Business Strategy for FY2011

I. Forecast for FY2011 Financial Results

II. LCD Business Restructuring

SHARP CORPORATION
Mikio Katayama, President
June 3, 2011

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(2) Sudden, rapid fluctuations in demand for Sharp’s products and services, as well as intense price competition
(3) Changes in exchange rates (particularly between the yen and the U.S. dollar, the euro and other currencies)
(4) Sharp’s ability to respond to rapid technological changes and changing consumer preferences with timely and cost-effective introductions of new products and services
(5) Regulations such as trade restrictions in other countries
(6) Litigation and other legal proceedings against Sharp

* Amounts less than 100 million yen shown in this presentation material have been rounded down.

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## I. Forecast for FY2011 Financial Results

(Billions of yen)

<table>
<thead>
<tr>
<th></th>
<th>FY2010 Results</th>
<th>FY2010 Change</th>
<th>FY2011 Forecast</th>
<th>FY2011 Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>3,021.9</td>
<td>+9.7%</td>
<td>3,050.0</td>
<td>+0.9%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>78.8</td>
<td>+52.0%</td>
<td>97.0</td>
<td>+22.9%</td>
</tr>
<tr>
<td>Net Income</td>
<td>19.4</td>
<td>+341.2%</td>
<td>6.0</td>
<td>-69.1%</td>
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<tr>
<td>Capital Investment</td>
<td>172.5</td>
<td>-20.0%</td>
<td>160.0</td>
<td>-7.3%</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>254.0</td>
<td>+3.0%</td>
<td>240.0</td>
<td>-5.5%</td>
</tr>
<tr>
<td>R&amp;D Expenditures</td>
<td>173.9</td>
<td>+4.5%</td>
<td>170.0</td>
<td>-2.3%</td>
</tr>
</tbody>
</table>

Foreign Exchange Rates (Average) (Yen)

<table>
<thead>
<tr>
<th></th>
<th>FY2010</th>
<th>FY2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$</td>
<td>84.73</td>
<td>83.00</td>
</tr>
<tr>
<td>Euro</td>
<td>111.64</td>
<td>118.00</td>
</tr>
</tbody>
</table>
Focus of FY2011 Financial Results
Forecast

- Steep profit decline in 1Q due mainly to suspension of the glass input at large-size LCD plants
- Work to improve profit with 1Q as bottom by pushing ahead with LCD business restructuring

Forecast for FY2011 (1Q/2Q/1st Half/2nd Half)

(Billions of yen)

<table>
<thead>
<tr>
<th></th>
<th>Forecast for FY2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1Q</td>
</tr>
<tr>
<td>Net Sales</td>
<td>650.0</td>
</tr>
<tr>
<td>Operating Income</td>
<td>2.0</td>
</tr>
<tr>
<td>Net Income</td>
<td>-50.0</td>
</tr>
</tbody>
</table>
### II. Information by Product Group

#### Forecast for Main Products & Devices

<table>
<thead>
<tr>
<th></th>
<th>FY2010 Results</th>
<th>FY2010 Change</th>
<th>FY2011 Forecast</th>
<th>FY2011 Change</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>LCD Color TVs</td>
<td>803.5</td>
<td>+20.5%</td>
<td>680.0</td>
<td>-15.4%</td>
<td>-123.5</td>
</tr>
<tr>
<td>( Millions of units)</td>
<td>14.82</td>
<td>+45.5%</td>
<td>15.00</td>
<td>+1.2%</td>
<td>+0.17</td>
</tr>
<tr>
<td>Mobile Phones</td>
<td>413.2</td>
<td>-9.1%</td>
<td>390.0</td>
<td>-5.6%</td>
<td>-23.2</td>
</tr>
<tr>
<td>( Millions of units)</td>
<td>9.74</td>
<td>-7.6%</td>
<td>9.60</td>
<td>-1.4%</td>
<td>-0.14</td>
</tr>
<tr>
<td>LCDs *</td>
<td>1,026.9</td>
<td>+17.0%</td>
<td>1,020.0</td>
<td>-0.7%</td>
<td>-6.9</td>
</tr>
<tr>
<td>Solar Cells *</td>
<td>265.5</td>
<td>+27.2%</td>
<td>320.0</td>
<td>+20.5%</td>
<td>+54.4</td>
</tr>
<tr>
<td>(MW)</td>
<td>1,242</td>
<td>+56.8%</td>
<td>1,700</td>
<td>+36.9%</td>
<td>+458</td>
</tr>
</tbody>
</table>

*Including internal sales between segments (Consumer/Information Products and Electronic Components).
<table>
<thead>
<tr>
<th>Product Group</th>
<th>FY2010 Results</th>
<th>Change</th>
<th>FY2011 Forecast</th>
<th>Change</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audio-Visual and Communication Equipment</td>
<td>1,426.7</td>
<td>+7.1%</td>
<td>1,220.0</td>
<td>-14.5%</td>
<td>-206.7</td>
</tr>
<tr>
<td>Health and Environmental Equipment</td>
<td>269.8</td>
<td>+10.5%</td>
<td>280.0</td>
<td>+3.7%</td>
<td>+10.1</td>
</tr>
<tr>
<td>Information Equipment</td>
<td>273.9</td>
<td>+2.6%</td>
<td>280.0</td>
<td>+2.2%</td>
<td>+6.0</td>
</tr>
<tr>
<td>Consumer/Information Products</td>
<td>1,970.5</td>
<td>+6.9%</td>
<td>1,780.0</td>
<td>-9.7%</td>
<td>-190.5</td>
</tr>
<tr>
<td>LCDs</td>
<td>1,026.9</td>
<td>+17.0%</td>
<td>1,020.0</td>
<td>-0.7%</td>
<td>-6.9</td>
</tr>
<tr>
<td>Solar Cells</td>
<td>265.5</td>
<td>+27.2%</td>
<td>320.0</td>
<td>+20.5%</td>
<td>+54.4</td>
</tr>
<tr>
<td>Other Electronic Devices</td>
<td>261.5</td>
<td>-9.6%</td>
<td>290.0</td>
<td>+10.9%</td>
<td>+28.4</td>
</tr>
<tr>
<td>Electronic Components</td>
<td>1,554.0</td>
<td>+13.0%</td>
<td>1,630.0</td>
<td>+4.9%</td>
<td>+75.9</td>
</tr>
<tr>
<td>Sub Total</td>
<td>3,524.5</td>
<td>+9.5%</td>
<td>3,410.0</td>
<td>-3.3%</td>
<td>-114.5</td>
</tr>
<tr>
<td>Adjustments</td>
<td>-502.6</td>
<td></td>
<td>-360.0</td>
<td></td>
<td>+142.6</td>
</tr>
<tr>
<td>Total</td>
<td>3,021.9</td>
<td>+9.7%</td>
<td>3,050.0</td>
<td>+0.9%</td>
<td>+28.0</td>
</tr>
</tbody>
</table>

- Domestic Sales: 1,592.9 +11.5% 1,330.0 -16.5% -262.9
- Overseas Sales: 1,429.0 +7.7% 1,720.0 +20.4% +290.9

Sales of each product group include internal sales between segments (Consumer/Information Products and Electronic Components).

**FY2011 Analysis of Sales Increase/Decrease**

- **Increase**
  - Other electronic devices including LEDs, CCD/CMOS imagers
  - Solar cells
  - Overseas LCD TVs
  - External sales of mobile LCDs

- **Decrease**
  - Domestic LCD TVs
  - External sales of large-size LCDs
  - Mobile phones
  - Others

Smartphone-related sales
### Operating Income by Product Group

(Billions of yen)

<table>
<thead>
<tr>
<th>Product Group</th>
<th>FY2010 Results</th>
<th></th>
<th>FY2011 Forecast</th>
<th></th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ratio to net sales</td>
<td>Change</td>
<td>Ratio to net sales</td>
<td>Change</td>
<td></td>
</tr>
<tr>
<td>Audio-Visual and Communication Equipment</td>
<td>40.7</td>
<td>2.9%</td>
<td>+161.8%</td>
<td>23.0</td>
<td>1.9%</td>
</tr>
<tr>
<td>Health and Environmental Equipment</td>
<td>19.9</td>
<td>7.4%</td>
<td>+22.7%</td>
<td>25.0</td>
<td>8.9%</td>
</tr>
<tr>
<td>Information Equipment</td>
<td>18.5</td>
<td>6.8%</td>
<td>-12.7%</td>
<td>23.0</td>
<td>8.2%</td>
</tr>
<tr>
<td>Consumer/Information Products</td>
<td>79.2</td>
<td>4.0%</td>
<td>+49.3%</td>
<td>71.0</td>
<td>4.0%</td>
</tr>
<tr>
<td>LCDs</td>
<td>17.0</td>
<td>1.7%</td>
<td>-6.8%</td>
<td>32.0</td>
<td>3.1%</td>
</tr>
<tr>
<td>Solar Cells</td>
<td>2.1</td>
<td>0.8%</td>
<td>-58.7%</td>
<td>8.0</td>
<td>2.5%</td>
</tr>
<tr>
<td>Other Electronic Devices</td>
<td>11.5</td>
<td>4.4%</td>
<td>-1.0%</td>
<td>16.0</td>
<td>5.5%</td>
</tr>
<tr>
<td>Electronic Components</td>
<td>30.7</td>
<td>2.0%</td>
<td>-12.4%</td>
<td>56.0</td>
<td>3.4%</td>
</tr>
<tr>
<td>Sub Total</td>
<td>109.9</td>
<td>3.1%</td>
<td>+24.7%</td>
<td>127.0</td>
<td>3.7%</td>
</tr>
<tr>
<td>Adjustments</td>
<td>-31.0</td>
<td>-</td>
<td>-</td>
<td>-30.0</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>78.8</td>
<td>2.6%</td>
<td>+52.0%</td>
<td>97.0</td>
<td>3.2%</td>
</tr>
</tbody>
</table>

### II. LCD Business Restructuring
Concept of LCD Business Restructuring

Respond to change in LCD market
-Shift to growing markets-

While maximizing efficiency in use of management resources, how do we:
- improve profit of large-size LCDs?
- respond to growing small- and medium-size LCD demand?

Optimize production framework
Create large-size LCD TV & non-TV market

Shift from large-size to small- and medium-size
Shift to growing markets in large-size LCDs

Business Area Targeted by Sharp

Strategic business area with Sharp’s top share

For mobile devices
Smartphones, tablet terminals, game devices, in-vehicle use

For PCs

For widespread-size TVs

For large-size TVs & non-TVs

Sharp’s one-of-a-kind technology
Strengthen Mobile LCDs

Added Value

Growth Area

For mobile devices
Smartphones, tablet terminals, game devices, in-vehicle use

Sharp’s one-of-a-kind technology

Strategic business area with Sharp’s top share

For PCs
For widespread-size TVs

For large-size TVs & non-TVs

Sharp’s one-of-a-kind technology

Produce small- and medium-size LCDs (mobile LCDs) at Kameyama Plants

Kameyama No.1

Kameyama No.2
Advantage of Sharp’s Mobile LCDs

**CG Silicon LCDs**
- Bright & high resolution as gravure printing
- Super-high resolution (300ppi) & light weight

**IGZO LCDs**
- Introduce new material (IGZO) at cutting-edge lines
- High resolution, high picture quality & super low power consumption

**Smartphones**
- Tenri (Fab1), Mie No.3 (Fab2)
- Kameyama No.1 (plan)

**Tablet terminals**
- Kameyama No.2 (plan)

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**Market for smartphones**

(Source: Canalys & DisplaySearch)

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**Market for tablet terminals**

(Source: Gartner)

---

Introduce CG Silicon Technology at Kameyama No.1

**CG Silicon LCDs**

- Tenri (Fab1)
- Mie No.3 (Fab2)
- Kameyama No.1 (Fab3)

**IGZO LCDs**

- Kameyama No.2 (plan)

---

**Production of CG Silicon LCDs**

(Fab1) Kameyama No.1 (Fab3)

---

17

18
Introduce IGZO Technology at Kameyama No.2

- Introduce new material IGZO at cutting-edge production lines
- Produce high-resolution, high-picture-quality, super-low-power-consumption mobile LCDs

**High resolution & high picture quality**

**Super low power consumption**

Expansion of IGZO at Kameyama No.2

<table>
<thead>
<tr>
<th>Capacity decline due to preparation for production line conversion</th>
<th>Capacity decline due to production line conversion (Decline in input capacity due to change in production items and equipment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LCDs for TVs</td>
<td>Mobile LCDs (IGZO)</td>
</tr>
</tbody>
</table>

FY2010 FY2011 FY2012
Expand Production of Mobile LCDs

- IGZO
- CG Silicon
- a-Si

Tablet terminals
Smartphones
Games
In-vehicle/IA/Amusement

FY2010 FY2011 FY2012

Strengthen Large-size LCDs for TVs & Non-TVs

For mobile devices
SMARTPHONES, TABLET TERMINALS, GAME DEVICES,

For PCs

For widespread-size TVs

For large-size TVs & non-TVs

Sharp’s one-of-a-kind technology

Strategic business area with Sharp’s top share
Decline in Production of LCDs for TVs (Smaller Than 40”) at Kameyama No.2

<table>
<thead>
<tr>
<th>Capacity decline due to preparation for production line conversion</th>
<th>Capacity decline due to production line conversion (Decline in input capacity due to change in production items and equipment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LCDs for TVs</td>
<td>Mobile LCDs (IGZO)</td>
</tr>
<tr>
<td>vs. maximum input capacity: 40% decline</td>
<td>vs. maximum input capacity: 80% decline</td>
</tr>
</tbody>
</table>

FY2010 | FY2011 | FY2012

Sakai Plant, The Only One in The World to Employ G10 Glass Substrates

Sections shown in dashed lines and rooftop solar panels are an artist’s impression of the completed complex.
Advantage of Sharp’s Large-size LCDs

Highly-effective production of 60” & 70” LCD panels at Sakai (G10)

- **G10 glass substrate**
- **UV²A technology**

70% larger

<table>
<thead>
<tr>
<th>Panel Size</th>
<th>Original Glass Substrate</th>
<th>UV²A Technology 2A</th>
</tr>
</thead>
<tbody>
<tr>
<td>60”</td>
<td>2,160 × 2,460mm</td>
<td>2,200 × 2,500mm</td>
</tr>
<tr>
<td>70”</td>
<td>2,880 × 3,130mm</td>
<td>2,980 × 3,300mm</td>
</tr>
</tbody>
</table>

Number of 60” panel cut: 3 → 3 → 8
Number of 70” panel cut: 2 → 2 → 6

Energy-saving UV²A

Create Large-size LCD TV & Non-TV Market

Market trend for large-size TVs over 50”

- Rear-projection TV market
- Demand forecast for large-size FPD over 50”

<table>
<thead>
<tr>
<th>Region</th>
<th>FY04</th>
<th>FY05</th>
<th>FY06</th>
<th>FY07</th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Europe</td>
<td>6</td>
<td>7</td>
<td>9</td>
<td>11</td>
<td>12</td>
<td>15</td>
<td>17</td>
</tr>
<tr>
<td>China</td>
<td>4</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>7</td>
<td>10</td>
<td>12</td>
</tr>
</tbody>
</table>

(Millions of units)

(Source: DisplaySearch)

<table>
<thead>
<tr>
<th>Region</th>
<th>FY07</th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Europe</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>China</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>

(Millions of units)

(Source: DisplaySearch)
Sales of Large-size LCD TVs in North America

Sharp’s sales of large-size TVs over 60”

Electronics retail stores

Sharp 60” TV
Sharp 70” TV

Sharp 60” TV
Sharp 70” TV

FY07 FY08 FY09 FY10 FY11

Sales of Large-size LCD TVs in North America

Expansion of Non-TV & IDP Market

Expansion of digital signage market

Digital signage
Electronic blackboard
Video conference

(Source: DisplaySearch)
Production Capacity for Large-size LCDs

Input capacity/Percentage of production by size (Area base)

 Conversion to IGZO
(Shift to mobile LCDs)

Kameyama No.2
Sakai
Smaller than 60”
Over 60”

FY2010 FY2011 FY2012

Business Area Where Sharp Promotes Local Production for Local Consumption and Develops Engineering Business

-Growth Area

-Added Value

Strategic business area with Sharp’s top share

For mobile device
- Smartphone, tablet terminal, game device, in-vehicle use

For PC

For widespread-size TV

Smartphone, tablet terminal, game device, in-vehicle use

Strategic business area with Sharp’s top share

For large-size TV & non-TV

Sharp’s one-of-a-kind technology

Purchase from alliance partner

For mobile device

Strategic business area with Sharp’s top share

For PC

For widespread-size TV

Smartphone, tablet terminal, game device, in-vehicle use

Strategic business area with Sharp’s top share

For large-size TV & non-TV

Sharp’s one-of-a-kind technology

Purchase from alliance partner
Business Area Targeted by Sharp

- **Strategic business area with Sharp’s top share**
  - For mobile device: Smartphone, tablet terminal, game device, in-vehicle use
  - For PC
  - For widespread-size TV
  - For large-size TV & non-TV

- **Growth Area**
  - CG silicon IGZO
  - Purchase from alliance partner
  - Plant in Sakai (10G) UV²A