

Basic Policy

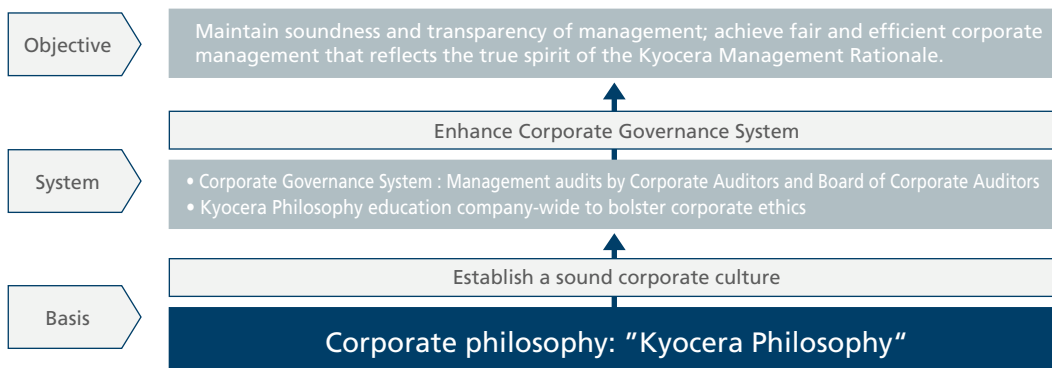
Kyocera’s management rationale is “to provide opportunities for the material and intellectual growth of all our employees, and through our joint effort, contribute to the advancement of society and humankind.” Kyocera defines corporate governance as “structures to ensure that its Directors manage the corporation in a fair and correct manner.” The purpose of corporate governance is to maintain the soundness and transparency of management, and to achieve the fairness and efficiency through which the Kyocera Group’s management rationale can be realized.

The “Kyocera Philosophy” was created by Dr. Kazuo Inamori, Kyocera’s founder, as he codified his views on the subject of business management. He was convinced that one of the most important points in managing the company was for the Kyocera Philosophy to apply to all who work for the enterprise—directors, managers and employees alike. The Kyocera Philosophy embodies many principles, from the fundamentals of business management to the specifics of day-to-day operations. Its principles demand impartial, fair and totally transparent management while placing emphasis on minimizing expenses and maximizing revenues. Since its founding, Kyocera has been guided by principles that naturally work toward achieving the corporate governance goals mentioned above.

Measures for Corporate Governance

Kyocera aims to implement corporate governance in compliance with the Kyocera Philosophy. In order to learn this Philosophy, all employees are provided with an opportunity to receive education and materials devoted to its principles and practice. Through this education, employees acquire the ability to observe and implement the Kyocera Philosophy in the workplace. In fiscal 2007, Kyocera managers and employees in Japan had attended training and education sessions designed to promote deeper understanding of the Kyocera Philosophy, with a cumulative total of approximately 23,000 participations in such sessions. Additionally, a total of approximately 11,000 managers of Kyocera subsidiaries outside Japan received similar training along these lines.

Corporate Governance Guideline



Corporate Governance Systems

Kyocera implemented an Executive Officer system in June 2003 to enhance the efficiency and effectiveness of its business management. Executive officers are responsible for executing business strategy under the authority of the President and Representative Directors, who are elected by the Board of Directors. The President and Representative Directors serve to improve management efficiency by delegating authority and responsibility while regularly evaluating the appropriateness of corporate governance and internal controls. In addition, the Kyocera Group Management Committee, comprised of Executive Officers and other Directors, meets monthly to ensure that all operations comply with the company's ethical standards.

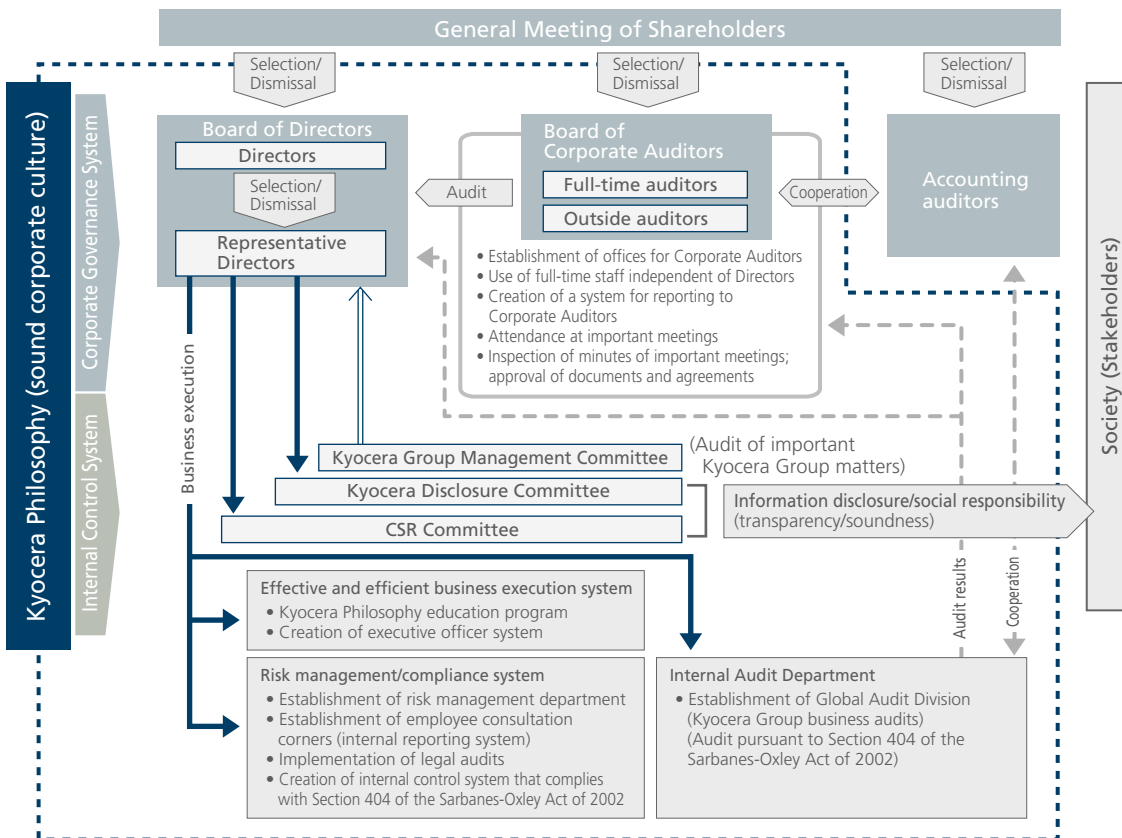
In compliance with the Articles of Incorporation approved by its shareholders meeting, Kyocera established the Corporate Auditors and a Board of Corporate Auditors to regularly evaluate Kyocera Group business conduct. These consist of two internal and three external auditors with expertise in law, accounting and management. The Corporate Auditors attend meetings of the Board of Directors and various committees to ensure the appropriateness of business conduct.

Kyocera defines internal controls as "systems established within the corporate organization to achieve management policy and master plans in a fair manner, in order to effectuate the Company's management rationale." By respecting the Kyocera Philosophy as a corporate culture and enhancing internal management control systems, Kyocera aims to maintain the solid corporate governance our shareholders expect.

In April 2003, a Kyocera Disclosure Committee was established to ensure the timely disclosure of public information. This committee evaluates the basic process of disclosing information as well as the accuracy of the company's Annual Report, Form 20-F and related documents.

In further support of its corporate governance commitment, Kyocera has established a risk management department to strengthen its risk management system. Kyocera also established internal complaint reporting systems so that employees who become aware of any breach of an internal rule can report the matter immediately. In addition to the internal auditing system, which regularly audits business conduct and reports the results to Directors, a Global Audit Division was established in May 2005 in accordance with Section 304 of the Sarbanes-Oxley Act of 2002.

Corporate Governance Systems



NYSE Corporate Governance Standards

Companies listed on the New York Stock Exchange (NYSE) must comply with certain standards regarding corporate governance under Section 303A of the NYSE Listed Company Manual.

However, listed companies that are foreign private issuers, such as Kyocera Corporation, are permitted to follow home country practice in lieu of certain provisions of Section 303A.

The following table shows the significant differences between the corporate governance practices followed by U.S. listed companies under Section 303A of the NYSE Listed Company Manual and those followed by Kyocera Corporation.

Corporate Governance Practices Followed by NYSE-listed U.S. Companies	Corporate Governance Practices Followed by Kyocera Corporation
<p>1. A NYSE-listed U.S. company must have a majority of directors meeting the independence requirements under Section 303A of the NYSE Listed Company Manual.</p>	<p>For large Japanese companies, including Kyocera Corporation, which employ a corporate governance system based on a board of corporate auditors, Japan's company law has no independence requirement with respect to directors. The task of overseeing management and independent auditors is assigned to the corporate auditors, who are separate from Kyocera Corporation's management.</p> <p>Large Japanese companies, including Kyocera Corporation, are required to have a majority "outside" corporate auditors who must meet additional independence requirements under Japan's company law. An "outside" corporate auditor means a corporate auditor who has not served as a director, manager or other employee of Kyocera Corporation or any of its subsidiaries previously.</p> <p>As of March 31, 2007, Kyocera Corporation had five corporate auditors, of whom three were outside corporate auditors.</p>
<p>2. A NYSE-listed U.S. company must have an audit committee composed entirely of independent directors, and the audit committee must have at least three members.</p>	<p>Kyocera Corporation employs a board of corporate auditors as described above. Under this system, the board of corporate auditors is a legally separate and independent body from the board of directors. The function of the board of corporate auditors is similar to that of members of the audit committee of a U.S. company: to audit the performance of the directors, and review and express opinions on the method of auditing by Kyocera Corporation's independent auditors and on such independent auditors' audit reports, for the protection of Kyocera Corporation's shareholders.</p> <p>Kyocera Corporation and other large Japanese companies, other than those which adopt a committee system under Japan's company law or which adopt restrictions on share transfer, are required to have at least three corporate auditors. As of March 31, 2007, Kyocera Corporation had five corporate auditors. Each corporate auditor serves a four-year term of office. In contrast, the term of office of each director of Kyocera Corporation is two years.</p> <p>With respect to the requirements of Rule 10A-3 under the U.S. Securities Exchange Act of 1934 relating to listed company audit committees, Kyocera Corporation relies on an exemption under that rule which is available to foreign private issuers with boards of corporate auditors meeting certain requirements.</p>
<p>3. A NYSE-listed U.S. company must have a nominating/corporate governance committee composed entirely of independent directors.</p>	<p>Kyocera Corporation's directors are elected at a general meeting of shareholders. Its board of directors does not have the power to fill vacancies thereon. Kyocera Corporation's corporate auditors are also elected at a general meeting of shareholders. A proposal by Kyocera Corporation's board of directors to elect a corporate auditor must be approved by a resolution of its board of corporate auditors. The board of corporate auditors is empowered to adopt a resolution requesting that Kyocera Corporation's directors submit a proposal for election of a corporate auditor to a general meeting of shareholders. The corporate auditors have the right to state their opinions concerning election of a corporate auditor at the general meeting of shareholders.</p>
<p>4. A NYSE-listed U.S. company must have a compensation committee composed entirely of independent directors.</p>	<p>The total amount of compensation for Kyocera Corporation directors and the total amount of compensation for Kyocera Corporation corporate auditors are proposed to, and voted upon by, a general meeting of shareholders. Once the proposal for each of such total amount of compensation is approved at the general meeting of shareholders, each of the board of directors and board of corporate auditors allocates the respective total amount among its respective members.</p>
<p>5. A NYSE-listed U.S. company must generally obtain shareholder approval with respect to any equity compensation plan.</p>	<p>Japanese companies, including Kyocera Corporation, often issue "stock acquisition rights" (granting the holder thereof the right to acquire from the issuer shares of its common stock at a prescribed price) for the purpose of granting stock options to their officers, etc. Typically, when stock acquisition rights are used for such purpose, they are issued under terms and conditions which are especially favorable to the recipients thereof, and because of that, such issuance is subject to approval at a general meeting of shareholders under Japan's company law. Kyocera Corporation obtains approval at a general meeting of shareholders with respect to its issuance of stock acquisition rights for stock option purposes.</p>