

Management Based on the Kyocera Philosophy

For the Kyocera Group to realize the management rationale, first the correct understanding and application of the Kyocera Philosophy are essential. This applies also to “The 12 Principles of Management”, “Amoeba Management” and “Kyocera Management and Accounting Principles”, each of which is based on the Kyocera Philosophy. Correct understanding and application are essential for future growth and development, for employees to maintain dreams, and for the Kyocera Group to become a corporate group able to contribute to development of society.

The 12 Principles of Management

The 12 Principles of Management are “fundamental management rules”. In other words, they do not change, regardless of any changes occurring in the business environment or conditions. They are the starting point of universal management, and represent the foundation of management.

1. Clearly state the purpose and mission of your business.
2. Set specific goals.
3. Keep a passionate desire in your hearts.
4. Strive harder than anyone else.
5. Maximize revenues and minimize expenses.
6. Pricing is management.
7. Success is determined by willpower.
8. Possess a fighting spirit.
9. Face every challenge with courage.
10. Always be creative.
11. Be kind-hearted and sincere.
12. Always be cheerful and positive.



Kyocera Management and Accounting Principles

Accounting is integral to the management of a company as it plays the key role as the compass that leads a company to the destination. When handling accounting matter, it is important to trace them back to their essence and take appropriate measures according to our primary criterion of “What is the right thing to do as a human being?”

Kyocera considers the ideal state of accounting to be showing the facts as they are, and recognizes the importance of fair and transparent management. Kyocera Management and Accounting Principles is a set of practical accounting principles designed to give a correct understanding of the realities of the company and the directions to be taken.

“Kyocera Accounting Pocketbook” is thus distributed to employees. In the Kyocera Group, each employee is encouraged to understand and become familiar with “Kyocera Management and Accounting Principles”, and to act in accordance with its principles. We believe this is a sound foundation not just for fair accounting activities, but also for long-term development.

Kyocera Accounting Pocketbook

- Introduction : Adhere to Fundamental Rules and Principles
- I. The Principle of One-to-One Correspondence
 - II. The Principle of Double-Checking
 - III. The Principle of Perfectionism
 - IV. The Principle of Muscular Management
 - V. The Principle of Continuous Improvement through Hourly Efficiency
 - VI. The Principle of Cash-Basis Management
 - VII. The Principle of Transparent Management

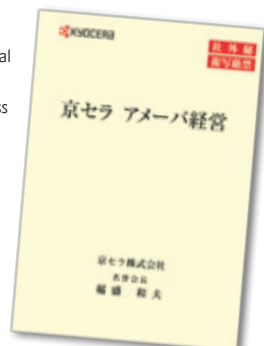


Amoeba Management

The Kyocera Group uses its own business administration method called “Amoeba Management”. “Amoeba Management” is a method specifically developed to realize the corporate philosophy of the Kyocera Group. Under the system, the company organization is divided into small groups called amoebas, which operate on a self-supporting basis. We believe that employees’ enhanced sense of participation in management and motivation engendered by “Amoeba Management” constitutes the source of the Kyocera Group’s strength. The small group system also serves to clarify the responsibilities of each member of the group, secure transparency in every detail, and enable a thorough check of efficiency. The small group system also serves to clarify the responsibilities of each member of the group, secure transparency in every detail, and enable a thorough check of efficiency. “Amoeba Management” is a system allowing thorough monitoring of efficiency for each small group. At the same time, the system clarifies responsibility and ensures transparency down to the fine details.

The Goals of Amoeba Management

1. Establishment of a market-oriented divisional accounting system
2. Fostering leaders with management awareness
3. Management by all



Kyocera Employee’s Action Guideline

To ensure the Kyocera Philosophy is reflected in diverse aspects of corporate activity, we have established a “Kyocera Employee’s Action Guideline”. The Kyocera Employee’s Action Guideline is a fundamental code of conduct for the day-to-day business activities of Kyocera Group employees.

In the midst of rapid globalization, sensible action and attitudes firmly based on a universal philosophy and transparent rules are keenly required of enterprises and businesspersons. We believe that an enterprise will not be able to continue its development and growth unless it, giving due consideration to the aforementioned requirements, strives to coexist and earn the solid trust of society. To broaden the understanding of guidelines for action, Kyocera has prepared a “Kyocera Employee’s Action Guideline Pocketbook” for distribution to employees throughout the Kyocera Group.

Kyocera Employee’s Action Guideline Pocketbook

- [1] Basic Attitude
- [2] Working Attitude
- [3] Spirited and Motivating Workplace
- [4] Community Activities
- [5] Relationships with Clients and External Organizations
- [6] Legal Compliance
- [7] Information Handling
- [8] Behavior in Foreign Countries
- [9] Global Environmental Protection Activities



 From the Kyocera Accounting Pocketbook

Accounting is management's compass

Accounting figures are like those on the instrument dials in an aircraft's cockpit. Just as a pilot flies a plane by looking at the instruments to judge altitude, speed and bearing, so do the managers of a company look at accounting figures to judge its state and navigate the way forward.

If the dials on the aircraft's instrument panels are wrong, the pilot will not be able to fly the plane correctly. In the same way, if the accounting figures are off the mark, the company is likely – at the very least – to fly in the wrong direction.

In other words, accounting plays the role of a compass for the company's managers. This role is pivotal to its progress, and is why accounting is so important.

"Kyocera Management and Accounting Principles" can be most easily understood as a set of practical accounting measures. They are designed to enable managers to grasp the true state of the company and determine the direction in which it needs to go.

A solid understanding of these accounting principles by all Kyocera employees, gained through appropriate study and its subsequent application as the basis for action, will become the sound foundation for long-term growth of the company.

Practice Transparent Management

For a company to develop further while overcoming heavy competition, the practice of transparent management is vital. Information on the current state of the company, on business policy and other issues should be disclosed within the company by various means, to the maximum possible extent. Sharing such information leads to strong trust relationships and powerful cohesiveness among all employees. It is impossible to align everyone's mental vectors if executives in top management alone try to maintain a monopoly on management information. In such case, the direction being taken by the company cannot be understood, and employees develop distrust in the company. Ultimately, this invites a decline in morale and fighting spirit, among other negative consequences.

Therefore, in Kyocera, the results of all companies and all divisions are announced in detail during the morning gathering held at the start of each month. Additionally, detailed content of the Management Direction is passed on to all Kyocera Group employees, via satellite relay, video, etc.

The state of the company, direction to be taken and other information is thus disclosed by various means. Improved management transparency forms the basis for concentrating the strengths of all employees and for advancement of business.

<Excerpt from Kyocera Accounting Pocketbook>

 From the Kyocera Employee's Action Guideline Pocketbook

Compliance with Laws

Kyocera abides by legal requirements, and engages in corporate activities with a firm ethical perspective based on the Kyocera Philosophy.

"What is the right thing to do as a human being?" is the criterion for making decisions. This wholesome ethical viewpoint is based on law and other social norms.

Employees must never deliberately engage in or contribute to wrongful deeds for any reason, in business matters or otherwise. Furthermore, to avoid accidental or unknowing violation of law, please endeavor day by day to acquire knowledge of laws relating to business affairs and to daily life.

Please strive to act with healthy social common sense and a sense of justice.

Corporate Social Responsibility

Through its business activities, Kyocera strives not only to provide a stable life to employees, but also to fulfill its social responsibilities by pursuing adequate profits and returning them to society via tax payments and dividends to shareholders.

At the same time, the company contributes to society through a variety of activities, including the promotion of global environmental protection activities and the provision of support to social and cultural activities.

We ask all employees to engage diligently in the company's business with a full awareness that you are part of Kyocera, a company committed to fulfilling its social responsibilities, and to combine their active efforts to achieve the lofty goal of contributing to society by increasing profits and developing the company.

<Excerpt from Kyocera Employee's Action Guideline Pocketbook>