

Management Policy

1. Basic Management Policy

The Sharp Group's business creed is based on the principles of "Sincerity and Creativity." Our aim is to inspire all our daily work with these principles so that we can earn the appreciation of people everywhere, and make a valuable contribution to society. Our corporate philosophy expresses our desire to grow in mutual prosperity with all stakeholders in the business, including shareholders, business partners, and employees.

2. Mid- and Long-Term Business Strategy and Issues the Company Needs to Face

(1) Achieving Stable Growth and Enhancing Brand Value by a Vertically-Integrated Business Model

Sharp will maximize the strength of its vertically-integrated business model and promote the creation of unique products equipped with its original cutting-edge devices. Especially for LCDs, our core competence, we will globally introduce LCD applications, including LCD color TVs, by intensifying R&D, expanding production capacity and improving cost competitiveness. Through these efforts, we are committed to achieving stable growth as a "valued one-of-a-kind company" and enhancing our brand value globally.

(2) Efforts to Protect the Environment

Sharp sees the issue of environmental protection as a medium-term business challenge. With our energy-creating and energy-saving technologies, we aim to achieve our corporate vision of being a company that has "zero global warming impact" by fiscal 2010. We will contribute to the realization of a sustainable society by pursuing coexistence of business expansion and environmental protection. Specifically, we will work to reduce the environmental burden at all production stages, along with enhancing the business of photovoltaic power generation systems and introducing environmentally friendly products.

(3) Strengthening Our Business Foundation to Support Production

Sharp will strengthen the fundamentals of its manufacturing activities, which we see as a driving force for future growth. These include establishing an efficient value-chain which enables delivery with a shortened lead time at low cost and promoting global procurement activities. We will also take proactive strategies for intellectual property and pursue securing high reliability and quality for our products.

(4) Maximizing the Management Resources to Improve Corporate Competitiveness

In an effort to achieve further corporate competitiveness, Sharp will promote effective utilization of its management resources. These include nurturing our core personnel from a global standpoint and deploying financial strategies for more aggressive investment activities. We will also promote the proliferation of IT through the entire value chain.

By deploying these business strategies, we are aiming to improve ROE (return on equity) and free cash flow as the main management indicators, as well as working to further increase corporate value. We are also continuing to focus on enhancing our return on investment in all our business divisions, based on "profit after capital cost" (PCC), which is calculated by subtracting the cost of invested capital from NOPAT (net operating profit after income taxes).