

## Corporate Governance

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. An 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 (the “board of corporate auditors system”), the Corporation Act of Japan (the Corporation Act) 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. All corporate auditors must meet certain independence requirements under the Corporation Act.</p> <p>For large Japanese companies with a board of corporate auditors, including Kyocera Corporation, at least half of the members of such board must be “outside” corporate auditors. Such “outside” corporate auditors must meet additional independence requirements under the Corporation Act. 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 June 28, 2011, Kyocera Corporation had five corporate auditors, of whom three were “outside” corporate auditors.</p> <p>In addition to the independence requirements under the Corporation Act described above, the rules of the Japanese stock exchanges require that, with effect from the day following the date of the annual shareholders meeting for the fiscal year ended on March 31, 2010, at least one of Kyocera Corporation’s outside directors or outside corporate auditors must meet certain additional independence criteria.</p>

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<p>2. An 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 the board of corporate auditors system as described above. Under this system, the board of corporate auditors is a legally separate and independent body from the board of directors. The main function of the board of corporate auditors is similar to that of independent directors, including those who are members of the audit committee of a U.S. company: to monitor 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 which employ the board of corporate auditors system are required to have at least three corporate auditors. As of June 28, 2011, 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. An 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>

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<p>4. An 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. An 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 the Corporation Act. Kyocera Corporation obtains approval at a general meeting of shareholders with respect to its issuance of stock acquisition rights for stock option purposes.</p>