Business Strategy FY2012

SHARP CORPORATION
Takashi Okuda, President
June 8, 2012
(1) Scenario for rebuilding Sharp
(2) Sharp’s target
(3) Business model to be successful in digital product category
(4) Business model to create new one-of-a-kind product
(5) Reinforce business foundations
(1) Scenario for rebuilding Sharp
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(4) Business model to create new one-of-a-kind product
(5) Reinforce business foundations
(1) Scenario for rebuilding Sharp

1. Operate Sakai plant stably
2. Establish business model to be successful in commoditized digital product category
3. Improve competitiveness by off-balance-sheet arrangements of large-size LCD business
4. Enhance business model to create new one-of-a-kind product
(1) Scenario for rebuilding Sharp
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(5) Reinforce business foundations
(2) Sharp’s target

“Globally Competitive Company”

- Reducing risk of production
  - Business model to be successful in digital product category
    - Hon Hai
      - Purchasing power / Production capacity

- One and only growth strategy
  - Business model to create new one-of-a-kind product

- Sharp
  - One-of-a-kind technology, Brand +
  - Enhancement of business planning and marketing
(1) Scenario for rebuilding Sharp

(2) Sharp’s target

(3) Business model to be successful in digital product category

(4) Business model to create new one-of-a-kind product

(5) Reinforce business foundations
(3) Business model to be successful in digital product category

- **Strategic global partnership with Hon Hai**

1. **Expand product ranges and sales areas of commoditized digital products**
   - **Mobile phone business**: Promote collaboration on smartphone business for Chinese market

2. **Enhance competitiveness by stable and cooperative operation of Sakai plant**
   - **Stable operation of Sakai plant**: Hon Hai will procure LCD panels from FY2012 Q2
(3) Business model to be successful in digital product category

(1) Expand product ranges and sales areas of commoditized digital products

-Mobile phone business

Develop product line-up in China, where the smartphone market is expanding, by utilizing common platform, facilities, and purchasing power

Launch new business scheme in Chinese market in FY2013
(3) Business model to be successful in digital product category

(2) Stable operation of Sakai plant

Hon Hai will procure LCD panels in FY2012 Q2 ahead of schedule

[Utilization rate of Sakai plant]

(Utility rate)

<table>
<thead>
<tr>
<th></th>
<th>FY2011</th>
<th>FY2012</th>
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<tbody>
<tr>
<td>Q3</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>90%</td>
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<tr>
<td>Q1</td>
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<tr>
<td>Q2</td>
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<tr>
<td>Q3</td>
<td></td>
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<tr>
<td>Q4</td>
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</table>

Hon Hai

Sharp

(Including external sales)

Ahead of schedule


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(4) Business model to create new one-of-a-kind product

“Creating new market” with Sharp’s one-of-a-kind technology

New one-of-a-kind strategy

Current one-of-a-kind strategy
Emphasis on home electronics

Create new market with products other than home electronics
Creating “New Essential Products” by shifting categories

(4) Business model to create new one-of-a-kind product

- New essential products
- Robot appliance (safe and secure)
- One-of-a-kind products
- Health and Environmental appliance
- Commoditized products
- Home appliance (convenient, simple and quick usable)
- Shifting Categories

Creating new values

- Plasmacluster vacuum cleaner
- LED
- Vacuum cleaner

Refrigerator, washing machine, microwave oven, air conditioner, etc.
(4) Business model to create new one-of-a-kind product

“Creating new market” with Sharp’s one-of-a-kind technology

New one-of-a-kind strategy

Current one-of-a-kind strategy
Emphasis on home electronics

Create new market with products other than home electronics
Expanding application of IGZO

(4) Business model to create new one-of-a-kind product
(4) Business model to create new one-of-a-kind product

1. <Display> Monitor for diagnostic imaging

Displaying realistic images by combining IGZO technology which features “large and high-definition”, and multi-primary color technology for AQUOS.

Ex. Medical imaging monitors

2. High-tech daily commodities

Creation of products such as digital stationeries linked with mirrors, calendars, and electronic textbooks.

Ex. Digital mirror (Combination of IGZO display and camera)
To become a “Globally Competitive Company”

<Sharp’s Target>

1. Business model to be successful in commoditized digital product category

2. Business model to create new one-of-a-kind products

Expand product ranges and sales areas
To become a “Globally Competitive Company”

Expansion of strategic business field and overseas sales

[Sales ratio of strategic business fields]

- **Strategic business fields**
  - Health & Environment
  - Information
  - Mobile LCD
  - Solar

- **Other**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2011</th>
<th>Mid-term target</th>
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<tbody>
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<tr>
<td>Overseas</td>
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[Overseas sales ratio]

- **Japan**
- **Overseas**

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To achieve stable management

Current

R&D / Development technology / Production technology development / Element technology

Production/sales of module

Sharp

Production of panel

Sharp

Large-size LCD Business Group

Future

R&D / Development technology / Production technology development / Element technology

Production/sales of module

Sharp

Production of panel

New SDP

Off-balance-sheet arrangements

* Abbreviation of Sharp Display Products Corporation
(5) Reinforce business foundations

<table>
<thead>
<tr>
<th>Theme</th>
<th>Affected items</th>
<th>Amount (¥:billion)</th>
<th>Note</th>
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<tbody>
<tr>
<td>Off-balance-sheet arrangements of large-size LCD business</td>
<td>Decrease in assets and liabilities</td>
<td>110.0</td>
<td>Include reduction of assets and liabilities due to transfer of SDP shares and off-balance-sheet arrangements</td>
</tr>
<tr>
<td>Issue new shares through third-party allotment</td>
<td>Increase in equity</td>
<td>66.9</td>
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<tr>
<td>Reduce inventories and noncurrent assets</td>
<td>Decrease in inventories and noncurrent assets</td>
<td>150.0</td>
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<tr>
<td>Improve cash flows by reducing capital investment</td>
<td>Decrease in interest-bearing debt</td>
<td>70.0</td>
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Total 400 billion yen financial improvement
(5) Reinforce business foundations

Proper Inventory of LCD Panels

* Total sales of Sharp & SDP including large and small-middle size LCD
(5) Reinforce business foundations
Conclusion

Corporate goal for Sharp

“Globally Competitive Company”
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(3) Changes in exchange rates (particularly between the yen and the U.S. dollar, the euro and other currencies)
(4) Regulations such as trade restrictions in other countries
(5) The progress of collaborations and alliances with other companies
(6) Litigation and other legal proceedings against Sharp
(7) Rapid technological changes in products and services, etc.
SHARP