I. Revision of Financial Results Forecast for Fiscal 2008

II. Actions
   (1) Business Environment and our Challenges
   (2) Recovery Plan
   (3) New Business Model
   (4) Action Plan for Key Business
       - Mobile Phone
       - Health- and Environment-related Business
       - Solar Cells
       - LCDs (New LCD Plant start operations in Oct 2009)
## I. Revision of Financial Results Forecast for Fiscal 2008

<table>
<thead>
<tr>
<th></th>
<th>Previous Forecast (09/2/6)</th>
<th>Y on Y</th>
<th>Current Forecast</th>
<th>Y on Y</th>
<th>Difference from last forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>2,900</td>
<td>-15.1%</td>
<td>2,850</td>
<td>-16.6%</td>
<td>-50</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>-30</td>
<td></td>
<td>-60</td>
<td></td>
<td>-30</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>-100</td>
<td></td>
<td>-130</td>
<td></td>
<td>-30</td>
</tr>
</tbody>
</table>
Main Variance Factors From Previous Forecasts

- Expenses for optimizing the inventory level of LCD TVs and LCD panels
  - Approx. 30 billion yen

<Sharp LCD TV retailers’ inventory (comparison to monthly sales)>
(Source: Sharp)
US: 3.3months (September, 2008) \(\rightarrow\) 0.7months (Feb, 2009)
Japan: 2.1months (September, 2008) \(\rightarrow\) 0.8months (Mar, 2009)

- Additional posting of Business Restructuring Charges and Loss on Sales and Retirement of Noncurrent Assets
  - Additional 9 billion yen (approx.) posted for business restructuring mainly related to LCD business
  - Disposal of old facilities for electronic components and devices business:
    Additional 4 billion yen (approx.) posted for loss on sales and retirement of noncurrent assets

- Increase of Loss on Impairment of Investments in Securities
  - Approx. 6.4 billion yen additional loss due to drop in stock market

Forecast of Extraordinary Items in Other Expenses for Fiscal 2008

<table>
<thead>
<tr>
<th>(billions of yen)</th>
<th>Previous Forecast (09/2/6)</th>
<th>Current Forecast</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss on impairment of investments in securities</td>
<td>43.3</td>
<td>49.7</td>
<td>+6.4</td>
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<tr>
<td>Loss on Valuation of Inventory</td>
<td>7.6</td>
<td>7.6</td>
<td>0</td>
</tr>
<tr>
<td>Restructuring Charges</td>
<td>50</td>
<td>59</td>
<td>+9</td>
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<tr>
<td>Loss on violation of the antitrust law</td>
<td>12</td>
<td>12</td>
<td>0</td>
</tr>
<tr>
<td>Others</td>
<td>5.8</td>
<td>15.4</td>
<td>+9.6</td>
</tr>
</tbody>
</table>
II. Actions

(1) Business Environment and our Challenges

<Business Environment>
- Decrease in demand due to rapid drop of economy
- Aggravated trade conditions due to stronger yen etc.
- Price decline in digital products
- Division of world economy into blocks
- Deteriorated solar market in Europe due to financial crisis

<Our Challenges>
- Slowdown of investment-driven business models, such as LCD
- Reduced competitiveness at old LCD production lines
- Price decline and sluggish growth in vertically integrated products such as LCD TV and mobile phone
- Aggravated cash flow
(2) Recovery Plans

Building Structure to Secure Profit even under the circumstances of LH of FY 2008

Reorganizing LCD Plants

Kameyama  Mie  Tenri

Conventional

Large size LCD (for TV, IA etc.)  Mid-small size LCD (for mobile phones etc.)

Future

Large size LCD (for TV, IA etc.)  Mid-small size LCD (for mobile phones etc.)

Sakai  Kameyama  Mie  Tenri

(Under construction)  Line Partially closed  Line Partially closed

Personnel Reallocation

“Strengthen Sales Activities to Expand Sharp’s Scope of Business”

Japan : Strengthen key business areas / sales divisions
- Reallocate approx. 1,700 personnel to key business areas / sales divisions
- Expand B to B solution business
- Reduce approx. 1,500 contract employees in Japan (due to expiration of the contract)

Global : Strengthen sales force in emerging economies
- China
  - Strengthen mobile phone business
  - Establish marketing research office
Reduction of remuneration to directors and salary of managers

- Reduction of Remuneration to Directors
  <Remuneration per month> (Mar. to Sep. 2009)
  - Directors and Executive Officers: 30-5% reduction
  - Corporate Auditors: 5% voluntary reduction
  <Bonuses>
  - No payment of bonuses in June 2009

- Managerial staff: 20-10% reduction in annual salary

Total Cost Reduction

Reduce Total Cost by 200 Billion Yen
compared to FY2008 cost *

- Reduce fixed cost by 100 billion yen
  - Labor Cost : reduce approx. 45 billion yen
  - Depreciation : reduce approx. 35 billion yen

- Reduce variable cost by 100 billion yen
  - Advertisement expenses
  - Utilities
  - Transportation expenses
  - Other outsourcing costs / patent costs / entertainment cost etc.

*the cost for start of LCD panel plant operation in Sakai city is not included
(3) New Business Model

**Concept of New Business Model**

Establishing Value-chain by Local production (Localization of Front-end Production)

Local Alliances (with initiative from local companies)

Minimize Investment to Maximize Efficiency

Improve Cash Flow

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**Basic Plan for Engineering Business**

Introduction of new technology, maintenance, overall support, etc.

Mother Plant

*Most Advanced Technology is kept Domestically*
(4) Action Plan for Key Business: Mobile Phone

Global Market Business

Expansion of market-share in Japan
Use of Local Design Company and EMS

Taking advantage of Sharp Brand Image

Core Technology
- Display (Panel): Optical Sensor panel, etc.
- Design
- User Interface
- Component: Camera, Tuner, Solar, etc.

Japan

Use of EMS/ODM
Use of Global Design Company
Alliance with Major Software Vendor

China

Emerging Economies

Europe, U.S.

Mobile Phone Technology achieved from R&D of PDA

Smart Phone

Action Plan for Key Business: Health- and Environment-related Business

Vertically Integrated Business Model

Plasmacluster Ion Business

Solar related Business

LED Lighting Business
Plasmacluster Ion Business

Value added air-conditioning business with Plasmacluster Ion Technology

Sharp Products

- Air-purifier
- Air-conditioner
- Washer/Dryer
- LED Light

B to B Products

- PCI Generator Unit
- Provided to 24 companies

Strengthen Product line-up

Expand B to B business

LED Lighting Business

LED Lighting Business

- Indoor Lighting System
- Manufacturing Complex / Plants

LED light with solar module

Outdoor Lighting

Sharp to enter into LED Lighting Business
**Action Plan for Key Business: Solar Cells**

**Market Trend of Solar System**

**Europe**
- **Market Trend**
  - Review Feed In Tariff
  - Mediterranean Solar Plan (construction of solar generating facilities with capacity of 20GW by 2020)
- **Market Estimate in FY2009**
  - Slight stagnation but continuous growth in the medium and long terms

**Japan**
- **Market Trend**
  - Residential Use: subsidy policy restarted
  - Industrial Use: support 1/2-1/3 installation cost
  - Adoption of FIT in Japan is in discussion
- **Market Estimate in FY2009**
  - Expand to Approx. 1.7 times from previous year

**The Americas**
- **Market Trend**
  - Green New Deal Policy
  - Extend Energy Policy Act (tax exemption for 30% of system cost)
- **Market Estimate in FY2009**
  - Expand to Approx. 3 times from previous year

**Source:** Sharp

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**Expansion of Mega-scale Solar Power Plant**

**Increasing demand of Mega-scale Solar Power Plant in global basis**

**Solar Power Generation used as electricity Infrastructure**

**Requirement for Solar manufacturers**

- **Technology**
- **Cost Performance** (Grid Parity)
- **Long-term Reliability** (Stable Supply)

**Source:** Sharp
History of Sharp’s Solar Business

Exploit Two Major Technologies
Crystalline / Thin-Film

Expand Crystalline Cell Business supported by strategic procurement of silicon material and innovative production process

Crystalline

Target Cost: 23yen/kWh achieved by higher conversion efficiency (20%)

Aim to Achieve Grid Parity

Expand Thin-Film Business by further technology advancement

Thin-Film

Target Cost: 23yen/kWh Achieved by higher conversion efficiency (10%) and economy of scale
Conversion Efficiency Improvement of Thin-Film type

**Amorphous**
- Glass & transparent electrode
- Amorphous silicon cell
- Back electrode
- Module conversion efficiency: ~7%

**Tandem**
- Glass & transparent electrode
- Amorphous silicon cell
- Micro-crystal silicon cell
- Back electrode
- Module conversion efficiency: ~10%

**Triple-junction (Sakai)**
- Glass & transparent electrode
- Amorphous silicon cell
- Micro-crystal silicon cell
- Amorphous silicon cell
- Back electrode
- Module conversion efficiency: 10~13%

More efficiency by absorbing wide-range wavelength

Cost Reduction of Thin-Film PV Systems

- 90W Module (1,129mm x 934mm)
- 142W Module (1,009mm x 1,409mm)

Cost Reduction
- Higher output by larger modules: Module - 50%
- Design Improvement: BOS - 50%
- Total: - 50%

Targeting Power Generation Cost of 23yen/kWh in Thin-Film Type

BOS: Balance of System
Action Plan for Key Business: LCDs

Start Operations of LCD panel plant (Sakai) in October 2009

- Start Operations of LCD panel Plant in October 2009
- World’s First 10th Generation mother glass substrate
- Integrate Know-How of companies ranging from infrastructure facilities to components manufacturers