



SHARP
Business Strategy

President
Katsuhiko Machida

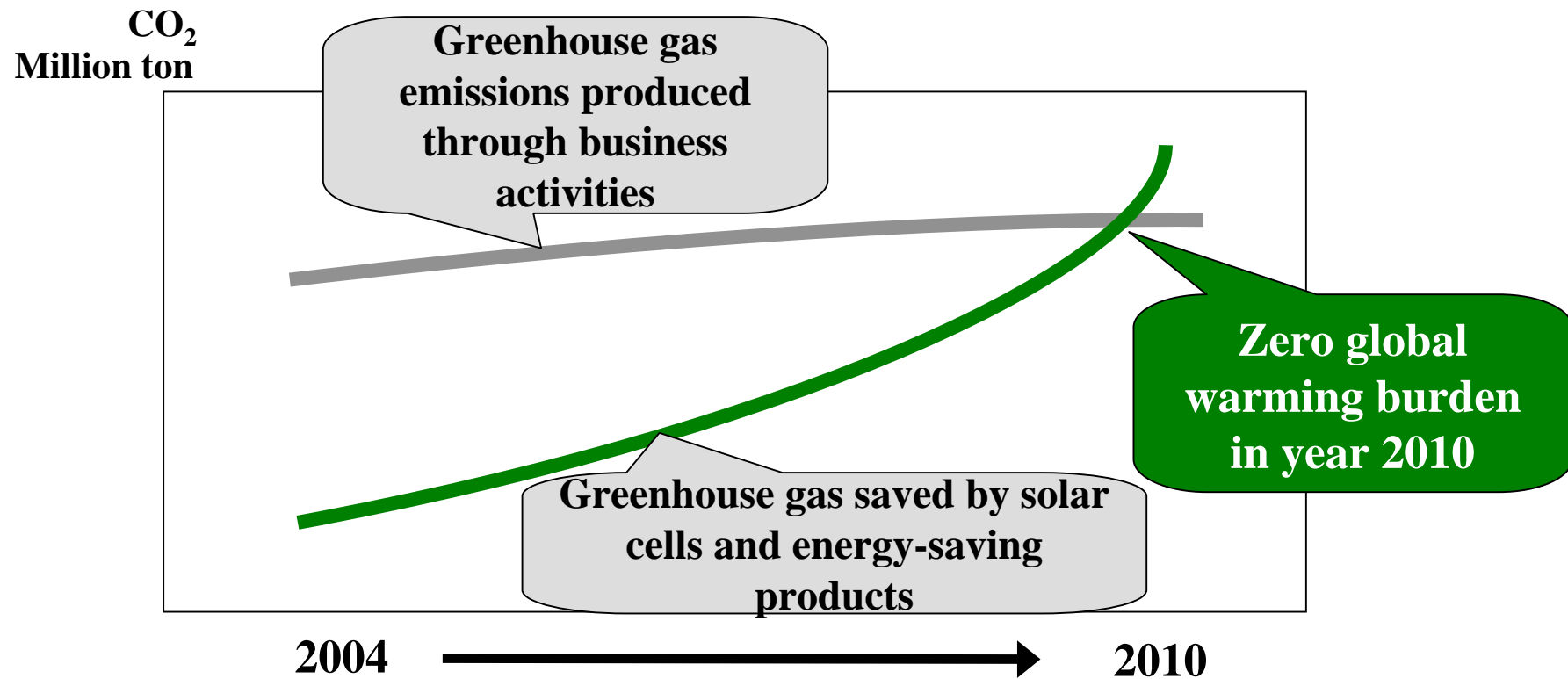
February 16, 2005

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I. Environmental Preservation

Sharp's Target: No Global Warming Burden

Achieve a balance between business growth and environmental conservation by balancing the volume of emitted greenhouse gas with the volume of decreased greenhouse gas by 2010



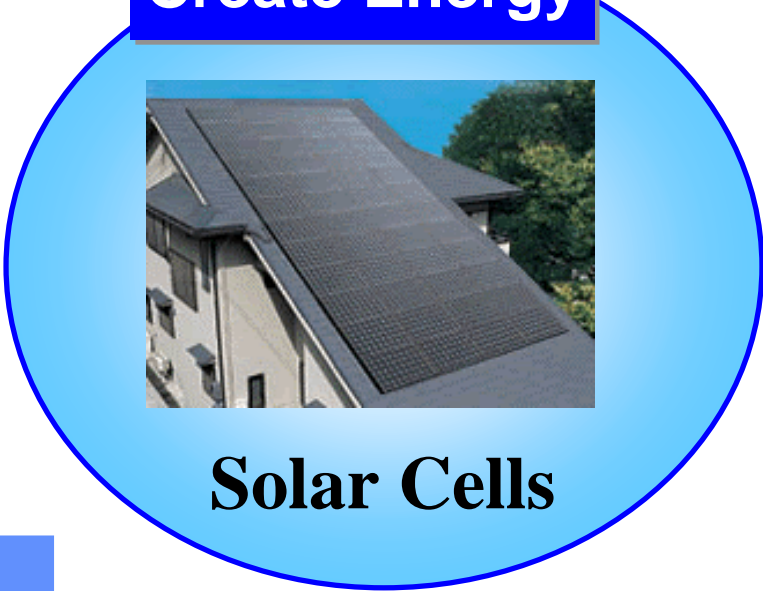
Business Growth along with Environmental Technologies

Save Energy



LCD TVs

Create Energy



Solar Cells



Environmentally Advanced Company



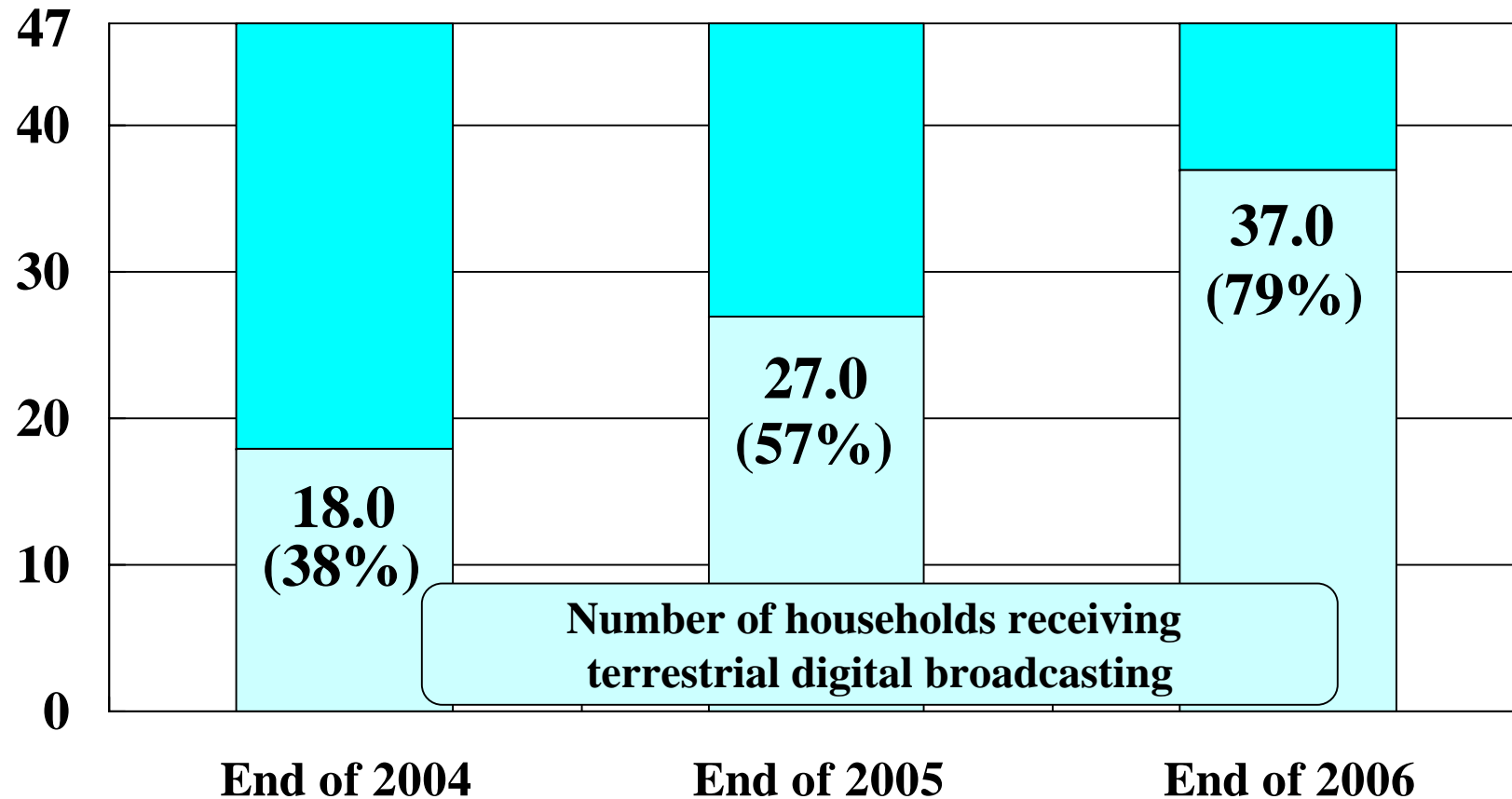
II. Business Strategy

1. LCD TVs / Large-size LCDs

1. LCD TVs / Large-size LCDs

Diffusion of Terrestrial Digital Broadcasting in Japan

Millions of households



(Source: D-pa)

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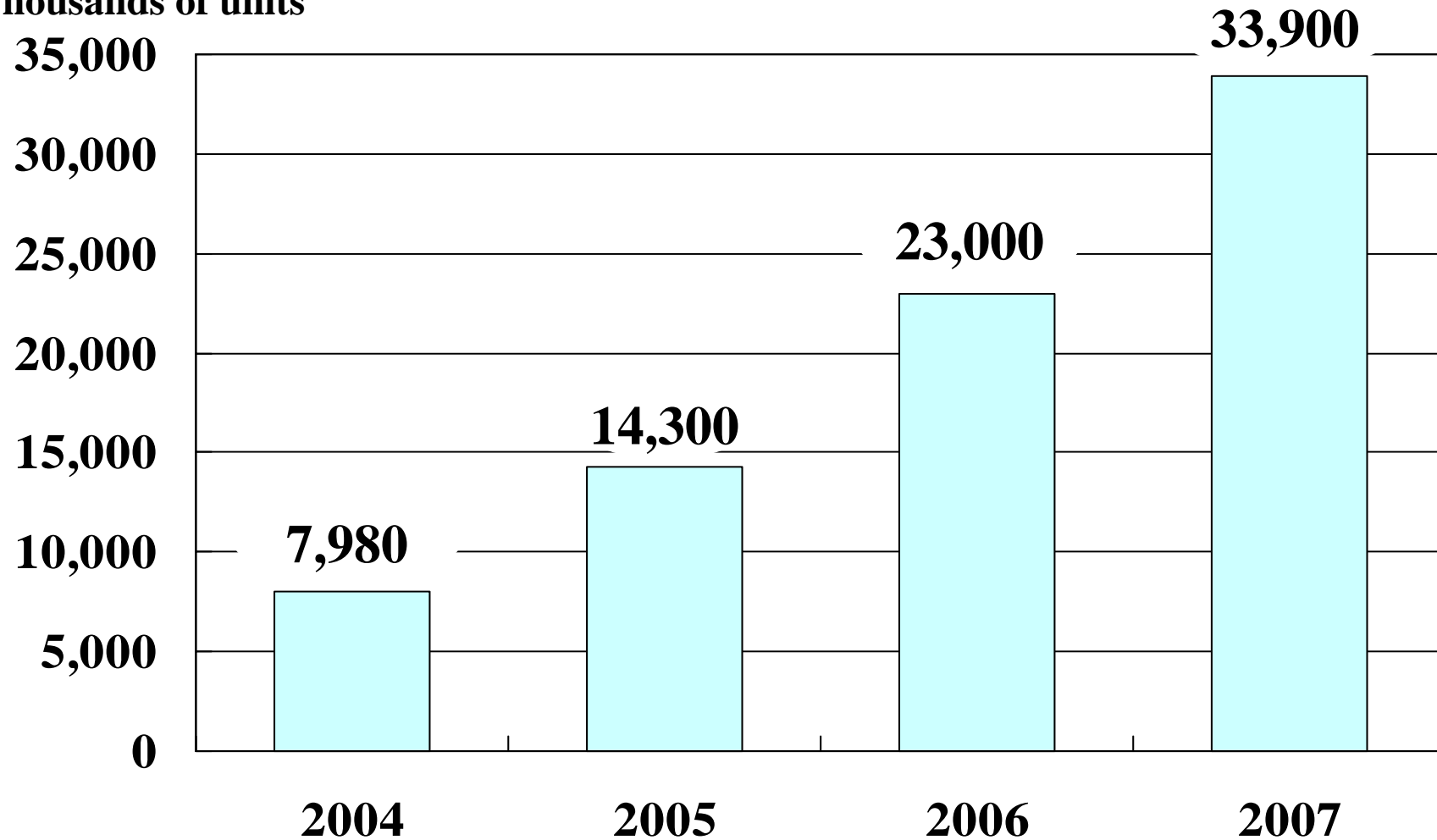
2005 International CES



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Worldwide LCD TV Demand

Thousands of units

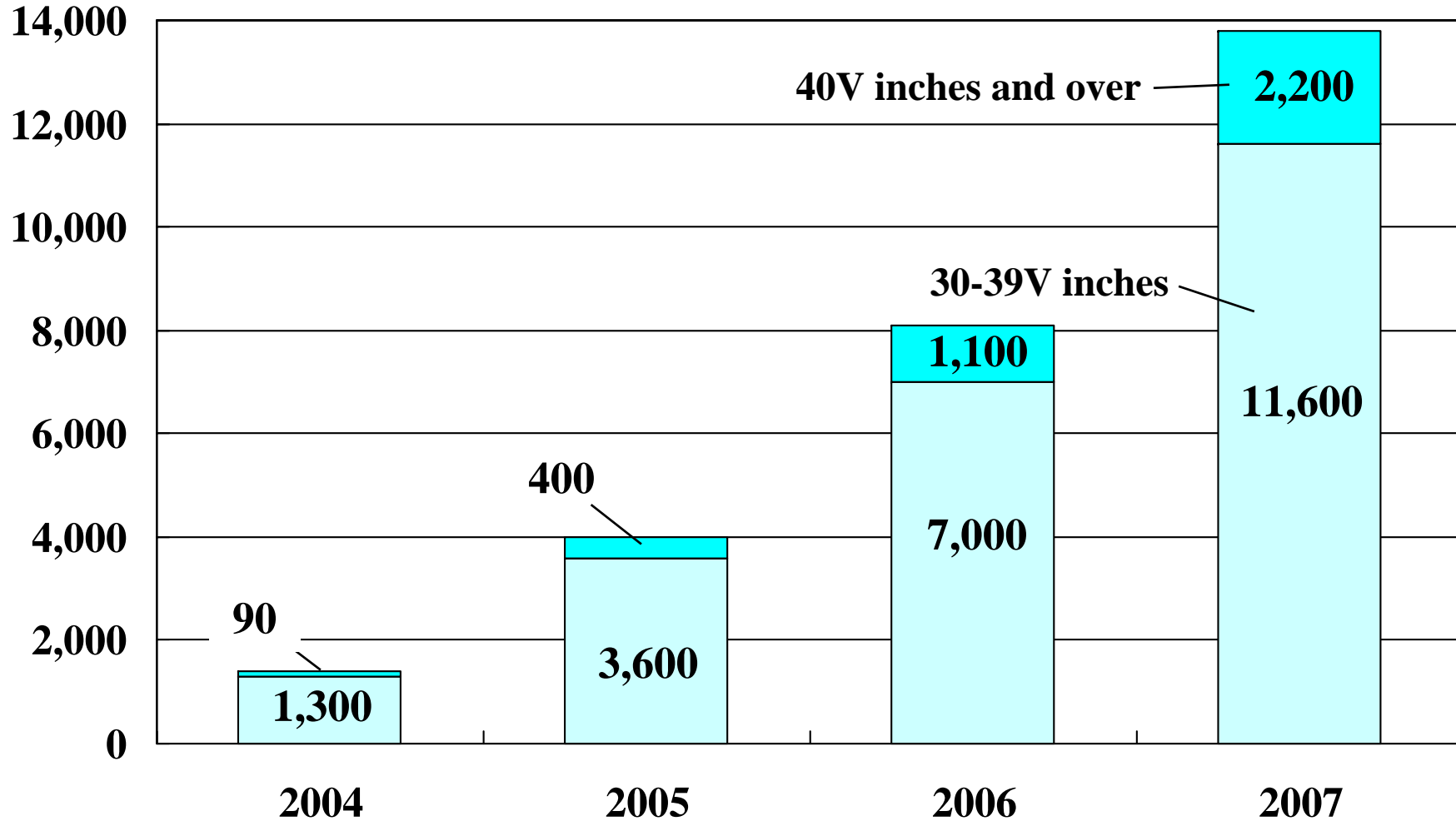


(Source: JEITA)

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Worldwide Demand for LCD TVs 30V inches and over

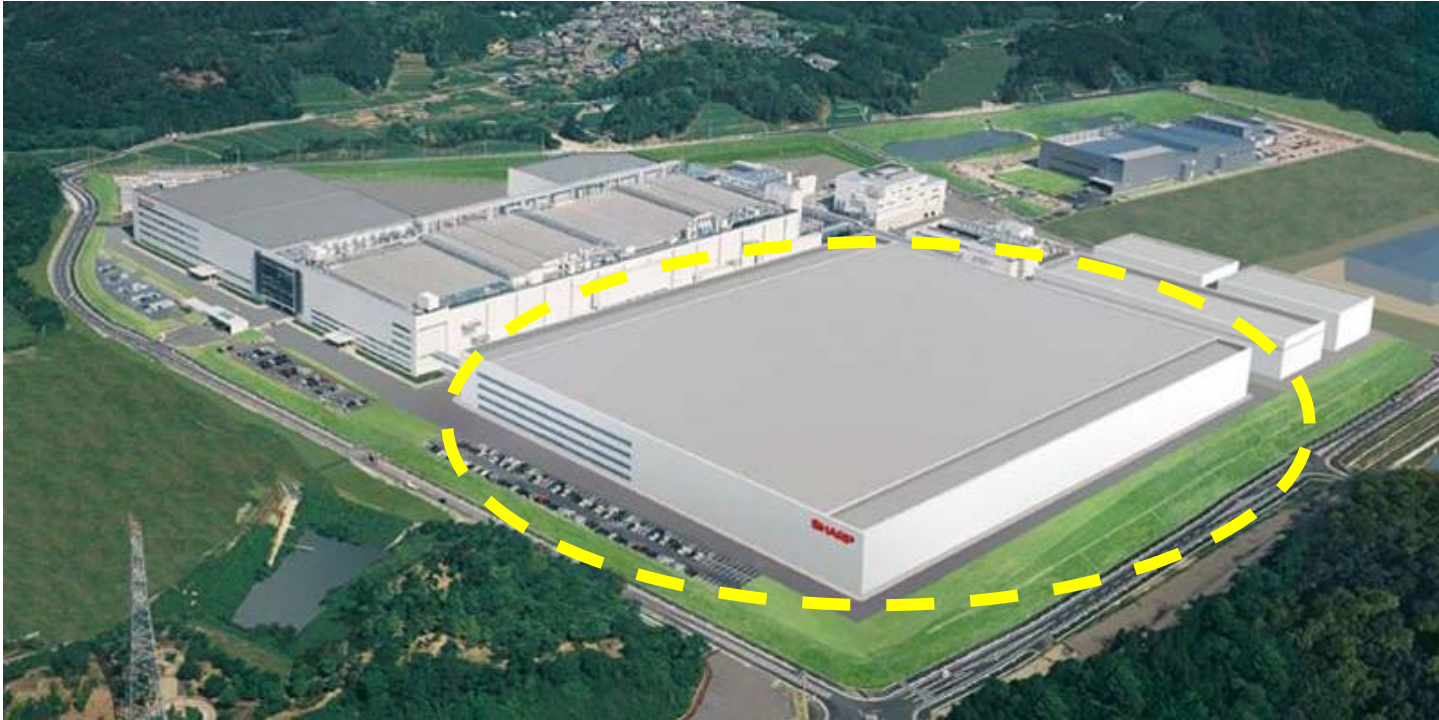
Thousands of units



(JEITA's forecast for total demand x Sharp's forecast for unit sales ratio by size)

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Kameyama No.2 Plant

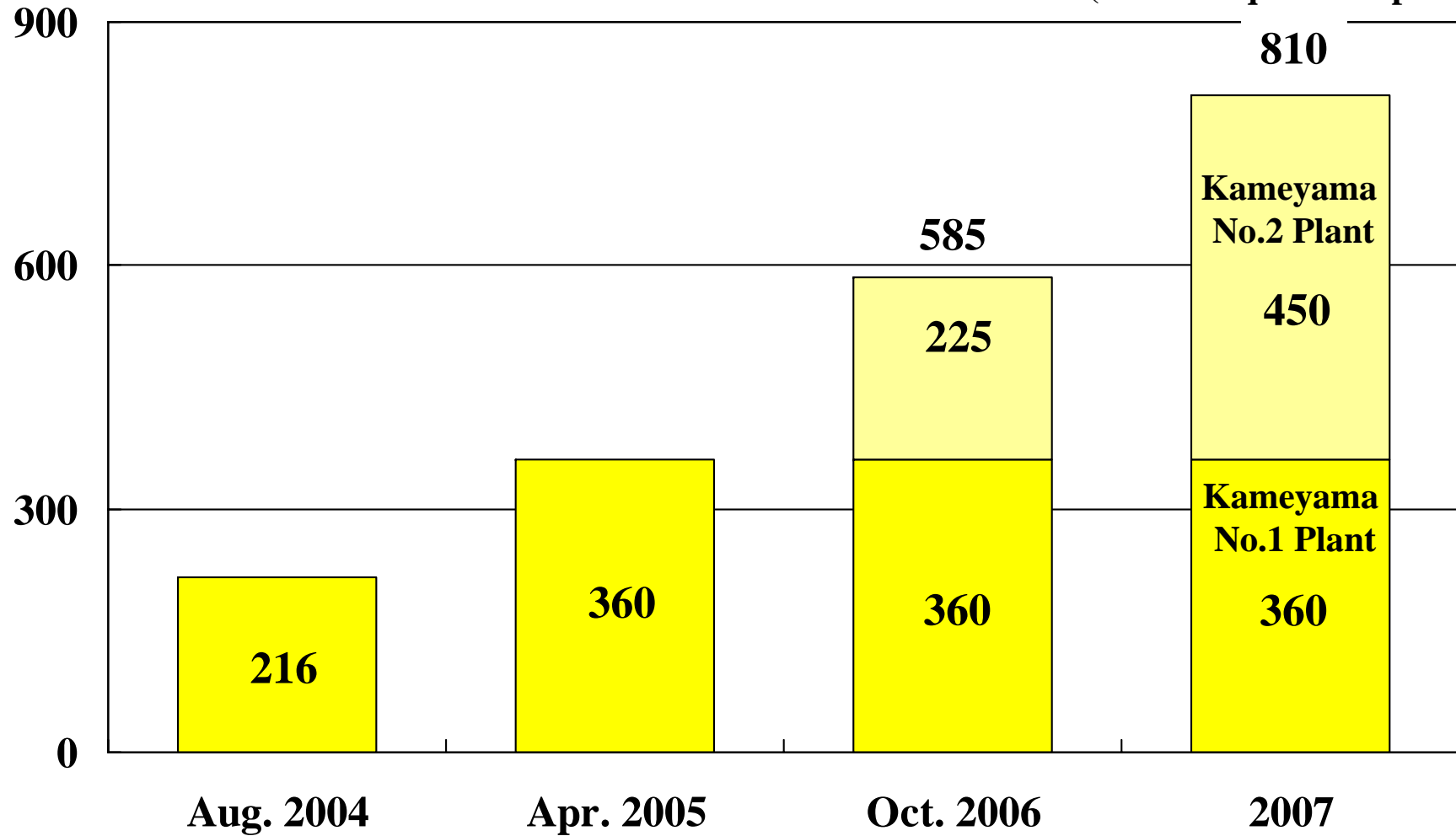


- Start of operation: Oct. 2006 ■ Amount of investment: 150 billion yen
- The world's largest substrate (2,160 x 2,400 mm)
 - * Eight 40-inch class panels or six 50-inch class panels from each substrate
- Substrate input: 15,000 sheets per month
 - * To increase to 30,000 sheets per month in 2007

Expanding Production Capacity at the Kameyama Plant

Thousands of units/month

(32-inch equivalent panels)



Improve Cost Competitiveness at the Kameyama No.2 Plant

Slash material costs

- Co-develop materials with material manufacturers from the initial designing stage

* Backlight, color filters, polarizers, etc.

Highly efficient plant layout

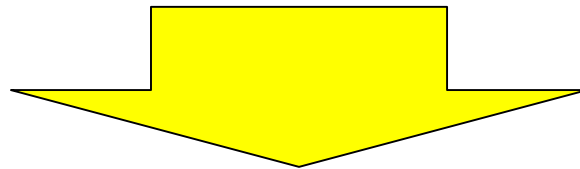
- Halve the length of production line and production lead-time

(in comparison with the Kameyama No.1 plant)

2. Small- and medium-size LCDs

Reasons for Growing Demand

More handsets with color display and enhanced features...

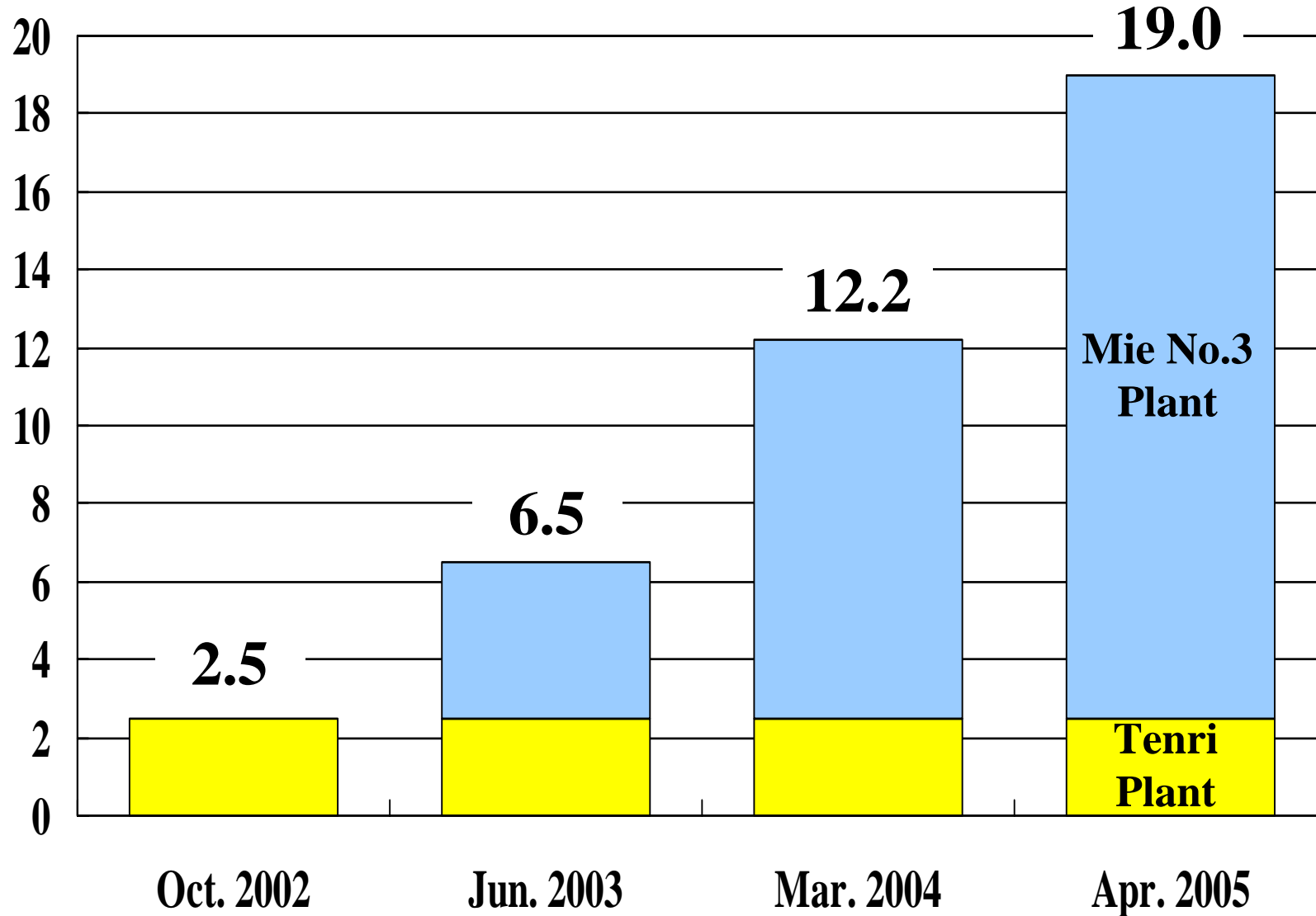


Increased demand for high resolution small- and medium-size LCDs, such as System LCDs

System LCD Production Capacity

Millions of units/month

(2-inch equivalent panels)



Sharp's Small- and Medium-Size LCD Competitiveness

Keep LCD technologies and know-hows as “black-box” to prevent them from being leaked

Utilize various LCD related patents

Cultivate new markets for new applications

3. Photovoltaic Power Systems

Reasons for Growing Interest for Photovoltaic Power Systems

Energy issues

Electric power shortage in China
Large-scale blackouts
Skyrocketing crude oil prices

Environmental issues

Increasing CO₂ emission
Climate change on a global scale

Growing interest in renewable energy

Sharp's Photovoltaic Power Systems in Japan

Residential Use



Industrial Use



Sharp's Photovoltaic Power Systems Overseas

10.1MW: Bayern, Germany



Provided by PowerLight

1.7MW: Bayern, Germany



400kW: California, U.S.A



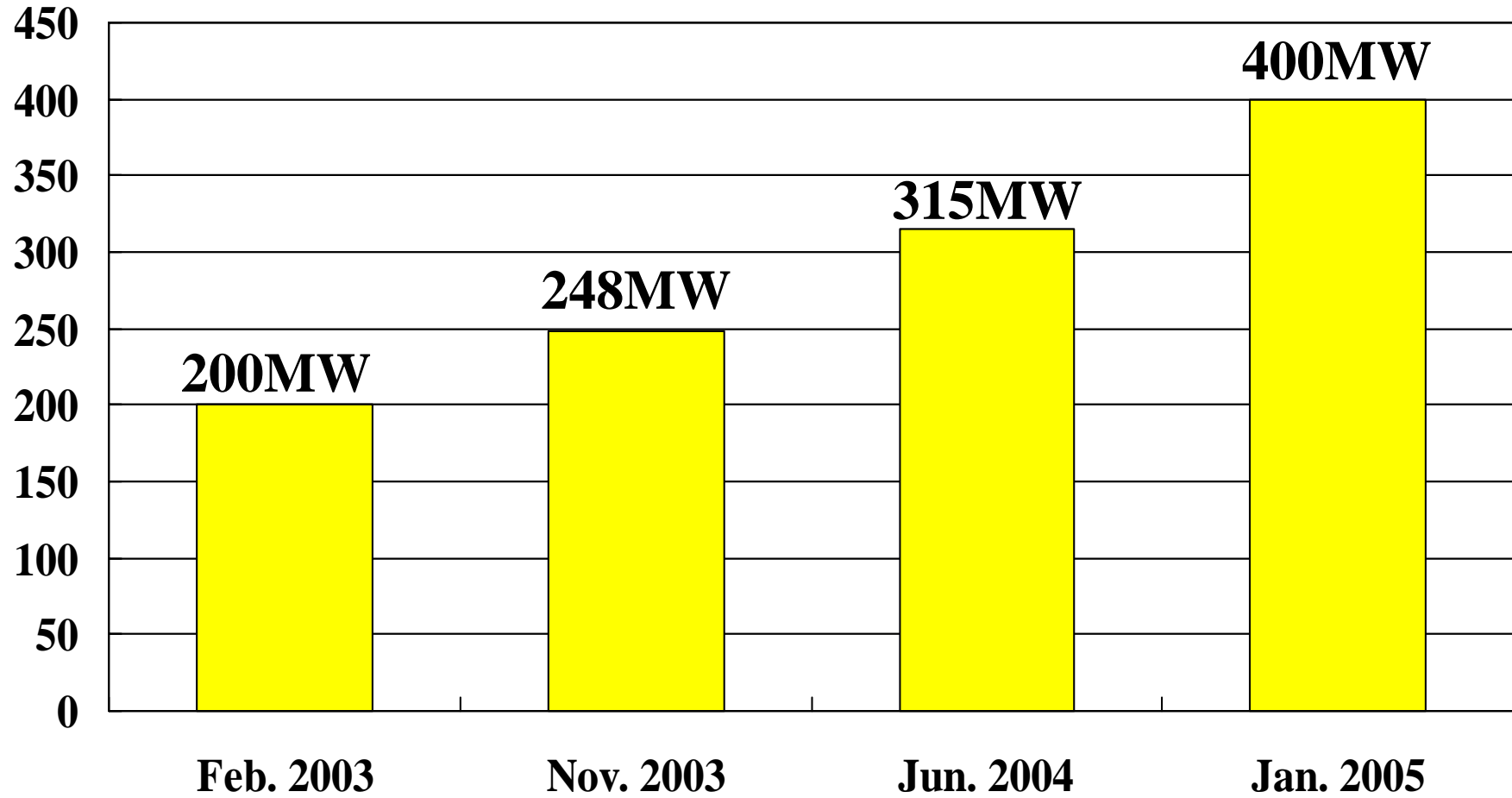
Provided by PowerLight

350kW: Salzburg, Austria



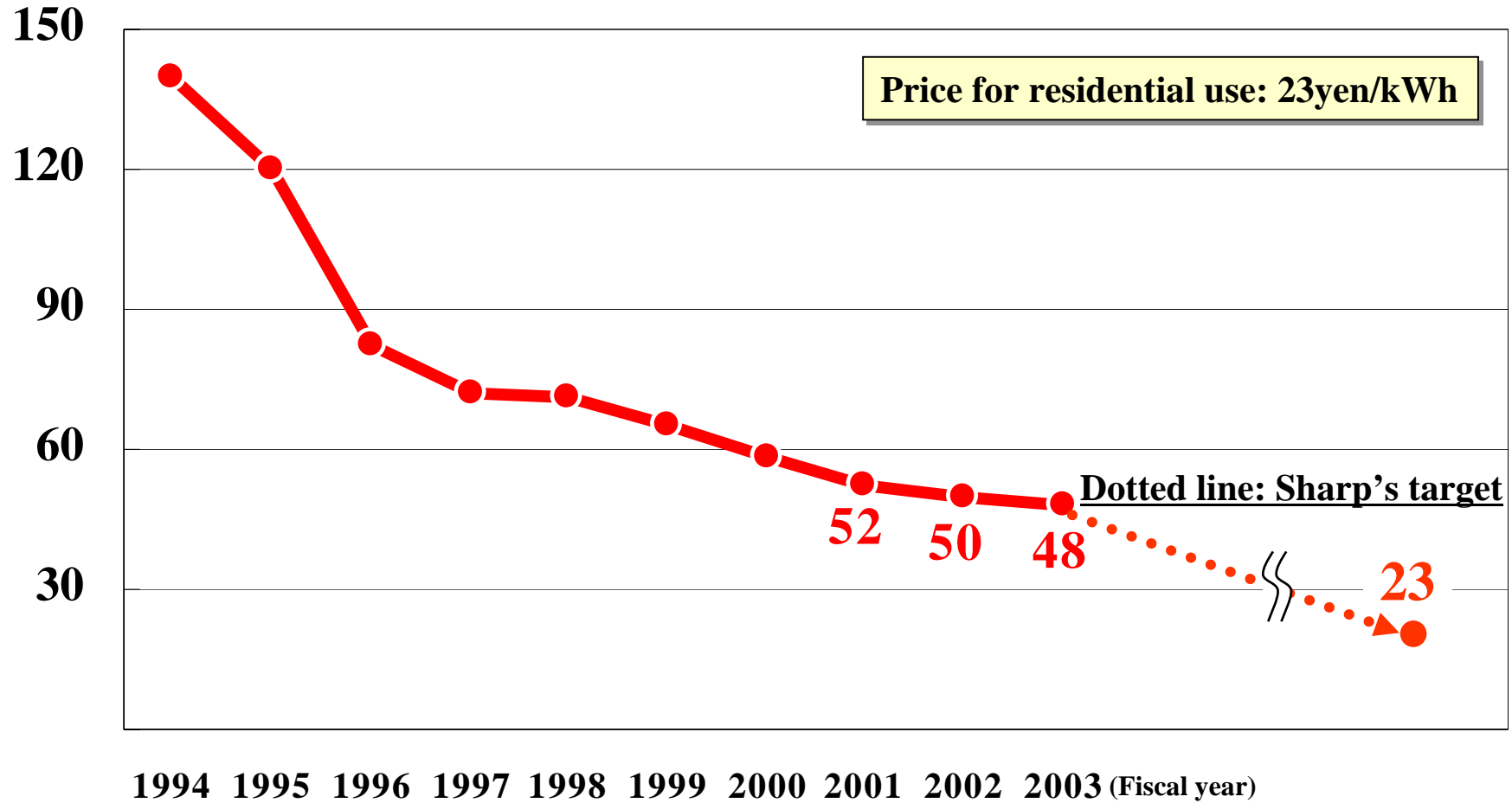
Sharp World's Largest Solar Cell Production Capacity

MW/Year



Change in Price of PV Power Systems for Residential Use in Japan

Yen/kWh



(Source: Sharp based on METI data)



Sharp's Illuminating Solar Panel "Lumiwall"

Lumiwall
ルミウォール

"See-through"
thin-film solar cells

+

Long-life,
energy-efficient,
high-intensity LEDs

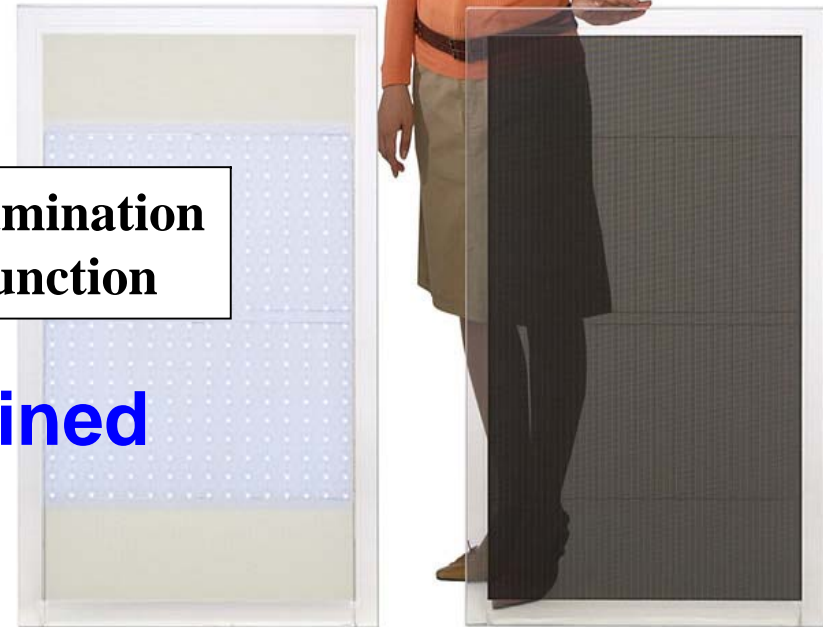
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**Power
generation**

**Daylight
transmission**

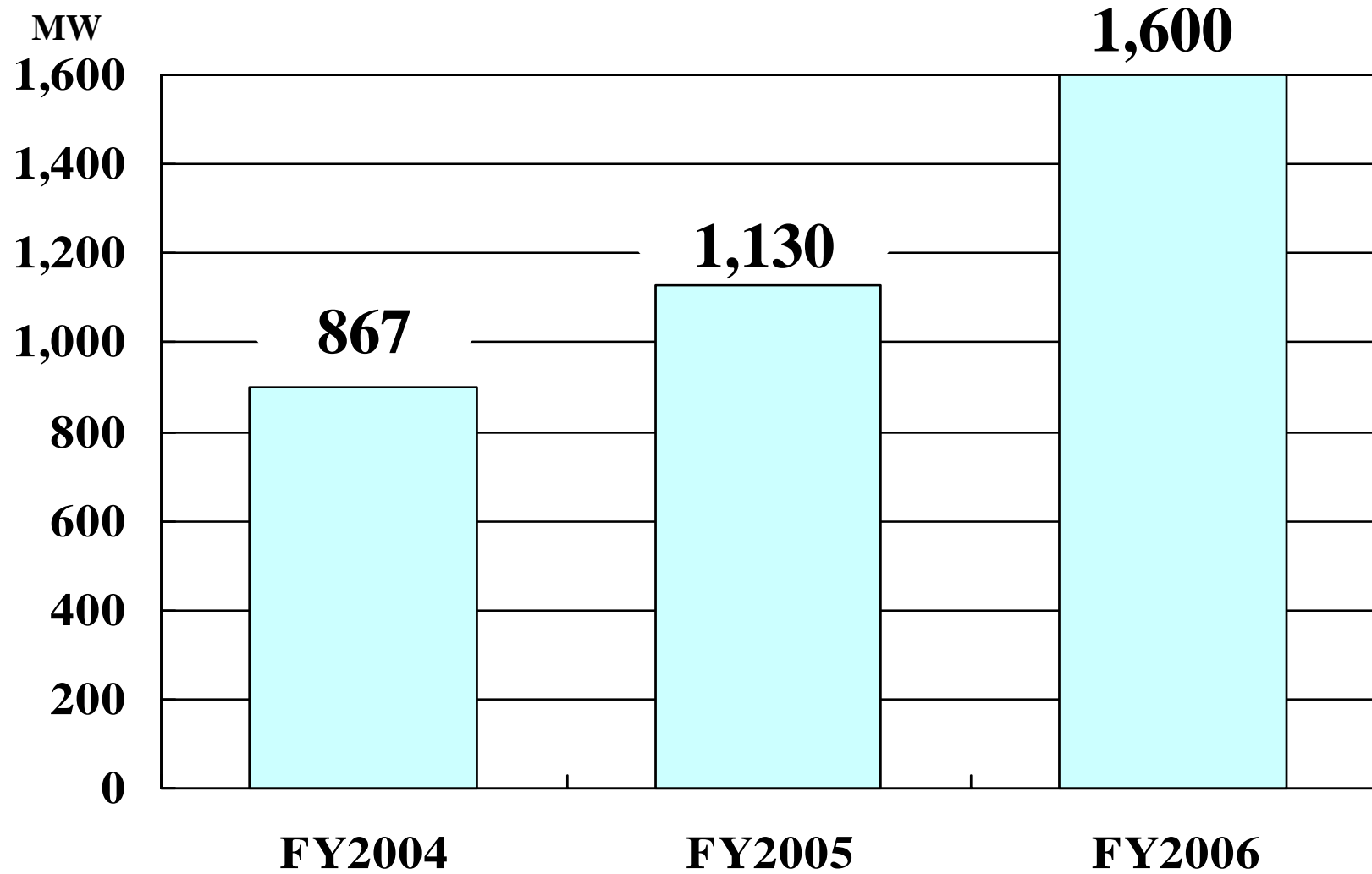
**Illumination
function**

**Three functions combined
in one product**



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Worldwide Photovoltaic Power System Demand



(Source: Sharp)

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III. Mid-term Target

Sharp's Mid-term Net Sales Target

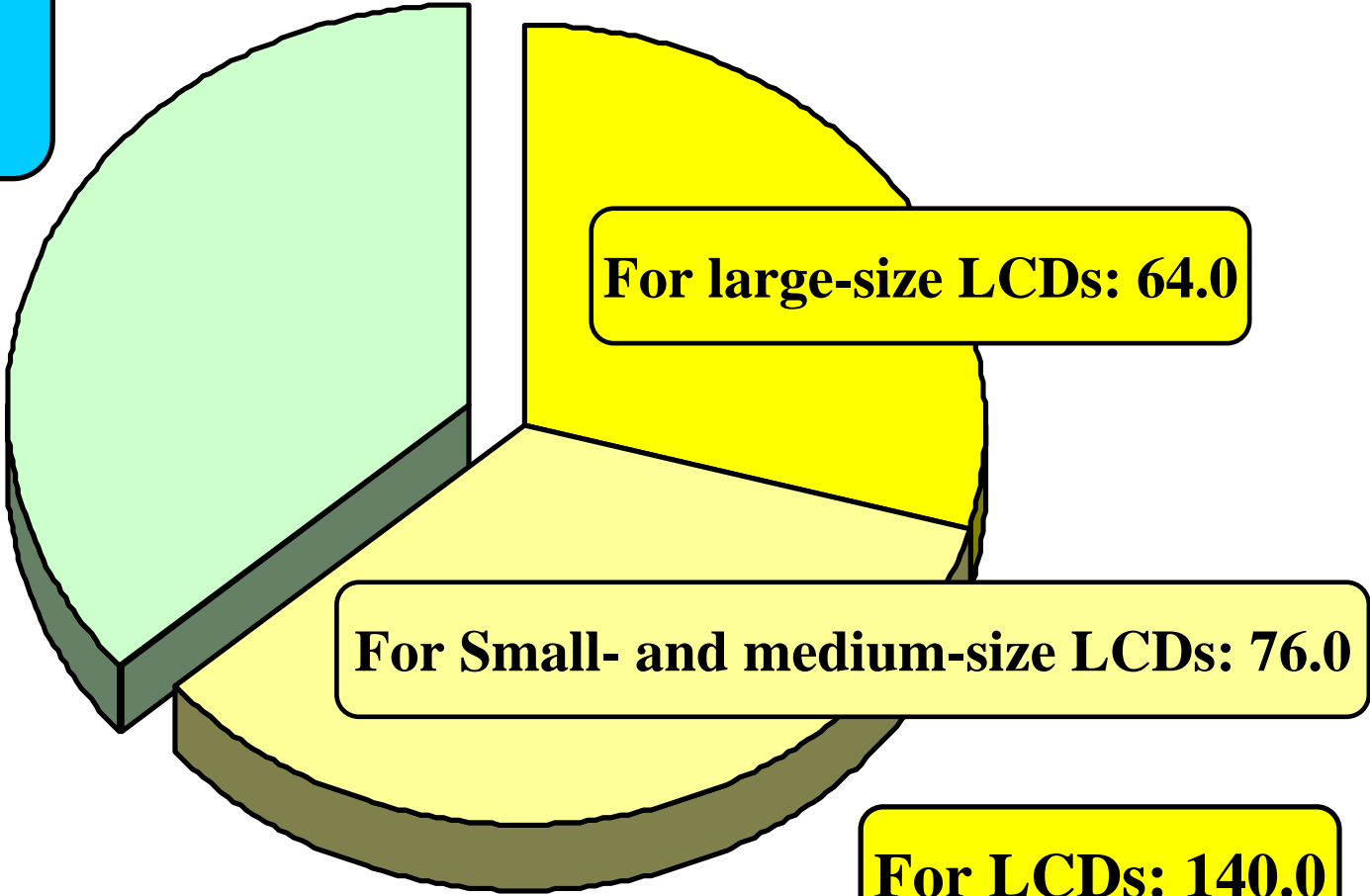
[Fiscal 2007]
3.3 trillion yen

IV. Capital Investment

FY2005 Capital Investment

**Total
220.0**

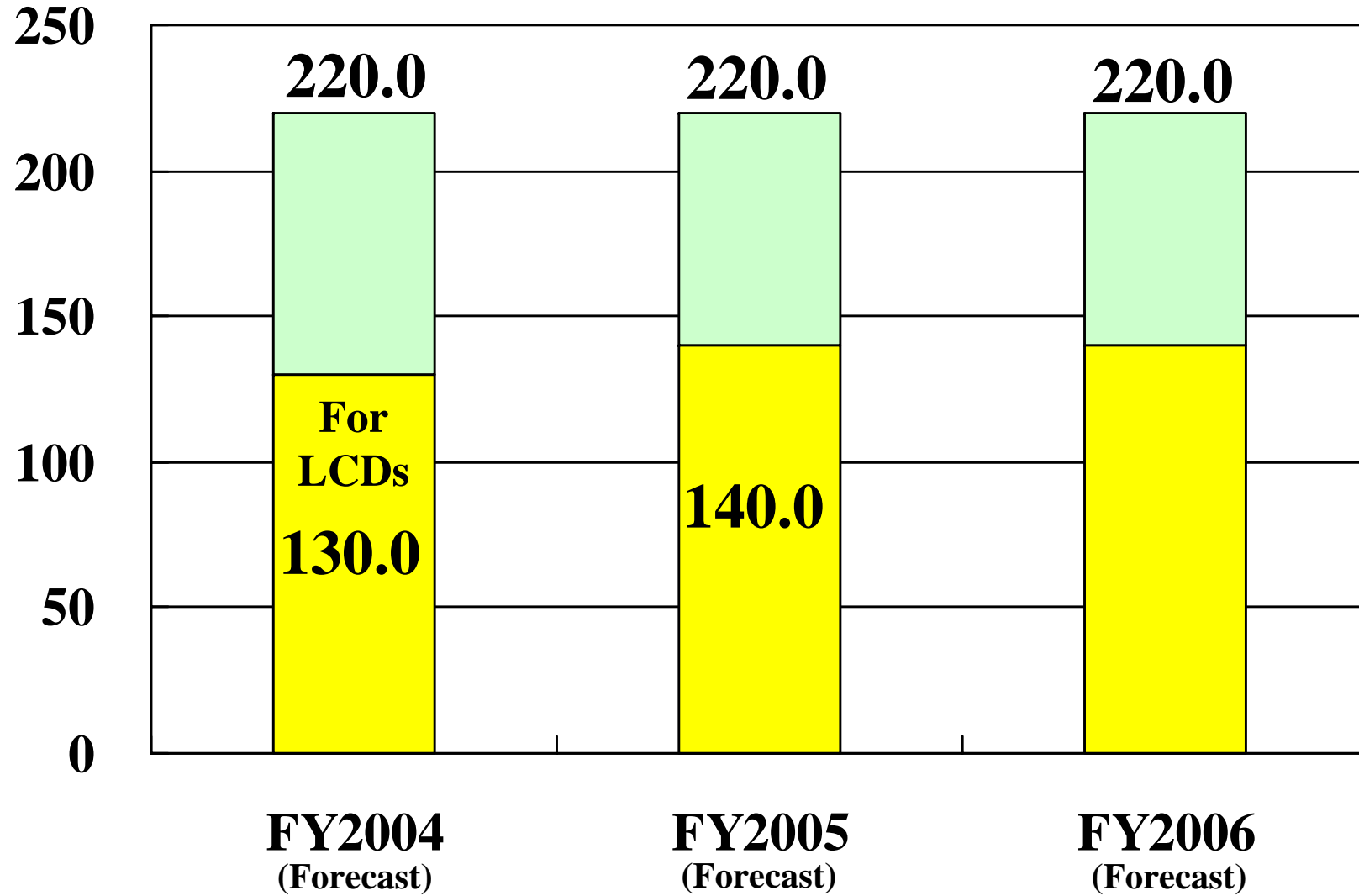
Billions of yen



FY2005(Forecast)

Capital Investment

Billions of yen



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Notes Regarding Future Plans and Estimates:

This report contains statements describing future plans, strategies, and estimated performance. These descriptions are not based on past facts, but on the management's assumptions and beliefs in light of the information currently available. These plans, strategies, and performance estimates are subject to a certain amount of risk and uncertainty due to such factors as economic changes, supply-demand fluctuations, increased competition, currency exchange rates, and changes in tax laws. Please understand that actual business results may vary from our estimates.