**	**0.5**	(512)	(0.1)	2,646	—
Net income	**68,712**	**14.4**	34,327	7.0	34,385	100.2
Unappropriated retained earnings brought forward from the previous year	**9,974**		8,293			
Net realized loss on treasury stock, at cost	**67**		5			
Interim dividends	**9,374**		5,625			
Unappropriated retained earnings at the end of the year	**¥ 69,245**		¥ 36,990			

PROPOSED APPROPRIATION OF RETAINED EARNINGS

	Yen in millions		
	Years ended March 31,		Increase
	2006	2005	(Decrease)
Unappropriated retained earnings	**¥ 69,245**	¥ 36,990	¥ 32,255
Reversal of reserves:			
Reversal of reserve for special depreciation	**595**	740	(145)
Total	**69,840**	37,730	32,110
To be appropriated as follows:			
Dividends (50 yen per share)	**9,387**	9,374	13
Directors' bonuses (Note)	**68**	60	8
Reserve for special depreciation	**623**	322	301
Other general reserve	**50,000**	18,000	32,000
Unappropriated retained earnings carried forward to the next year	**¥ 9,762**	¥ 9,974	¥ (212)

Note:

1. Corporate auditors' bonuses of 6 million yen and 5 million yen are included in directors' bonuses in the years ended March 31, 2006 and 2005, respectively.
2. The appropriation of retained earnings for the year ended March 31, 2005 was approved at the shareholders' meeting held on June 28, 2005. The proposed appropriation of retained earnings for the year ended March 31, 2006 is subject to the approval at the shareholders' meeting scheduled to be held on June 23, 2006.

1. Summary of significant accounting policies:

(1) Securities:

Held-to-maturity securities:	Amortized cost method
Investments in subsidiaries and affiliates:	Cost determined by the moving average method
Other securities	
Marketable:	Based on market price of the balance sheet date (Unrealized gains and losses on those securities are reported in the stockholders' equity and cost is determined by the moving average method.)
Non-marketable:	Cost determined by the moving average method

(2) Derivatives instruments: Mark-to-market method

(3) Inventories:

Finished good, merchandise and work in process:
Finished goods and work in process are stated at the lower of cost or market, the cost being determined by the average method. Merchandise are stated at the lower of cost or market, the cost being determined by the last purchase method.
Raw materials and supplies:

Raw materials and supplies, except those for telecommunications equipment, are valued at cost, the cost being determined by the last purchase method.
Raw materials for telecommunications equipment are valued at cost, the cost being determined by the first-in, first-out method.

(4) Depreciation of fixed assets:

Tangible fixed assets:
Depreciation is computed at rates based on the estimated useful lives of assets using the declining balance method.
The principal estimated useful lives are as follows:

Building and structures	2 to 25 years
Machinery and equipment, and Tools, furniture and fixtures	2 to 10 years

Intangible fixed assets and long-term prepaid expenses:
Amortization is computed at rates based on the estimated useful lives of assets using the straight-line method.

(5) Accounting for allowances and accruals:

Allowances for doubtful accounts:
Allowances for doubtful accounts are provided at an estimated amount of the past actual ratio of losses on bad debts. Certain allowances are provided for estimated uncollectible receivables.
Allowances for impairment losses on investments:
Allowances for impairment losses on investments are provided at an estimated uncollectible amount of investments in subsidiaries or affiliates.
Accrued bonuses:
Accrued bonuses are provided based upon the amounts expected to be paid which is determined by actual payment of previous year.
Warranty reserves
Warranty reserves are provided based upon the estimated after-service costs to be paid during warranty periods, which is determined by actual payment of past years, for communication equipments.
Allowances for sales return
Allowances for sales return are provided based upon the estimated loss on returned products, which is determined by the historical experience of sales returns.
Accrued pension and severance costs:
Pension and severance costs are recognized based on projected benefit obligation and plan assets at the year end.
Past service liability is amortized over estimated average remaining service period of employees by using the straight-line method.
Actuarial gains or losses are amortized over estimated average remaining service period of employees by using the straight-line method following the year incurred.
Retirement allowance for Directors and Corporate Auditors
Retirement allowances for Directors and Corporate Auditors are provided at an estimated amount in accordance with Kyocera Corporation's internal regulation.

(6) Lease transactions:

Finance lease other than those which are deemed to transfer the ownership of leased assets to lessees are accounted for by the method similar to that applicable to an ordinary operating lease.

(7) Consumption taxes:

The consumption taxes withheld upon sale and the consumption taxes paid for purchases of goods and services are not included in the amounts of respective revenue and cost or expense items in the accompanying statements of income.

2. New Accounting Standard

(1) Accounting policy for the impairment of fixed assets

The accounting standard for an impairment of tangible and intangible fixed assets was effective for the years beginning on or after April 1, 2005. As a result of adopting the new accounting standard there was no impact on the non-consolidated result of operation and financial condition.

3. Reclassification

(1) As the amount of compensation expense for defective goods for the year ended March 31, 2006 was below 10 percent of total non-operating expenses, it was included in the other non-operating expenses on the Statement of Income. For reference, compensation expense for defective goods for the year ended March 31, 2006 was 362 million yen.

Notes to the balance sheets:

	Yen in millions	
	March 31,	
	2006	2005
(1) Accumulated depreciation of tangible fixed assets	**¥311,516**	¥308,347
(2) Assets pledged as collateral		
Investments in WILLCOM, INC.	**¥ 17,812**	¥ 17,812
Corresponding liability		
WILLCOM, INC.'s long-term debt from financial institutions *	**¥113,752**	¥166,815

* All capital investors of WILLCOM INC. pledge their investment in equity security as collateral for this long-term debt.

(3) Guarantees:		
Guarantee in the form of commitment	**¥ 1,198**	¥ 1,390
Guarantee in the form of letters of awareness	**¥ 6,407**	¥ 6,976

Notes to the statements of income:

(1) Major items in non-recurring gain and loss:

	Yen in millions	
	Years ended March 31,	
	2006	2005
1) Non-recurring gain:		
Gain on sale of investment in an affiliate	**¥ 17,593**	—
Reversal of allowance for loss on investment in a subsidiary	**¥ 5,950**	—
Reversal of allowance for doubtful accounts for a subsidiary	**¥ 4,505**	—
Gain on disposal of tangible fixed assets	**¥ 779**	¥ 170
Gain on sale of investment in securities	**¥ 30**	—
Liquidation gain for investments in securities	**¥ 8**	¥ 1,994
2) Non-recurring loss:		
Loss on devaluation of investment in a subsidiary	**¥ 4,437**	¥ 4,141
Loss on disposal of tangible fixed assets	**¥ 1,189**	¥ 1,222
Loss on devaluation of investment in securities	**¥ 282**	¥ 2,817
Loss on devaluation of investment in securities Loss on transfer of investment in securities	**¥ 67**	—
Allowance for doubtful accounts for a subsidiary	**—**	¥ 4,503

(2) Depreciation and amortization:

	Yen in millions	
	Years ended March 31,	
	2006	2005
Tangible fixed assets	**¥ 24,328**	¥ 23,987
Intangible assets	**¥ 2,079**	¥ 1,438

Note for marketable securities:

Market value for investment in subsidiaries and affiliates:

	Yen in millions		
	March 31, 2006		
	Carrying amount	Market value	Increase (Decrease)
Investment in subsidiary	**¥ 65,904**	**¥ 251,093**	**¥ 185,189**

	Yen in millions		
	March 31, 2005		
	Carrying amount	Market value	Increase (Decrease)
Investment in subsidiary	¥ 65,904	¥ 158,739	¥ 92,835
Investment in affiliates	¥ 6,541	¥ 18,257	¥ 11,716
	¥ 72,445	¥ 176,996	¥ 104,551