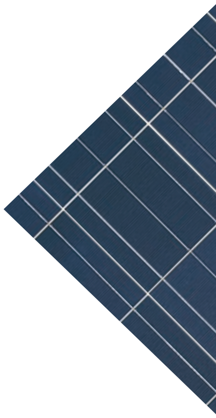
SHARP

For the year ended March 31, 2009



Opening New Frontiers

Annual Report 2009

As We Have Done,

1925

Sharp succeeded in constructing Japan's first crystal radio set, and commenced mass production. This was the year when radio broadcasts began in Japan, making this product a success.

1929

Sharp launched an AC vacuum-tube radio set as a replacement for the crystal radio. This was the first step in a continuing series of new product developments that built an enduring reputation: "Sharp is radio."

The photo shows a 1930 Sharp Dyne Type 31 with a horn speaker.

1953

Sharp launched the first Japan-made TV set. The launch coincided with the first television broadcasts in Japan, as Sharp lifted the curtain on the television age.

1963

Sharp became the first company to succeed in mass production of solar cells. The cells have been used as power supplies for increasingly widespread applications, including lighthouses, satellites, and electronic calculators.

1915

Sharp's founder Tokuji Hayakawa invented the Hayakawa mechanical pencil. Marketed as the Ever-Ready Sharp Pencil, it was a big hit. This was the origin of our present company name.

1964

Sharp successfully developed the world's first all transistor-diode electronic desktop calculator. The product was a sensation, with outstanding calculation speed.

1962

Sharp began Japan's first mass production of microwave ovens. There was much public interest in this "ideal way of flameless cooking."

Contents

So Shall We Do

1989

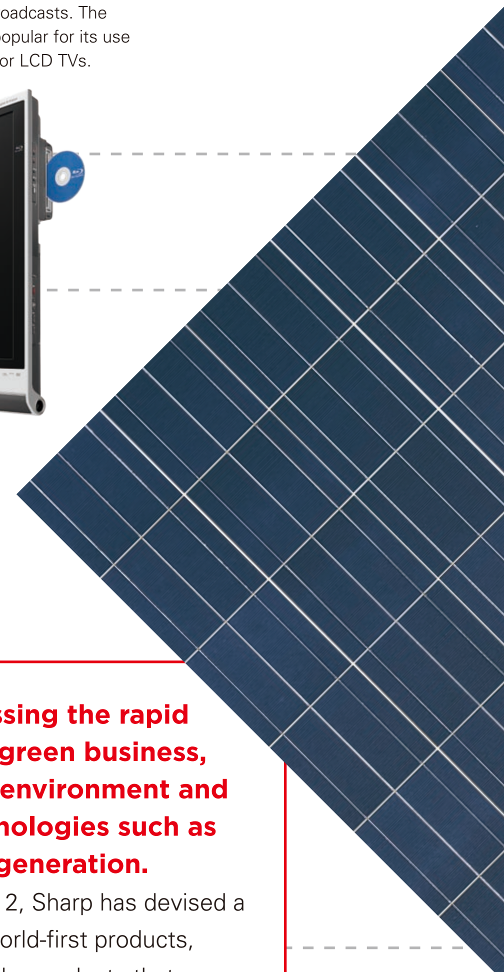
Sharp launched the industry's first low-power cordless answer phone. With distinctive functions such as the ability to check answer phone messages on the main unit using the remote handset, the product was an unprecedented hit that gave Sharp the leading market share.

2006

Sharp released the industry's first cycloid style mobile phone with LCD capable of swiveling 90-degrees, able to receive One Seg terrestrial digital TV broadcasts. The AQUOS mobile phone became highly popular for its use of Sharp's LCD technology developed for LCD TVs.

2008

Sharp launched the world's first digital high-definition LCD TV with built-in Blu-ray Disc recorder. With this product, Sharp created a new dimension in television viewing, allowing viewers to record high-definition broadcasts with ease.



1973

Sharp succeeded in the world's first commercial application of an LCD. Worldwide interest followed the launch of an electronic calculator that used liquid crystal in the display.

2004

Sharp launched an oven featuring superheated steam technology to reduce fat and salt in food. A first in the home cooking appliances market, this product achieved high popularity among increasingly health-conscious consumers.

Today, we are witnessing the rapid arrival of the age of green business, which considers the environment and our health with technologies such as photovoltaic power generation.

Since its foundation in 1912, Sharp has devised a string of Japan-first and world-first products, based on the spirit to "make products that others want to imitate."

Sharp formulated two new visions for its 2012 centennial anniversary: "Realize a true ubiquitous network society with our world's best LCDs" and "Contribute to society by environment- and health-related business with energy-saving and energy-creating equipment as the core."

Sharp is committed to achieving these visions by pioneering the future through its environment and health business including solar cells, in addition to promoting its core LCD business.

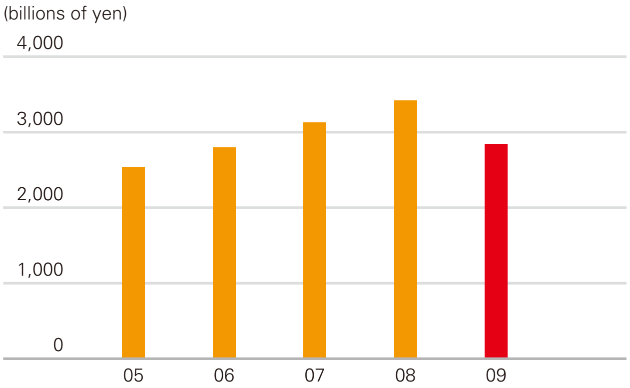
Financial Highlights

Sharp Corporation and Consolidated Subsidiaries
Years Ended March 31

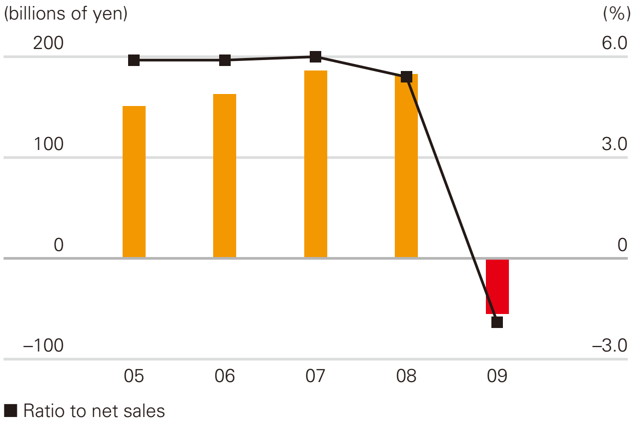
	Yen (millions)					U.S. Dollars (thousands)
	2005	2006	2007	2008	**2009**	**2009**
Net Sales	¥2,539,859	¥2,797,109	¥3,127,771	¥3,417,736	**¥2,847,227**	**$29,352,856**
Domestic sales	1,329,711	1,397,081	1,526,938	1,590,747	**1,302,261**	**13,425,371**
Overseas sales	1,210,148	1,400,028	1,600,833	1,826,989	**1,544,966**	**15,927,485**
Operating Income (Loss)	151,020	163,710	186,531	183,692	**(55,481)**	**(571,969)**
Income (Loss) Before Income Taxes and Minority Interests	128,184	140,018	158,295	162,240	**(204,139)**	**(2,104,526)**
Net Income (Loss)	76,845	88,671	101,717	101,922	**(125,815)**	**(1,297,062)**
Net Assets	1,004,326	1,098,910	1,192,205	1,241,868	**1,048,447**	**10,808,732**
Total Assets	2,385,026	2,560,299	2,968,810	3,073,207	**2,688,721**	**27,718,773**
Capital Investment	243,388	238,839	314,301	344,262	**260,337**	**2,683,887**
R&D Expenditures	148,128	154,362	189,852	196,186	**195,525**	**2,015,722**
Per Share of Common Stock (yen and U.S. dollars)						
Net income (loss)	70.04	80.85	93.25	93.17	**(114.33)**	**(1.18)**
Cash dividends	20.00	22.00	26.00	28.00	**21.00**	**0.22**
Net assets	920.09	1,006.91	1,084.76	1,119.09	**944.24**	**9.73**
Return on Equity (ROE)	7.9%	8.4%	8.9%	8.4%	**(11.1%)**	–
Number of Shares Outstanding (thousands of shares)	1,091,075	1,090,901	1,090,678	1,100,525	**1,100,480**	–
Number of Employees	46,751	46,872	48,927	53,708	**54,144**	–

(Notes) 1. The translation into U.S. dollar figures is based on ¥97=U.S.$1.00, the approximate exchange rate prevailing on March 31, 2009. All dollar figures hereinafter refer to U.S. currency.
2. Effective for the year ended March 31, 2007, net assets are presented based on the new accounting standard, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board Statement No. 5) and the "Implementation Guidance for the Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Financial Standards Implementation Guidance No. 8). Prior year figures have not been restated.
3. The amount of leased properties is included in capital investment.
4. The computation of net income (loss) per share is based on the weighted average number of shares of common stock outstanding during each fiscal year.
5. The number of shares outstanding is net of treasury stock.

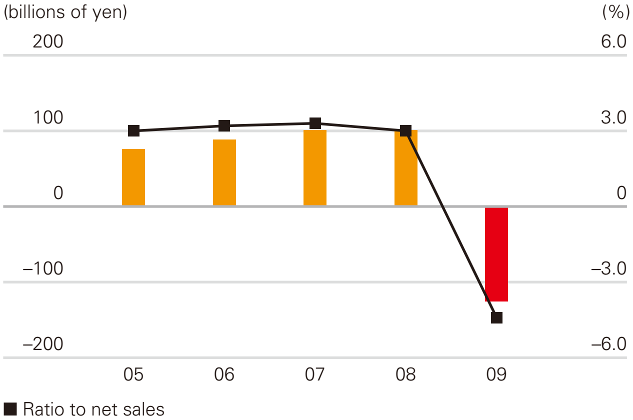
Net Sales



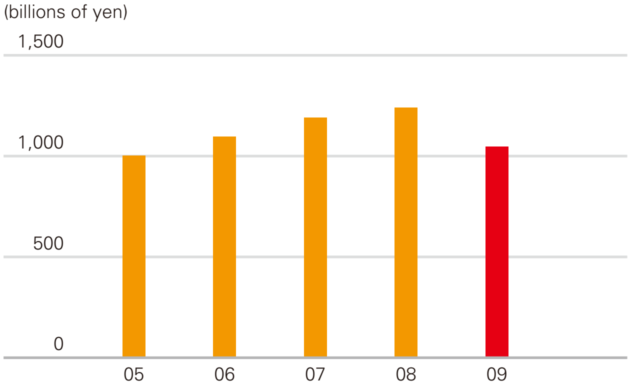
Operating Income (Loss)



Net Income (Loss)

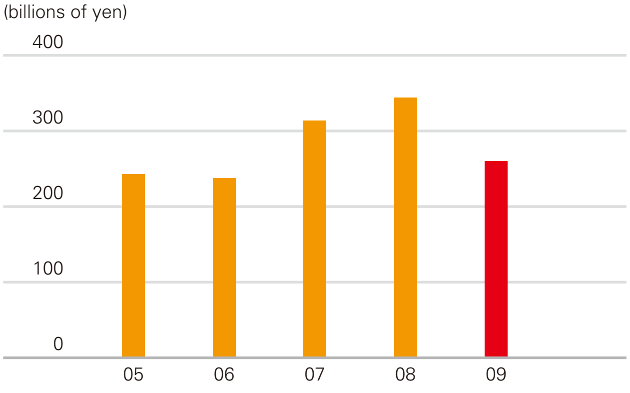


Net Assets*

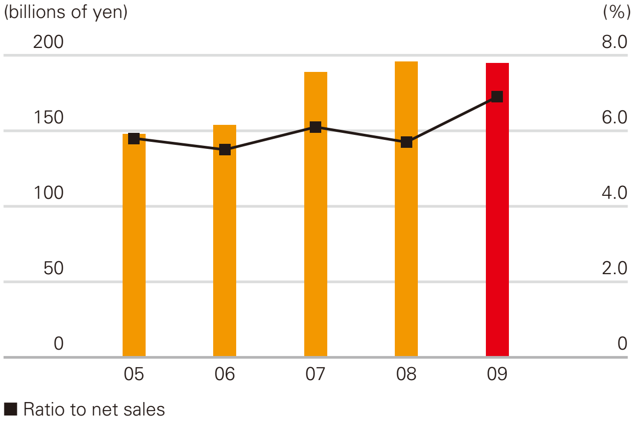


* Refer to footnote (Note 2) on page 2

Capital Investment



R&D Expenditures



Message to Our Shareholders

The business climate in fiscal 2008 (ended March 31, 2009) was marked by an increasingly severe global recession as a vicious cycle between the worsening of real economies and a worldwide financial crisis caused recessions in Japan, the United States and Europe. Emerging countries were also affected as their economies decelerated.

Unprecedented in its scale and speed, the global recession exerted a major impact on all industries. The business environment surrounding Sharp changed abruptly, as demand slid sharply, trading conditions deteriorated on the strength of the yen, prices for digital products fell, and the economies of countries around the world continued to group together into blocs.

Rising to the challenge, Sharp has initiated a recovery plan to streamline our organization. Under this recovery plan we are reorganizing our LCD plants, reallocating personnel to priority business areas and reducing total costs to establish a structure capable of generating profits even if current business conditions persist. At the same time, Sharp is taking steps to improve cash flow by raising profitability and maximizing investment efficiency. We will achieve this by implementing a new business model to promote localization of front-end processes in our device business.

Katsuhiko Machida
Chairman & CEO

Sharp has worked to expand its operations and achieve stable growth as a valued one-of-a-kind company that offers new lifestyles and brings new levels of satisfaction. Specifically, Sharp is active in creating unique devices and distinctive products rooted in cutting-edge electronics technologies. Guided by this approach, we established a twofold vision for 2012, the year of our 100th anniversary. Based on these "Visions for 2012," we will 1) Realize a true ubiquitous network society with our world's best LCDs, and 2) Contribute to society by environment- and health-related business with energy-saving and energy-creating equipment as the core. We are committed to increasing corporate value further through a more vigorous approach in our business activities.

Moving into fiscal 2009, we will work to improve our performance and raise shareholder value by boldly tackling a range of managerial challenges. We would like to thank all our shareholders for your continuing support and encouragement.

July 2009

K. Machida

Chairman & CEO

M. Katayama

President & COO

Mikio Katayama
President & COO

Message from the President

With economic uncertainty increasing due to the ongoing global recession and financial crisis, there is an increasing emphasis on cash flow oriented management. Sharp intends to substantially reduce total costs through plant reorganizations and other measures, review capital investment strategies and actively develop new systems for investment returns. We will treat the current harsh business climate as yet another opportunity for raising corporate value by pursuing management reforms from a new perspective.

Financial Performance in Fiscal 2008

In fiscal 2008 net sales declined by 16.7% compared to the previous year to ¥2,847.2 billion and we reported an operating loss of ¥55.4 billion. This is attributable to tougher price competition for digital products caused by the global recession, sharp yen appreciation, and deteriorating income associated with adjustment of retailers' inventories of LCD TVs and LCD panels. We incurred a net loss of ¥125.8 billion, reflecting a ¥49.8 billion loss on valuation of investment securities, ¥58.4 billion in restructuring charges associated with LCD plant reorganization and other measures, and a ¥12.0 billion loss on violation of the antitrust law.

Given these circumstances, we paid an annual dividend of ¥21 per share, which regrettably is seven yen lower than the previous fiscal year.

Challenges Facing Sharp

Amid this harsh business climate, Sharp faces changes in the external environment; specifically, rapidly declining demand caused by the economy's sharp slowdown, worsening trade conditions primarily associated with the strength of the yen, lower prices in digital products, movement towards formation of economic blocs, and sudden changes in Europe's solar market. We also face internal challenges—older LCD plants losing their competitiveness, falling prices and slower growth in the LCD TV and mobile phone sectors, and worsening financial position, including cash flow, in conjunction with these developments. Given the rapidly changing business environment, such challenges cannot be overcome by sticking with conventional business models. We are therefore revamping our management via two major initiatives: a recovery plan, aimed at streamlining our corporate structure, and implementation of a new business model to promote localization of front-end processes in our device business.

Current Challenges and Corresponding Initiatives

Changes in the External Environment

- Declining demand due to rapid economic slowdown
- Worsening trade conditions caused primarily by the strength of the yen
- Falling prices for digital products
- Emergence of economic blocs
- Rapid changes in Europe's solar market

Rapidly Changing Business Environment

Internal Challenges

- Older LCD plants becoming less competitive
- Falling prices and slower growth for LCD TVs and mobile phones
- Deterioration of financial position

Recovery Plan

Implementation of New Business Model

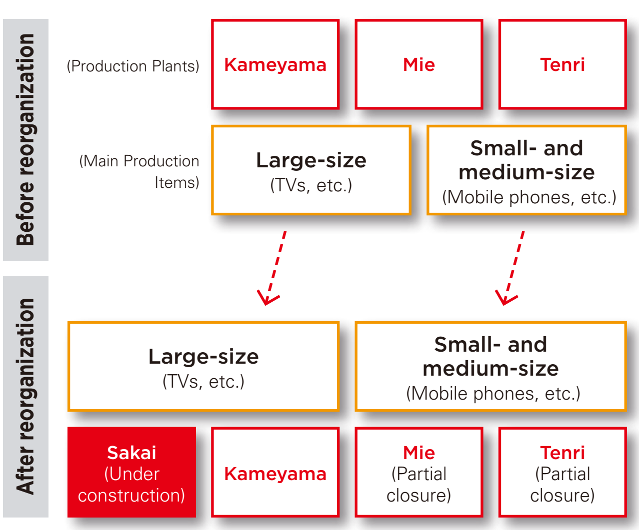
Recovery Plan

Starting with the recovery plan, the first measure is reorganizing our LCD plants, an effort that got underway in January 2009. The goal is to strengthen cost competitiveness by closing some older production lines and concentrating production in highly competitive lines, as illustrated in the diagram. The second measure is personnel reallocation and organization review. In Japan, we are shifting employees to priority business areas such as solar cells and sales divisions. Outside of Japan, we are strengthening our sales force to expand operations in China and other emerging markets. Remuneration of board members and executive officers has been reduced by 50-30% on a real, annual basis, and annual salaries for managers have been lowered by 20-10%. Through these initiatives we intend to reduce fixed costs by approximately ¥100.0 billion compared to fiscal 2008, including personnel costs and depreciation and amortization and excluding amounts relating to operating the new LCD panel plant in Sakai City. In addition, we will step up cost-cutting activities for every category of variable costs, including advertising expenses, utilities, and transportation and packaging, in an effort to reduce total costs, including fixed costs, by ¥200.0 billion compared to fiscal 2008.

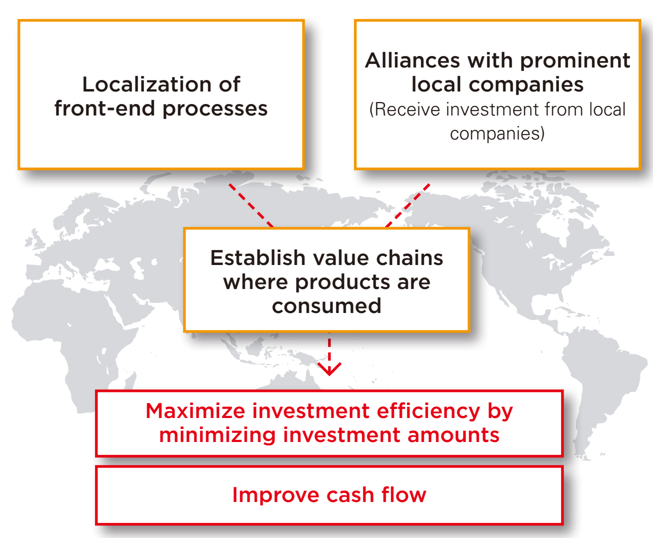
New Business Model

At the same time, with the aim of fundamentally changing our profit structure from a medium to long-term perspective, we will implement a new business model consisting of localizing front-end processes in the device business as well as forming alliances with prominent local companies around the world in order to establish value chains in the areas where our products are consumed. This represents a move toward local production for local consumption. Up until now we had built plants for front-end processes in Japan by investing our own resources, but going forward we intend to take advantage of alliances to maximize investment efficiency and improve cash flow as we work to thoroughly minimize risks associated with investment returns and exchange rate fluctuations. While we still plan to bolster cutting-edge production technologies and manufacturing capabilities at mother plants in Japan, technologies that are developed there will be gradually extended to other global sites. Our alliance with Italian power company Enel SpA in the area of solar cells is an example of this new direction. We plan to consider overseas development based on the same approach for LCD panels as well.

LCD Plant Reorganization



Concept of New Business Model



Other Initiatives

In the mobile phone business, in Japan, replacement cycles have grown longer and demand for mobile terminals has slumped markedly due to market saturation and changes in selling methods. Challenging market conditions are expected throughout fiscal 2009 as well. Sharp intends to work to further increase our market share by well-timed launching of distinctive mobile phones that leverage our unique technologies. One example is the development of new models with solar panels, one of our distinctive devices. Overseas, we will aggressively expand into emerging markets like China mainly with midrange and popularly priced mobile phones. In developed markets such as Europe and the United States, we will expand our business by developing mainly smart phones.

In the health and environmental equipment business, we dissolved the Appliance Systems Group and newly created the Health and Environment Systems Group last year in a developmental move to conduct structural reforms and clarify business policies. The same spiral strategy developed primarily for the audio visual, information, and communications segments will be applied to this business as well. It consists of creating distinctive products built around Sharp's unique devices. In this case, we will work to create new health and environmental equipment. Specifically, we will promote the evolution and expansion of a vertically integrated business model based on core devices, such as the Plasmacluster Ion, LED lighting and solar related business and work to increase earnings by expanding new business fields.

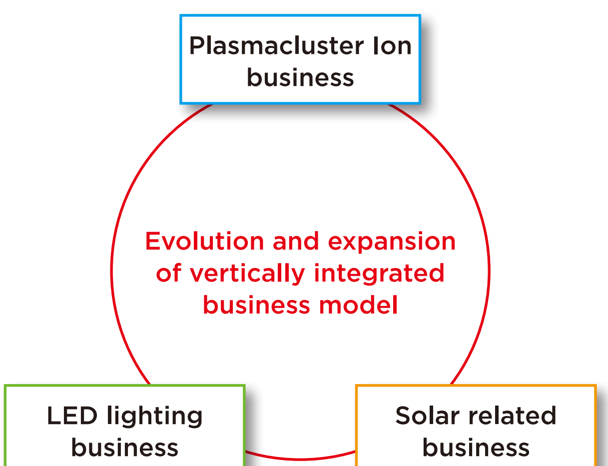
Raising Corporate Value

Harsh business conditions are expected to continue in the first half of fiscal 2009, but we will work to gradually restore earnings in the second half, with a goal of positive figures for the full year. This target takes into account the fact that orders are starting to recover as inventory levels continued to be adjusted. We also anticipate our recovery plan to bear fruit.

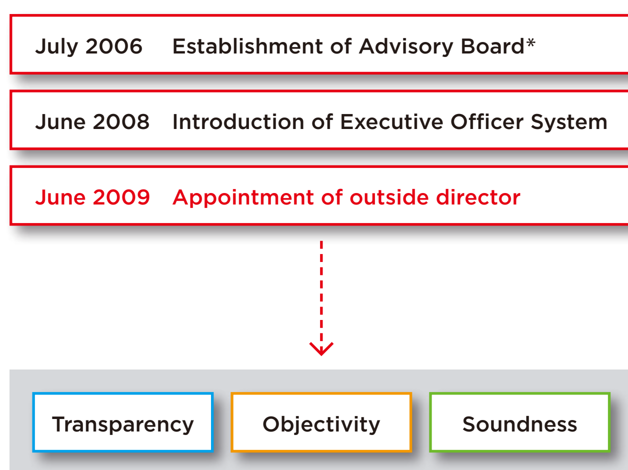
Sharp has appointed an outside director starting in June 2009. Participation in management by an outside expert with diverse perspectives will serve to strengthen corporate governance and further raise management transparency, objectivity and soundness.

Looking through history, it seems that more serious recessions produce greater innovations. Sharp has converted crisis into opportunity many times in the past, and each time we have improved manufacturing capabilities and brought about growth. We will treat this challenging business climate as another opportunity to further raise corporate value by reforming management from an altogether new standpoint.

Policies for Health and Environmental Equipment Business



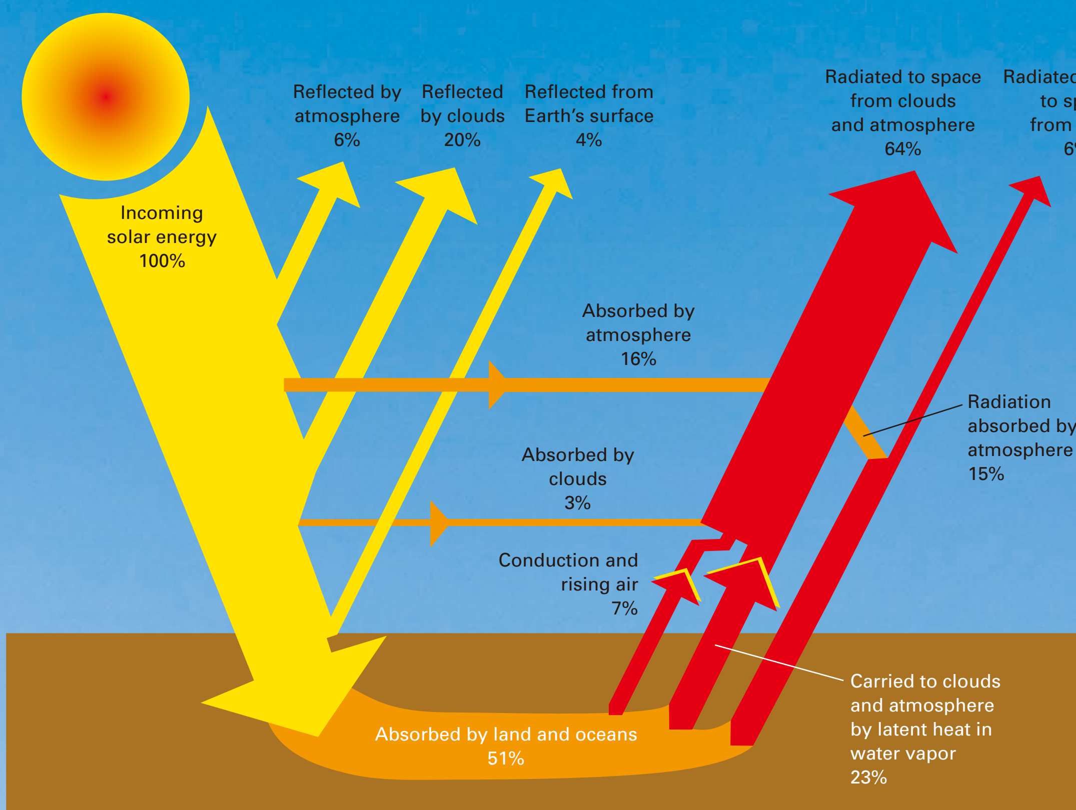
Reinforce Corporate Governance



* Dissolved as part of further development in June 2009 with the appointment of an outside director.

1 Developing Business with a Focus on "Energy Creation": Solar Cell Business (1)

Earth's energy budget



Source: NASA (National Aeronautics and Space Administration)

The Expanding Market for Solar Cells

Expectations of photovoltaic power generation, which does not discharge greenhouse gas during operation, are growing each year as a method to address the Earth's environmental and energy problems. Enormous potential exists: Solar energy reaching the Earth's surface in just one hour is equivalent to approximately the entire world's annual energy consumption. Until recently, though, people have not been able to make full direct use of this massive source of energy. Finding ways to harness the sun's unlimited power may eventually free the world from dependence on limited fossil fuels like petroleum and coal. Our electricity would instead come from an enormous, environmentally benign energy source.

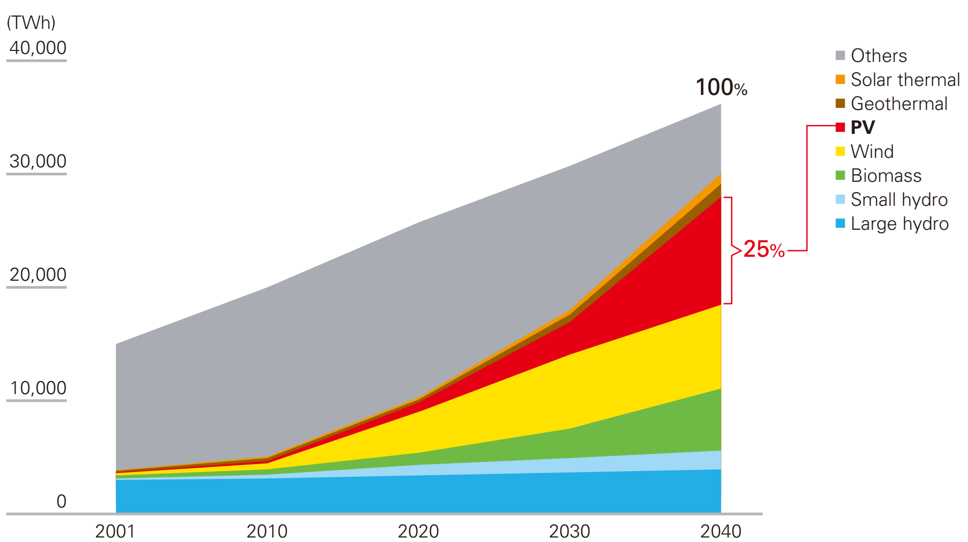
Projected Growth in Demand for Photovoltaic Power Generation

Countries worldwide are expected to increase their volumes of photovoltaic power generation. According to the global electricity supply forecast (see below) prepared by the European Renewable Energy Council (EREC), medium- to long-term market trends for solar cells should see one-fourth of the world's electricity will be derived from photovoltaic (PV) power generation by 2040.

Regional Forecasts for Solar Cell Demand

Europe has been the primary source of growth in the solar cell market. Although the financial crisis is expected to temporarily halt this growth in fiscal 2009, the medium- to long-term forecast is for steady expansion of solar cells in Europe. Many large projects are on the drawing board. Sales of solar cells are expected to increase in Japan, too. The Japanese government reinstated a subsidy program for installation of household solar power in January 2009, and is newly considering the creation of a scheme for selling excess electricity from photovoltaic power generation. In the United States, the Green New Deal policies are expected to bring growth in demand. Here, expansion will most likely come primarily from enormous photovoltaic power generation plants.

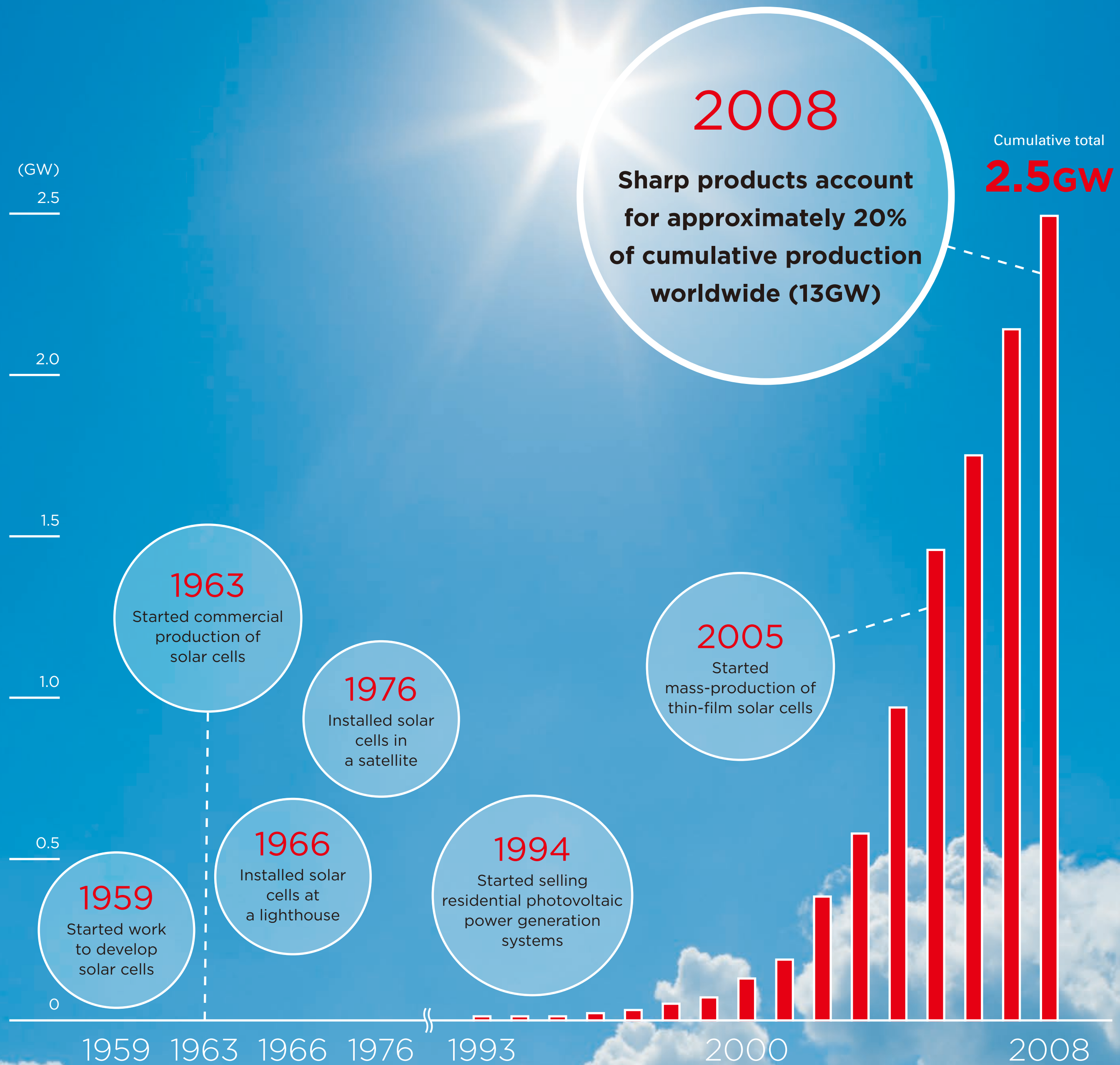
Global Electricity Supply Forecast



Source: Renewable Energy Scenario to 2040 by EREC

1 Developing Business with a Focus on “Energy Creation”: Solar Cell Business (2)

50 years of solar cell development at Sharp



Source: Sharp

Sharp Leads the Competition

To achieve the widespread use of solar cells, it is important to realize "grid parity,"* which means matching the price of current sources of electricity. Two advances are essential in this respect. First is raising the conversion efficiency of solar modules. Second is lowering the cost of entire photovoltaic power generation systems. Our many years of experience in this field give us a key advantage. We will draw on this knowledge to become even more competitive as a manufacturer with long-term reliability backed by sophisticated technologies.

In Pursuit of Grid Parity

Aided by subsidy programs to support installation in each country, the market for solar cells has grown. In order for the solar cell industry to become established and to develop further, it is essential to achieve "grid parity" or generation cost on par with the price of conventional power generation. Sharp is aiming to reach this goal through a combination of strategic collaboration with materials suppliers, production of high output modules with increased conversion efficiency through technological innovation, significant cost reduction in installation through our unique installation method, and promotion of local production for local consumption in the area where the power will be consumed.

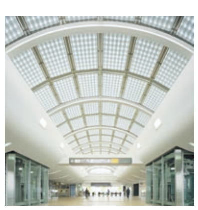
Sharp's Track Record and Reliability

Sharp has been expanding production of solar cells for 46 years. Our solar cells are used in a remarkably broad range of locations. Some are made to withstand punishing conditions at lighthouses and on satellites. Others are made for residential, industry and other market sectors. No company in the world has made more solar cells than Sharp. We plan to continue expanding our solar cell business, using both crystalline and thin-film types, by leveraging the strengths we have developed in this field over the years. Crystalline solar cells offer the best performance for situations where installation space is limited, such as in some residential applications. Thin-film solar cells are used primarily in large power generation facilities in temperate regions. As a supplier of both types of solar cells, Sharp is in an excellent position to meet the needs in each region and help increase photovoltaic power generation around the world.

Supplying Both Crystalline and Thin-film Solar Cells for a Wide Range of Needs

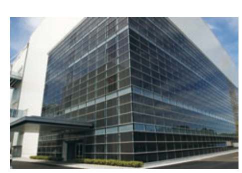
Crystalline solar cells

- Suitable for limited spaces due to high conversion efficiency



Thin-film solar cells

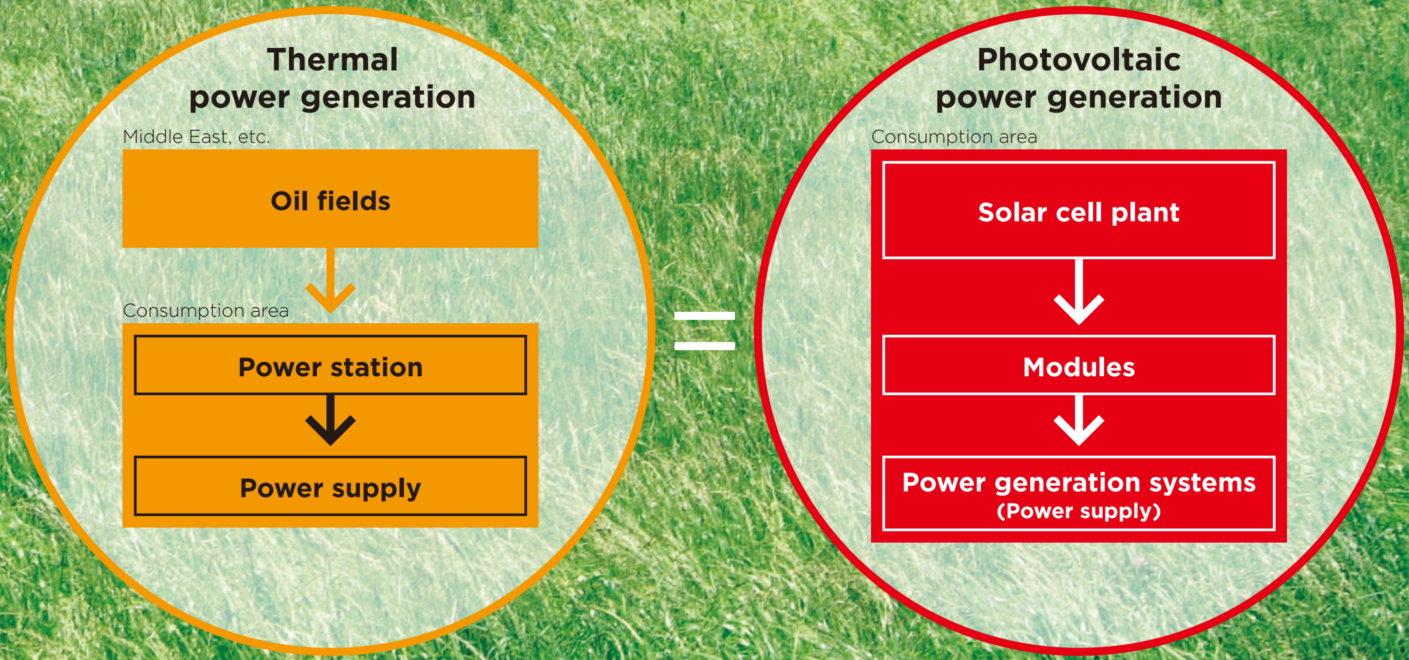
- Better retention of conversion efficiency at high temperatures
- Superior designability



* **Grid parity:** Generation of electricity at a cost on par with the price of that supplied by power stations through the electricity grid.

1 Developing Business with a Focus on "Energy Creation": Solar Cell Business (3)

Solar cell plants are the oil fields of the 21st century



Becoming a Total Solutions Provider in Photovoltaic Power Generation

When comparing solar cells to oil as an energy source, solar cell plants take the place of oil fields. However, there is one critical difference: while oil fields will eventually be depleted, the world will never run out of energy from the sun.

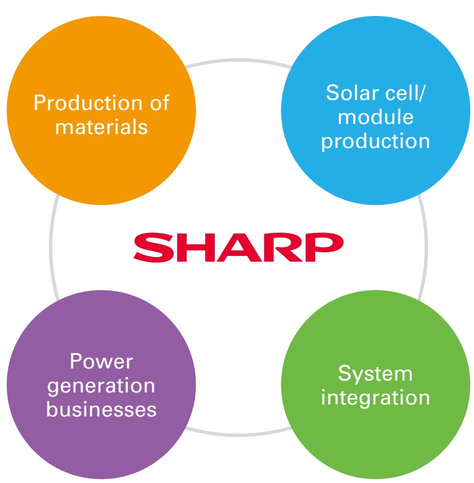
Establishing a Global Production Framework for Solar Cells

Until now, most of the world's solar power has come from crystalline solar cells. Sharp will also develop its production framework to accommodate thin-film solar cells, for which future demand is expected. At Sharp's Katsuragi Plant, we boosted annual solar cell production capacity from 15MW to 160MW in October 2008. In addition, we plan to begin operations at our new solar cell plant currently under construction in Sakai City, Osaka Prefecture by March 2010. The new plant in Sakai will become a mother plant for building solar cell plants in other countries as we advance our drive to establish a global production framework. Sharp aims to establish a presence across the entire solar power value chain as a total solutions provider, active in production of solar cell materials, cells and modules, as well as in system integration (SI) and the independent power producer (IPP) business.*

Introducing a New Business Model

In the past, we have constructed factories in Japan on our own. Now, we plan to use alliances with local companies to establish overseas production bases located in the area where the products will be used. We aim to put in place a complete value chain in the consumption area, encompassing each step from procuring materials through manufacturing and sales, a concept that we call local production for local consumption. This business model enables us to receive a return for our proprietary technologies and know-how as technology assistance fees in the form of initial payments and royalties, and as dividends and other revenues from joint ventures. This serves to minimize risks involved in foreign exchange rates and the recovery of capital expenditures. One example is the alliance with Enel SpA, an Italian power company. Looking ahead, we plan to build a thin-film solar cell plant in Europe and participate in IPP business using photovoltaic power generation in this region.

Becoming a Total Solutions Provider

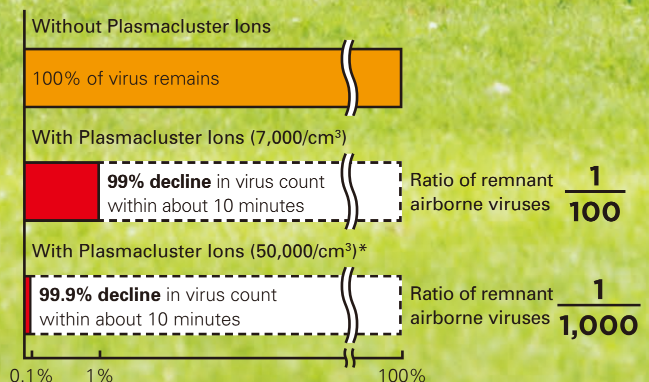


* **Independent Power Producer (IPP) business:** A business that builds and operates its own power generation facilities, and sells the electric power it generates to power companies.

2 Developing Business with a Focus on "Environment" and "Health": Becoming a Green Business

Plasmacluster Ion Technology Eliminates Airborne Viruses

■ Effectiveness at eliminating airborne viruses (test using box with volume of 1m³)



Test performed by Retroscreen Virology Ltd. of the U.K.
Testing method: Viruses were introduced into a 1m³ box and the airborne virus elimination rate was measured.
* Ion density was measured one meter above the floor and a horizontal distance of 1.5 meters from the output at the "High" blower setting, using the IG-B200 Plasmacluster Ion generator.

Advantages of LED Lighting

Contributing to Better Health and a Better Environment with Exclusive Technologies

In the past, home appliances were designed mainly to make household chores easier to do. Today, consumers have various pressing concerns. In particular, people today are seeking products that can protect the health of their families and play a part in resolving environmental issues in their everyday lives. In addition to considering convenience and ease of use when designing new home appliances, we will also seek to emphasize health and the environment.

Plasmacluster Ion Technology

Plasmacluster Ion technology inactivates and eliminates airborne viruses, mold and other impurities by releasing a large volume of positive and negative ions into the air. This technology was first incorporated in a Sharp product in 2000. Conventional air purifiers are passive devices that simply filter out impurities. But Plasmacluster Ion technology is a unique and completely different technology that instead directly attacks airborne impurities.

Many research institutes in and out of Japan have demonstrated that Plasmacluster Ion technology can significantly reduce the activity of viruses, mold, mite feces and bodies, and other airborne allergens that are not visible to the naked eye. In December 2008, cumulative sales of Sharp and other companies' products featuring Sharp's Plasmacluster Ion technology surpassed 20 million units. We will continue to develop this business with the goal of filling every space with Plasmacluster Ions.

LED Lighting

LED lights are superior in many ways to incandescent and fluorescent lamps. Advantages include lower power consumption, a longer service life and the absence of mercury. As a result, these environmentally responsible lights are viewed as the next generation of lighting products. LED lights are revolutionary devices in that they use semiconductors in the role of a light.

We have been studying LED devices and commercializing products using LEDs for over three decades. In 2008, we started selling industrial LED lights, combining our expertise in developing devices with proprietary optical and heat radiation designs. We are taking the lead in utilizing this progress. At our 21st Century Manufacturing Complex in Sakai, Sharp LED lights will be the primary illumination source. Using this technology will make the Sakai complex one of the largest facilities in the world illuminated throughout by LEDs. In June 2009, we announced a move to introduce this lighting technology for residential use as well with LED lamps.

Sharp is also advancing with the development of applied products such as solar-powered LED lights, and LED security lights. These will form part of our future expansion of the LED lighting business.

Plasmacluster Ion generator

LED downlight

LED lamp

Segment Outline

Sharp Corporation and Consolidated Subsidiaries
Year Ended March 31, 2009

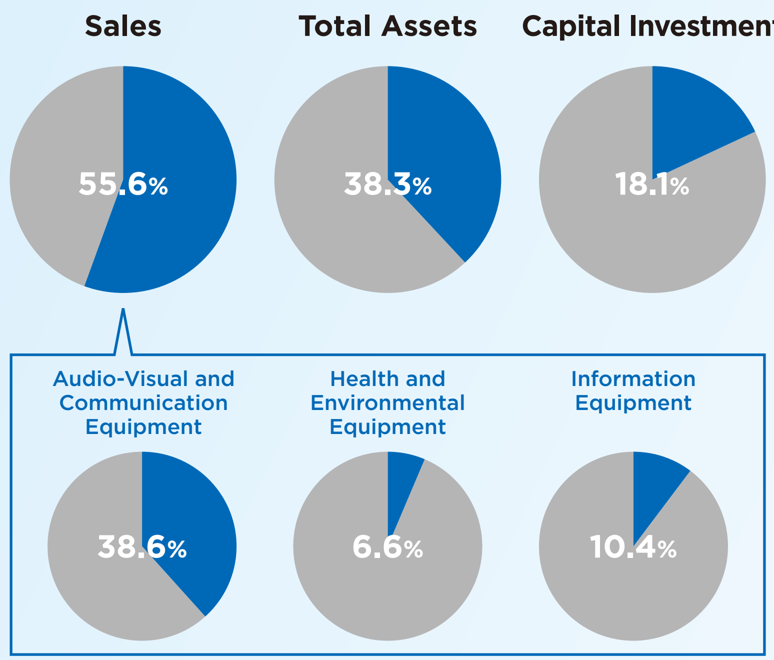
Consumer/Information Products

Main Products

Audio-Visual and Communication Equipment
LCD color televisions, color televisions, projectors, DVD recorders, DVD players, Blu-ray Disc recorders, Blu-ray Disc players, mobile communications handsets, mobile phones, PHS (personal handy-phone system) terminals

Health and Environmental Equipment
Refrigerators, superheated steam ovens, microwave ovens, air conditioners, washing machines, vacuum cleaners, air purifiers, dehumidifiers, humidifiers, electric heaters, small cooking appliances, Plasmacluster Ion generators, LED lights, solar-powered LED lights

Information Equipment
Personal computers, electronic dictionaries, calculators, facsimiles, telephones, POS systems, handy data terminals, electronic cash registers, LCD color monitors, information displays, digital MFPs (multi-function printers), options and consumables, software, FA equipment, ultrasonic cleaners



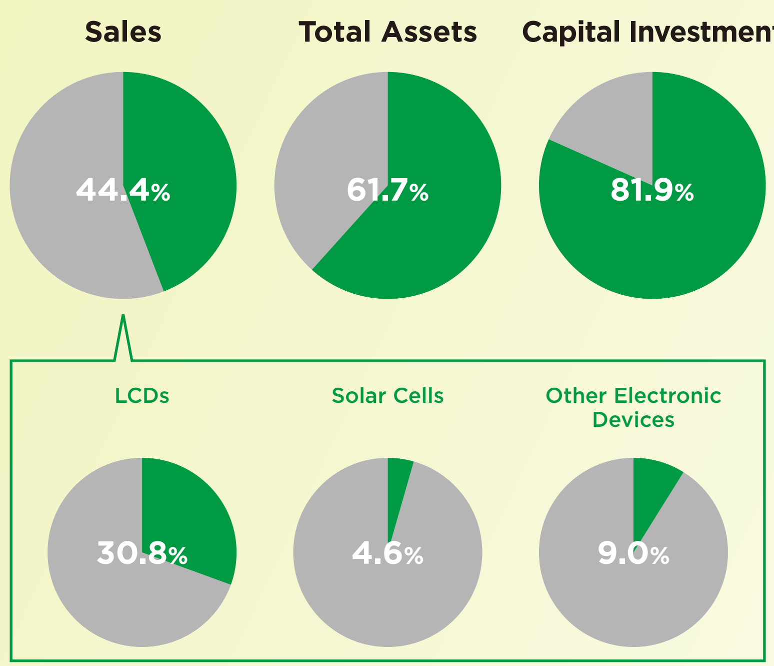
Electronic Components

Main Products

LCDs
TFT LCD modules, Duty LCD modules, System LCD modules

Solar Cells
Crystalline solar cells, thin-film solar cells

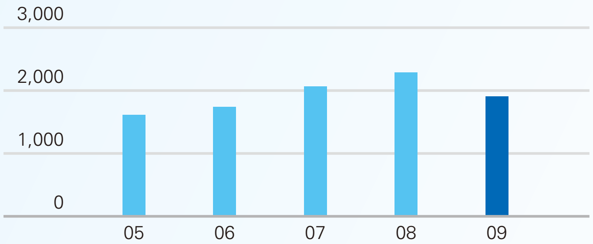
Other Electronic Devices
CCD/CMOS imagers, LSIs for LCDs, microprocessors, flash memory, combination memory, analog ICs, components for satellite broadcasting, terrestrial digital tuners, RF modules, network components, laser diodes, LEDs, optical pickups, optical sensors, components for optical communications, regulators, switching power supplies



· Sales shown on pages 18-19 include internal sales between segments (Consumer/Information Products and Electronic Components). The percentage of sales in pie charts is calculated accordingly. The Other Electronic Device group's sales do not include internal sales to the LCD/Solar Cell groups.
· Total assets shown on pages 18-19 show the amounts before elimination of intersegment trading, and do not include corporate assets. The percentage of total assets in pie charts is calculated accordingly.

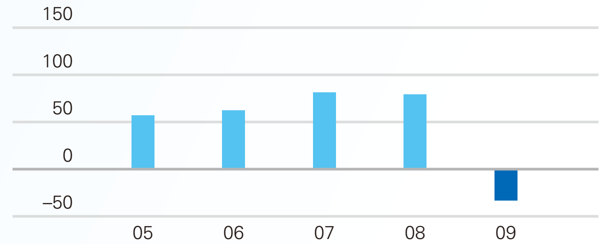
Sales

(billions of yen)



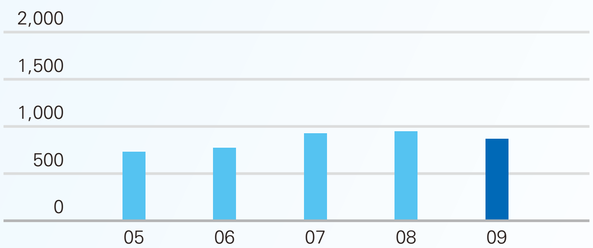
Operating Income (Loss)

(billions of yen)



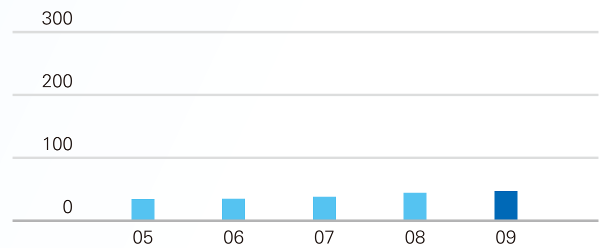
Total Assets

(billions of yen)



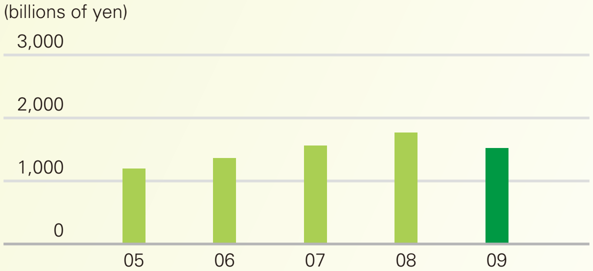
Capital Investment

(billions of yen)



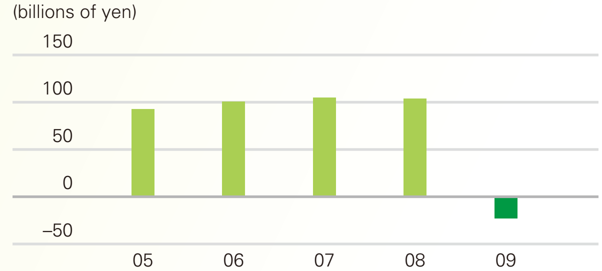
Sales

(billions of yen)



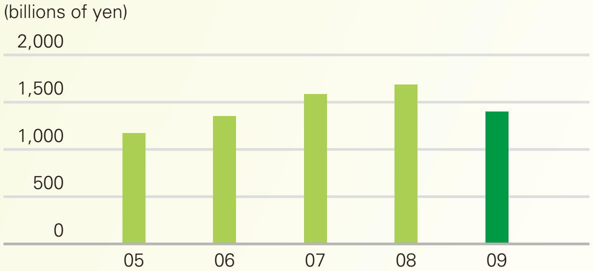
Operating Income (Loss)

(billions of yen)



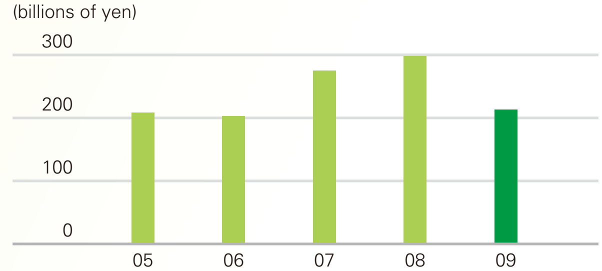
Total Assets

(billions of yen)



Capital Investment

(billions of yen)



· Capital investment shown on pages 18-19 includes the amount of leased properties.
· Operating income (loss) shown on page 19 is the amount before elimination of intersegment trading.

Fiscal 2008 Review by Product Group

Consumer/Information Products

Audio-Visual and Communication Equipment

This product group has seen a significant decline in revenue and profits. The main causes were the appreciation of the yen, the intensifying price war and adjustment of retailers' inventories for LCD TVs; and a massive decline in sales of mobile phones from the previous fiscal year due to the slump in the domestic market.

LCD TVs

Demand for large-screen, high-resolution TVs is growing in line with ongoing advancement in digital broadcasting and increasing high-definition content. Sharp has responded to this demand by launching the AQUOS XS1, which features a next-generation MegaASV LCD to realize high image quality, thin design, and outstanding environmental performance. By enhancing our line-up of large-screen high-definition models, we achieved greater unit sales than the previous fiscal year. Sharp aims to roll out highly-advanced, cost-competitive LCD TVs to the market in a timely manner, and develop AQUOS into a true global brand.

AQUOS XS1

Video Recorders/Players

With the spread of large-screen, high-resolution TVs such as LCD TVs, there is rising demand for recording that replicates the quality of high-definition broadcasting. Sharp has kept abreast of these changes with steadily increasing sales of models to record and play Blu-ray Discs, which are ideal for large-volume recording of high-definition content. Going forward, Sharp will work to expand this business even further by extending AQUOS Familink's capacity to link video recorders with LCD TVs and a surround sound system, to enable it to also link with mobile devices such as mobile phones.

AQUOS Blu-ray Disc recorder

Mobile Phones

Sharp's shipments of mobile phones in Japan were well below those of the previous fiscal period due to a slump in the market. Nevertheless, Sharp continued to expand its line-up, including the development of a new model featuring an 8 mega-pixel CCD camera, and as a result, retained top share* in the Japanese market for its fourth consecutive year since fiscal 2005. Meanwhile, in markets outside of Japan, Sharp has commenced full-scale sales of handsets in China, a huge market where further growth is expected. Going forward, Sharp will take steps to capture an even larger share of the domestic market by expanding its range of touch-screen models, and work to expand outside of Japan in order to develop this business further.

From left: Mobile phones for SOFTBANK MOBILE Corp., NTT DoCoMo, Inc. and KDDI CORPORATION

* According to MM Research Institute, Ltd.

Health and Environmental Equipment

This product group saw profits increase despite a decline in sales. Market stagnation caused sales of air conditioners and microwave ovens and other products to fall, leading to lower sales for the product group. Nevertheless, earnings increased on factors such as growth in sales of air purifiers featuring Plasmacluster Ion technology due to rising awareness of health and the environment among consumers.

Air purifier with humidifier featuring Plasmacluster Ion technology

Health and Environmental Products

Sharp verified through experimentation that increasing the concentration of its proprietary Plasmacluster Ions enhances the ions' capacity to inactivate and eliminate airborne viruses, mold and other impurities. At the same time we bolstered our line-up of air purifiers with humidifiers, refrigerators, ion generators and other distinctive products featuring this technology. Sharp's Plasmacluster Ion technology is also being adopted for use in other industries such as vehicle air conditioners. In fiscal 2008 Plasmacluster Ion technology was employed for the first time in a railway car. Sharp has also entered the LED lighting business, drawing much attention for providing next-generation lighting with superior environmental performance, and has developed LED lighting for use in businesses. We are expanding our offerings for household use as well to develop this business further.

Square type LED light

Information Equipment

This product group recorded lower revenue and profits, after a corporate freeze in capital investment depressed sales of MFPs and facsimiles.

MFPs

Sharp launched a series of digital full-color MFPs using the newly-developed, proprietary Mycrostoner-HG to achieve high image-quality output, and renewed its line-up of color models—the core products in this business. We also launched a new A4 size digital full-color MFP that is compact and yet able to achieve high speed and performance printing in both color and monochrome. This addition makes it possible to plan the optimal layout for a combination of A3 and A4 machines, or to install the machine in an office with limited space. Sharp will continue to expand this business by working to bolster its line-up and propose solutions for customers that link digital MFPs with the customers' IT systems.

Digital full-color MFP using Mycrostoner-HG

Electronic Components

LCDs

This product group saw a decline in profits due to a price drop and a fall in our utilization rate. The price drop followed sudden deterioration in demand, leading to sales decline in large-size LCDs for TVs as well as small- and medium-size LCDs, particularly for mobile phones, resulting in a fall in revenue.

Large-size LCDs

We stepped up production capacity in stages at our Kameyama Plant to cope with soaring demand for LCD TV panels. In response to the rapid market downturn during the second half of fiscal 2008, however, we started reorganizing the plant in January 2009, ceasing operation of the Kameyama No. 1 Plant and concentrating production into the Kameyama No. 2 Plant. Additionally, we lowered the utilization rate to adjust production, however, we also promoted design-in activities with our external customers which brought an increase in orders. As a result, the Kameyama No. 2 Plant was operating at full capacity in April 2009. Going forward, we will maintain operational stability by building a total support framework for customers, covering the entire process from devising concepts to product development and sales.

Kameyama Plant

Small- and Medium-size LCDs

As part of our drive to build an efficient production framework we closed some older production lines at our Mie No. 1 and Tenri Plants and optimized the panel sizes and range of items under production at existing plants. We also applied System LCD technologies to develop an optical sensor LCD featuring an input function, and an ultra-energy efficient, high visibility, memory LCD. These unique LCDs already feature in Sharp products, and will increasingly feature in the products of other makers going forward.

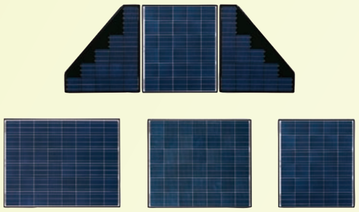
Optical sensor LCD used on a notebook computer

Solar Cells

Sales grew especially in Japan for this product group, supported by national and local government schemes to assist with installation costs. However, income for the product group was negatively affected by a sharp fall in prices outside of Japan, and by the yen's appreciation, decreasing significantly.

Solar Cells

In crystalline solar cells, Sharp took strategic steps to procure silicon material and worked to improve the conversion efficiency of the cells. Sharp also developed a photovoltaic power generation system that allows efficient installation to meet the needs of residential users in Japan. Meanwhile in thin-film solar cells, Sharp worked to bolster the production framework by increasing production capacity at the Katsuragi Plant and constructing a new plant in Sakai City. Sharp also took steps toward future business expansion at home and abroad. In Japan, Sharp collaborated with



Polycrystalline solar module for residential use

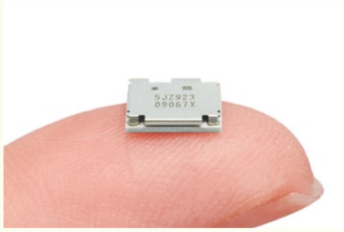
The Kansai Electric Power Co., Inc. and the City of Sakai to promote the Sakai City Waterfront Mega Solar Power Generation Plan. Outside of Japan, meanwhile, Sharp made progress in discussions with Italian power company Enel SpA to establish a joint venture and to collaborate in producing thin-film solar cells. The joint venture is to operate as an independent power producer using photovoltaic power generation. In the field of solar cells, Sharp will continue working to realize a new business model of local production for local consumption, while taking steps to reduce the materials cost and improve the conversion efficiency of solar cells to raise their cost performance.

Other Electronic Devices

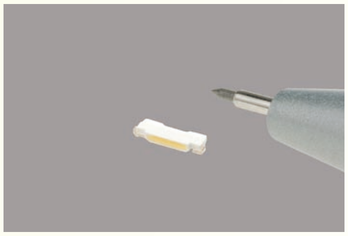
This product group posted significantly lower sales and income as the slowdown in the mobile phone market and other factors caused sales of electronic components such as CCD/CMOS imagers to decline.

Electronic Devices

Sharp enhanced its business structure for electronic devices by merging its previous LSI and electronic components units. With the new structure, we set out to develop distinctive devices that contribute to the advancement of applied products. The results of these efforts included an 8 mega-pixel CCD camera module that can take clear pictures even in dark environments and a tuner module for a One Seg terrestrial broadcast receiver that enables reception of two broadcasts simultaneously. Sharp focused on LEDs, a promising growth technology in the current climate of increasing environmental awareness. Sharp expanded its line-up of LED devices and related devices including LED driver ICs and power supply modules for lighting. Going forward, we are leveraging our strengths in a variety of devices to enhance our development of LEDs and to create new solution devices as part of our effort to expand our business.



One Seg receiver tuner module



Chip LED (Side view type)

21st Century Manufacturing Complex

The 21st Century Manufacturing Complex will produce LCD panels and thin-film solar cells. All companies participating in this complex will work as one virtual company to reduce unnecessary production processes and energy consumption to a minimum, in order to realize an ultimate eco-friendly complex.

The LCD panel plant is scheduled to commence operation in October 2009. Using the world's first 10th generation glass substrates along with numerous innovative LCD technologies, the plant will produce the highest standard LCDs for TVs in the industry.

Preparations are under way to begin operation of the solar cell plant by March 2010.

21st Century Manufacturing Complex under construction in Sakai City, Osaka Prefecture (Photo taken May 2009)

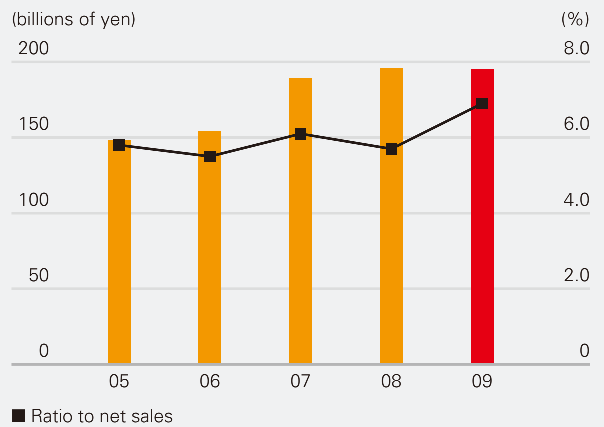
R&D and Intellectual Property

R&D Strategy

Based on the fundamental policy of "selection and concentration," Sharp conducts R&D activities with the goal of developing the technologies needed to constantly create one-of-a-kind products from the perspective of users. The final objective is to ensure that customers are satisfied with Sharp products. To accomplish this objective, we focus on three approaches to R&D. First is creating unique products through the vertical integration of our core technologies. Second is leveraging commodity technologies shared in the company. Third is using "open innovation" and cooperation with partners to gain expertise in fields of technology that are new to Sharp. Using all three approaches allows us to perform R&D that is distinctive, speedy and efficient.

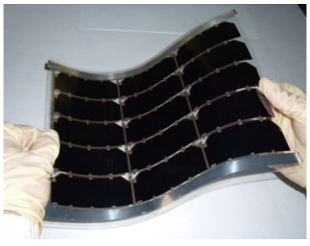
R&D Expenditures

Sharp Corporation and Consolidated Subsidiaries
Years Ended March 31



Multijunction compound solar cells

Sharp is promoting the development of multijunction compound solar cells that stack layers of different compounds in order to absorb differing wavelengths of light. Our triple-junction solar cell, which has separate layers made of three types of compounds, is already used as a power source for satellites. These cells have a very high conversion efficiency of more than 30%. We have also produced concentrator photovoltaic power systems that combine solar cells using these same compounds and lenses to achieve a conversion efficiency of more than 40%. We are expanding the application of this technology for use in dry regions that receive a lot of direct sunlight. We are also working to create an ultralight flexible solar cell with a structure that uses only thin layers of compounds with no underlying substrate for stacking. Sharp will continue to pursue even higher efficiencies by optimizing the composition of photovoltaic materials and increasing the number of junctions.



Ultralight flexible solar cells

LCD TV technology for better picture quality and lower power consumption

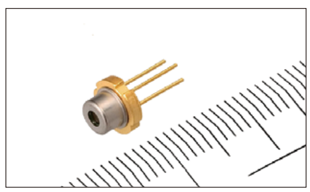
Sharp is promoting R&D for new liquid crystal technology to improve picture quality and reduce power consumption of LCD TVs. Liquid crystal alignment technology for orienting liquid crystal particles in a given direction plays a pivotal role in improving the display characteristics of an LCD TV. Sharp is currently developing a completely new alignment technology which uses a light irradiation process to provide an alignment film with a function to control orientation of liquid crystals. This new technology will allow greater transmissivity and contrast, which translate into higher picture quality and lower power consumption. Additionally, we are using more efficient power supply circuitry and backlights along with this technology to cut the power consumption of LCD TVs.

Optical sensor LCDs

Sharp has become the first company in the world to commercialize an optical sensor LCD. We used our exclusive System LCD technology to incorporate an optical sensor into the transistor layer of an LCD. The result is an optical sensor LCD with very high resolution (FWVGA: 854 x 480 dots). This allows handwritten input using a pen and multiple-finger-touch operation. Moreover, there is no longer the need for touch sensors or a protective layer inherent in conventional touch screens, allowing a much more vivid picture along with a slimmer profile. Sharp has already incorporated an optical sensor LCD as the touchpad for a notebook computer, enabling handwritten input and intuitive touch operation in addition to conventional mouse operations. Development is proceeding with the aim of adding business card scanning, fingerprint authentication and other imaging input capabilities to optical sensor LCDs.

High-power laser diode for Blu-ray Discs

Sharp has been working on a high-power blue-violet laser diode to allow high-speed recording on multi-layer Blu-ray Discs. Up until now, an obstacle to raising the power output was that the tip of the diode that emits the laser light deteriorated at high power. We developed processing technology that suppresses this deterioration, even at high power. As a result, we have developed a laser with a pulsed-output power of 500mW, twice the level of current lasers in mass production. Our new laser also has outstanding durability for stable operation over long periods of time. These features make it possible to record four-layer Blu-ray Discs at the 8X speed. We are aiming to commercialize the laser by improving the reliability of the laser diode and creating the technologies needed for mass production.



A prototype high-power blue-violet laser diode

XMDF becoming an IEC standard

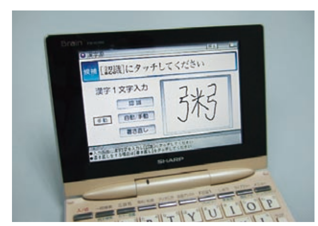
Sharp developed its own XMDF*1 electronic document technology. XMDF allows mobile phones and e-dictionaries to use the same content. In addition, we operate a joint e-book service with other companies. In February 2009, the IEC*2 announced two new standards (IEC 62448 Edition 2.0 and IEC 62524) based on XMDF, a move that is expected to increase the use of this format around the world. With acceptance of XMDF growing, we plan to develop more services and mobile terminals that utilize this technology.

A mobile phone using XMDF to display an e-document (a comic book)
DRAGONBALL© Bird Studio/Shueisha

*1 XMDF (ever-eXtending Mobile Document Format): The name of Sharp's electronic document format and associated technologies.
*2 IEC (International Electrotechnical Commission): An international body that creates international standards for the electrical and electronics fields.

Handwriting recognition technology

Ongoing R&D at Sharp for handwriting recognition technology has achieved an accuracy level of more than 90%. Furthermore, we have used our proprietary feature vector extraction technology and multi-template method to overcome challenges posed by differences in writing styles. Sharp's latest e-dictionary includes technology for recognizing handwritten text in Japanese, English, Chinese and Korean. We will continue to upgrade recognition accuracy while improving user interface technologies in order to make handwritten input even easier.



The Sharp "Brain" e-dictionary with handwriting recognition technology

Intellectual Property Strategy

Sharp views its intellectual property strategy as one of its key management measures, promoting it in a coherent manner with business and R&D strategies. In order to secure a competitive edge with one-of-a-kind products and one-of-a-kind devices for stronger business foundations, Sharp is aggressively promoting patent right obtainment, while keeping certain technologies as "black-box."

Sharp has clearly delineated the fields that are central to each business group and has assigned engineers well-versed in patent matters to each of these core business areas to conduct strategic patent development close to the frontline. Sharp also obtains useful patents arising from alliance activities from collaboration with other companies or universities. As of March 31, 2009, Sharp had approximately 18,000 patents in Japan and 22,000 overseas.

Sharp utilizes these patents to strengthen its strategic businesses. In addition, we take actions to protect our patents, such as by examining the products of competitors. At the same time, we exercise care concerning the intellectual property of other companies. If we discover an infringement on one of our patents, we issue a warning. In certain cases, more aggressive action is taken, including filing lawsuits. Sharp is also promoting obtainment of design and trademark registrations based on its brand strategy and aiming to increase the number of applications and registrations globally.

Corporate Social Responsibility (CSR)

CSR Concept

"Make products that others want to imitate." The spirit embodied in these words, spoken by Sharp's founder, has been passed down from generation to generation as Sharp has sought to contribute to society through manufacturing since its inception. In 1973, Sharp codified the unchanging spirit of its founder in the company's business philosophy and business creed. The business philosophy states that Sharp aims for mutual prosperity with all stakeholders and seeks to contribute to the culture, benefits and welfare of people throughout the world, which forms the foundation of CSR today. The business creed calls for "Sincerity and Creativity" and all employees must hold to it and follow it in order to realize the business philosophy.

Business Philosophy

We do not seek merely to expand our business volume. Rather, we are dedicated to the use of our unique, innovative technology to contribute to the culture, benefits and welfare of people throughout the world.

It is the intention of our corporation to grow hand-in-hand with our employees, encouraging and aiding them to reach their full potential and improve their standard of living.

Our future prosperity is directly linked to the prosperity of our customers, dealers and shareholders ...indeed, the entire Sharp family.

Business Creed

Sharp Corporation is dedicated to two principal ideals:

"Sincerity and Creativity"

By committing ourselves to these ideals, we can derive genuine satisfaction from our work, while making a meaningful contribution to society.

Sincerity is a virtue fundamental to humanity ... always be sincere.

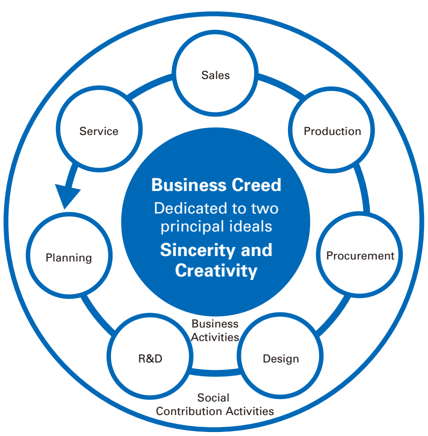
Harmony brings strength ... trust each other and work together.

Politeness is a merit ... always be courteous and respectful.

Creativity promotes progress ... remain constantly aware of the need to innovate and improve.

Courage is the basis of a rewarding life ... accept every challenge with a positive attitude.

■ Achieve the Tenets of the Business Philosophy by Promoting "Sincerity and Creativity" in All Business Practices



Realization of Business Philosophy

- ■ Perspective of social contribution through business activities
"Contribute to the culture, benefits, and welfare of people throughout the world"
- ■ Perspective concerning employees
"It is the intention of our corporation to grow hand-in-hand with our employees"
- ■ Perspective concerning stakeholders
"Prosperity is directly linked to the prosperity of the entire Sharp family"

· The business creed is the central axis of all business activities.

· "Sincerity" means a working attitude mindful of what will offer genuinely useful solutions and happiness to everyone.

· "Creativity" means a working attitude not content with the way things are. An attitude which always seeks to add value, and to make efforts to innovate and improve.

Sharp Joins the United Nations Global Compact

In June 2009, Sharp signed a letter of commitment as a participant in the United Nations Global Compact.

Sharp supports the ten principles of the Global Compact in the areas of human rights, labor, the environment, and anti-corruption, and will work to further expand and reinforce its plans and measures in these areas in the future.

THE GLOBAL COMPACT
WE SUPPORT

Socially Responsible Investment (SRI) Recognition

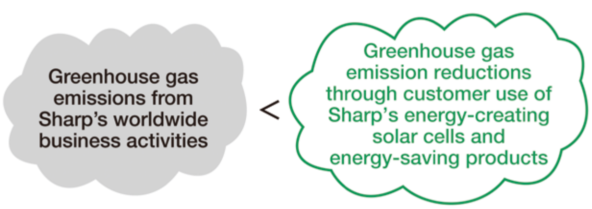
Sharp has received recognition in Japan and overseas for its strong commitment to corporate citizenship. As of the end of June 2009, Sharp was recognized by major SRI evaluating bodies and selected for the following SRI indices. It also received the CSR certification below.

- FTSE4Good Global Index (U.K.)
- Ethibel Sustainability Index (Belgium)
- Morningstar Socially Responsible Investment Index (Japan)
- KLD Global Climate 100 Index (U.S.A.)
- Corporate Responsibility Prime Status by Oekom Research AG (Germany)

Environmental Activities

In fiscal 2004, Sharp announced a medium-term corporate objective of becoming an environmentally advanced company. To accomplish this goal, we established an environmental vision for fiscal 2010 in which Sharp's energy-creating and energy-saving products are to more than balance out Sharp's greenhouse gas emissions. Under this environmental vision, we reduce the amount of greenhouse gases emitted in the course of our worldwide business activities to the greatest extent possible, while at the same time significantly increasing the reductions in greenhouse gas emissions achieved through customer use of Sharp's energy-creating solar cells and energy-saving products. The vision targets net reduction in greenhouse gases that more than balances out the level of emissions by fiscal 2010. Sharp will contribute to realizing a low-carbon society by expanding solar cell production, making its products more energy efficient, and pushing forward with energy-saving measures in its business activities.

■ Sharp's Environmental Vision



Examples of Initiatives

Photovoltaic power generation

Sharp started its research on solar cells in 1959 and now has 50 years of experience in R&D and promotion of this technology. We have accumulated a broad base of technologies and consumer trust. Demand for solar power is climbing rapidly. To meet this demand, we are expanding our crystalline solar cell operations, which are the main product in the current market, as well as our activities involving thin-film solar cells, a market sector with much growth potential. At the same time, we are using joint development projects, alliances and other forms of cooperation to become a total solutions provider in photovoltaic power generation.

Environmentally conscious products

In our AQUOS LCD TVs we achieved big improvements in energy and resource conservation.*1 In our 32 inch class, for example, we have cut annual power consumption by more than 70% and reduced weight by more than half over the past five years. In addition, we are using distinctive technologies to make advances in cutting-edge environmental designs including a plant-based resin paint and a cabinet material that can be recycled repeatedly.*2 Meanwhile, in fiscal 2008 we entered the LED lighting business. LED lights are environmentally friendly with their long service life, low power consumption and mercury-free design. Going forward, Sharp will develop distinctive LED lighting equipment with a range of characteristics, both for industrial and household applications, contributing to energy conservation for the home and office.

AQUOS LCD TV incorporating many environmental features

*1 Comparison between a fiscal 2003 model LC-32GD1 (annual power consumption 238kWh/year, weight 28.0kg) and fiscal 2008 model LC-32DE5 (66kWh/year, 13.5kg). Annual power consumption calculated in accordance with the Energy Conservation Law in Japan.

*2 Plant-based resin paint and repeatedly recyclable materials for cabinets are used in certain models.

Environmental friendliness at plants

Sharp has an environmental certification system based on its own assessment standards. Plants that are environmentally friendly are certified as Green Factories (GF) and those with superior environmental performance receive the Super Green Factory (SGF) designation. Thus far, almost all Sharp plants worldwide have been designated GF or above. 21 plants have achieved SGF certification, including all 10 of Sharp Corporation's plants. After accomplishing SGF we raised our target to SGFII to achieve even higher environmental performance at our plants. Our 21st Century Manufacturing Complex currently under construction in Sakai City, Osaka Prefecture, will be a next generation complex, truly suited for a low-carbon society. Plans for the complex feature an environmental protection system that surpasses even that of our SGF-standard Kameyama Plant.

One-of-a-kind environmental technologies

Sharp developed a closed-loop material recycling technology that has been in use since fiscal 2001. This recycling technique permits the repeated reuse of plastics from discarded home appliances to make components for new appliances. A technology we developed in fiscal 2007 increased the volume of plastic that can be reused and enlarged the range of applications for recycled plastic. Due to this advance, the volume of plastics that we reused increased to approximately 1,050 tons in fiscal 2008 from approximately 850 tons in the previous fiscal year. Sharp will continue to contribute to environmental protection through its efforts to research and develop one-of-a-kind environmental technologies.

Social Contribution Activities

Sharp aims to coexist in harmony with society through a variety of social contribution activities that have close links to communities and regions in Japan and other countries. Our activities are focused on three central themes: education, the environment and social welfare. We have established a framework and system so that social contribution activities can be performed voluntarily and on an ongoing basis. We will continue to contribute to society in a manner that leverages the unique strengths of the Sharp Group.

■ Three Important Fields of Social Contribution Activities

Examples of Initiatives

Environmental education for elementary students around the world

Sharp started cooperating with a non-profit organization in October 2006 to hold environmental classes at elementary schools in Japan. By December 2008, this program had covered about 1,000 schools. We extended the program to other countries in fiscal 2008, holding environmental classes in 25 Chinese and 21 U.S. elementary schools. Subjects of these lessons include measures to fight global warming, the potential of solar power and the importance of recycling for the responsible use of the Earth's limited resources—reflecting our ongoing effort to raise the environmental awareness of children, who will be the leaders of the future. We plan to continue expanding these activities globally.

An environmental class at an elementary school in the United States

Sharp Forests

Sharp Green Club (SGC), which was established by Sharp and its labor union, oversees Sharp Forests at 10 locations in Japan, most of which are near Sharp business sites. The basic concept of the Sharp Forest initiative is to foster environmental awareness through tree-planting activities that give people a greater understanding of the bonds they have with forests and the creatures that inhabit them. In addition to planting trees, Sharp is also emphasizing activities to help take care of the trees that have already been planted. Through these activities, Sharp employees help restore forests while developing an awareness of the environment.


Konoyama Sharp Forest

The Lamplight Grand Prize

Sharp Tokusen Industry Co., a subsidiary of Sharp Corporation, received the 2008 Lamplight Grand Prize at a forum for employment of people with disabilities in September 2008 held by the non-profit organization Osaka Placement Assistance Network for Person with Disabilities. This organization gave high marks to Sharp Tokusen Industry for its initiatives, including a program for people with disabilities to work at the company on a trial basis. Sharp will continue its commitment to promoting employment of people with disabilities.


Award ceremony for the Lamplight Grand Prize

To find out more about Sharp's CSR activities please see the Sharp Environmental and Social Report 2009 or visit our website.
http://sharp-world.com/corporate/eco/index.html

Corporate Governance

Basic Concept Concerning Corporate Governance

Sharp has always been a manufacturing and technology oriented company. In an effort to further strengthen manufacturing competency, Sharp is committed to improving the speed and quality of managerial decisions. Our business activities are limited to the development, production and sale of products and devices, which have a strong interrelation and require high expertise. This enables our directors, who are highly adept in our business, to make swift and accurate management decisions through the mutual exchange of ideas. It also serves to clarify reciprocal managerial responsibilities and promote mutual supervisory functions.

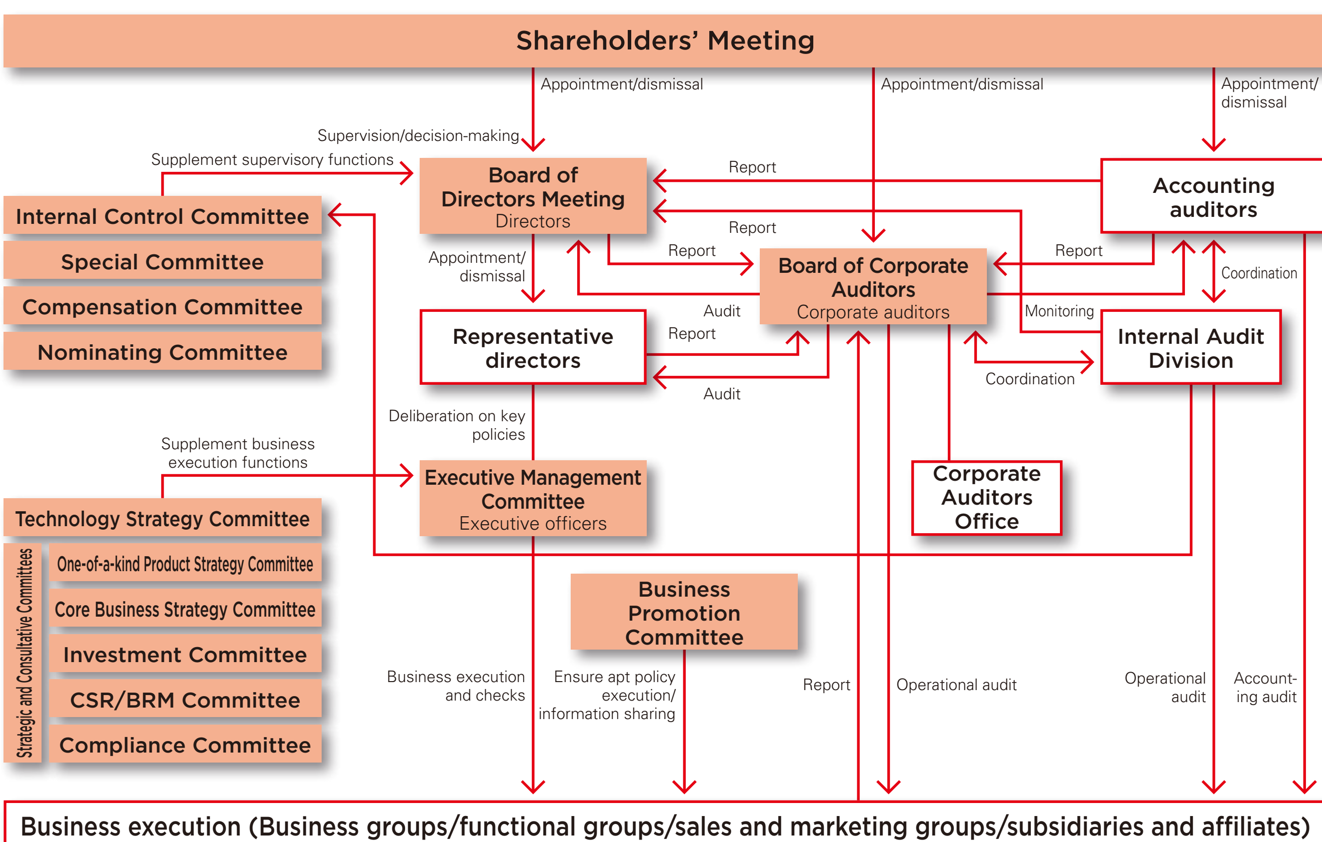
We are also striving to preserve transparency, objectivity and soundness in management and realize appropriate management. From a perspective of increasing our consideration of shareholders and corporate social responsibility, we have appointed an outside director with an international and multi-faceted perspective, including compliance, on wide ranging issues such as the social and economic environment, and the future direction of Sharp. In doing so we will strengthen the decision-making functions within the Board of Directors and the functions for supervising directors' execution of duties.

We have also introduced the Executive Officer System, thereby creating a structure that steadily facilitates nimble, efficient business execution.

Sharp has taken these measures to further strengthen the current Director/Corporate Auditor System, which allows management and manufacturing divisions to work very closely, enabling the business to expand. Sharp works to enhance its corporate governance through this system.

Sharp strives to achieve timely and accurate disclosure of information to all stakeholders such as shareholders and investors, and is increasing transparency in management by widely publicizing information.

Corporate Governance System (As of June 23, 2009)



Status of Corporate Governance System

The Board of Directors Meetings of Sharp Corporation are held on a monthly basis to make decisions on matters stipulated by law and management-related matters of importance, and to supervise the state of business execution. To improve management agility and flexibility, and to clarify the responsibilities of the company management during each accounting period, the term of office for members of the Board of Directors is set at one year.

In addition to the Board of Directors, the Company has the Executive Management Committee, where matters of importance related to corporate management and business operation are discussed and reported twice a month. This committee facilitates prompt executive decision-making. To further strengthen our operation and business execution system we instituted the Executive Officer System from June 24, 2008. Then, from June 23, 2009 we appointed an outside director, thereby strengthening decision-making and supervision of directors' execution of duties.

The Board of Corporate Auditors formulates audit policies, listens to reports from accounting auditors, and receives reports on the execution of duties, in particular from the Board of Directors. Corporate auditors also exchange information and opinions on such matters as the progress of deliberations of important meetings, and auditing (on-site auditing) results, which increases the validity of audits.

Ongoing Development of the Internal Control System

In May 2006, the Board of Directors passed a resolution to adopt a basic policy related to the development of systems necessary to ensure the properness of business (Basic Policy for Internal Control), which has been partially amended at the Board of Directors Meetings in July 2008 and April 2009. This amended policy forms the basis for Sharp's ongoing development and implementation of its internal control system. Sharp has set up the Internal Control Committee as an advisory body to the Board of Directors. The committee deliberates on basic policies regarding internal controls and internal audits, and the state of development and implementation of initiatives related to the internal control system, then reports on and discusses important matters with the Board of Directors. The Internal Control Promotion Department within the CSR Promotion Group is responsible for internal control of all business execution departments company-wide. Meanwhile the Internal Audit Division makes concrete proposals on how to improve business operations and reinforces internal controls by checking the validity of business execution as well as the appropriateness and efficiency of management.

To enhance compliance throughout the group, Sharp introduced the Sharp Group Charter of Corporate Behavior, a set of principles to guide corporate behavior, and the Sharp Code of Conduct, which clarifies the conduct expected of every employee and director of Sharp. Sharp has also set up a Compliance Committee and is developing a company-wide compliance promotion system. Meanwhile, Sharp is taking thorough measures to prevent compliance breaches by distributing a Sharp Group Compliance Guidebook to all employees and implementing training based on the guidebook.

In order to comprehensively and systematically deal with diverse business risk, Sharp formulated the Business Risk Management Guideline to achieve prevention of and swift responses to risk.

Plan Regarding Large-Scale Purchases of Sharp Corporation Shares (Takeover Defense Plan)

When there are attempts to purchase shares of a target company without the agreement of its board of directors so as to take control over that company's policy decisions on finance and business operations, various inappropriate actions may result from this objective. These include clearly harming the corporate value and common interests of the shareholders, undermining corporate value by harming the interests of stakeholders such as customers, business partners and employees, putting undue pressure on shareholders to sell their shares, not providing sufficient information about the purchase activity or the buyer, and not providing enough time for the board of directors of the target company to provide an alternative plan having considered the details of the purchase.

Especially, in the case of manufacturing firms such as Sharp, where in-house development and use of cutting-edge technologies and manufacturing technologies is crucial to securing and raising corporate value and the common interests of shareholders, it may take many years to commercialize the results of R&D work, during which time it is essential to build good cooperative relationships with stakeholders such as customers, business partners and employees. Therefore, it is essential that Sharp approaches management from a medium- to long-term perspective in order to maximize its corporate value.

In order to prevent such purchasing activity, Sharp has adopted the prior warning type of defense measures called the Plan Regarding Large-Scale Purchases of Sharp Corporation Shares (Takeover Defense Plan) (hereinafter referred to as the "Plan"). The effective term of the Plan was set to end at the conclusion of the 115th Ordinary General Meeting of Shareholders. Sharp proposed to continue the Plan with a partial amendment and received approval of a majority of shareholders present at the 115th Ordinary General Meeting of Shareholders on June 23, 2009. The effective term of the Plan* now ends at the conclusion of the 116th Ordinary General Meeting of Shareholders to be held by June 30, 2010.

This Plan clarifies the rules (large-scale purchase rules) that must be adhered to by a group of shareholders with intent to obtain 20% or more of the voting rights of the Company. The Board of Directors of Sharp Corporation shall receive and heed as far as possible the counsel from the Special Committee consisting of more than three persons appointed from Sharp's outside director, its outside corporate auditors, and experienced outsiders before deciding to take countermeasures in the cases where: (1) a large-scale purchaser does not follow the large-scale purchase rules; or, (2) although the large-scale purchaser complies with these rules, the large-scale purchase is deemed to be harmful to corporate value and common interests of shareholders.

A specific countermeasure will be selected as appropriate from what is deemed to be within the authority of the Board of Directors under applicable laws at the time and the Company's Articles of Incorporation.

* For details of the Plan, please visit Sharp's website:
http://www.sharp-world.com/corporate/ir/topics/pdf/090427c.pdf

Message from an Outside Director

Outside Director
Kunio Ito

I am very honored to be appointed as an outside director of Sharp Corporation.

The fundamental principle of corporate management is to maximize corporate value. This is a difficult thing to accomplish and brings numerous strategic options and challenges. Today management has become far more complex and sophisticated than in the past, involving manifold variables. Naturally, one important aspect is the executive capability needed to view each variable in light of the business environment and implement the best course of action. At the same time, an aspect that has become even more important is the management capability needed to carry out optimal overall management taking the balance of all of these variables.

The future of management will increasingly see the competitiveness of companies depend upon their ability to realize both partial enhancements in each business and overall optimization at the same time. I believe that a robust strategy for achieving this synchronization is to improve the image of the Sharp brand still further, while taking full measures to raise brand value. Enhancing the Sharp brand is the key to enabling "spiral-up" management.

As an outside director I hope I can be of some assistance in helping Sharp Corporation realize this kind of management.

Career overview

April 1992	Professor, Faculty of Commerce and Management, Hitotsubashi University
August 2002	Dean, Graduate School of Commerce and Management, Hitotsubashi University
December 2004	Vice President and Executive Staff of Hitotsubashi University
December 2006	Professor, Graduate School of Commerce and Management, Hitotsubashi University (current position)
June 2009	Director, Sharp Corporation (current position)

Risk Factors

Listed below are the principal business risks of Sharp that may have a significant influence on investors' decisions. Note that in addition to these, there exist certain other risks that are difficult to foresee. Each of these risks has the potential to impact the operations, business results and financial position of Sharp. All references to possible future developments in the following text were made by Sharp as of March 31, 2009.

(1) Global Market Trends

Sharp manufactures and sells products and services in different regions around the world. Business results and financial position are thus subject to economic and consumer trends (especially trends in private consumption and corporate capital investment), competition with other companies, product demand, raw material supply and price fluctuations in each region. The political and economic situation in respective areas may also exert an influence on business results and financial position. The deepening of the global financial crisis has brought a rapid deterioration in the economic environment. In response to this situation, Sharp announced outlines of its measures to improve business performance on February 6, 2009, on the premise that difficult business conditions were set to continue for some time. However, there is a risk that, in the event of an unexpected change in the management and business environment or some other factor, these measures may not proceed as anticipated, or may not result in the anticipated outcomes.

(2) Exchange Rate Fluctuations

The proportion of consolidated net sales accounted for by overseas sales stood at 51.2% in fiscal 2006, 53.5% in fiscal 2007 and 54.3% in fiscal 2008. Although Sharp employs forward exchange contracts to hedge the risk of exchange rate fluctuations while simultaneously seeking to expand and strengthen overseas production, such fluctuations may affect Sharp's business results.

(3) Strategic Alliances and Collaborations

Sharp implements strategic alliances and collaborations with other companies in respective business fields to bolster the development of new technologies and products, and to enhance competitiveness. If, however, any strategic or other business issues arise, or objectives change, it may become difficult to maintain such alliances and collaborative ties with these companies, or to generate adequate results. In such cases, Sharp's business results and financial position may be impacted.

(4) Business Partners

Sharp procures materials and receives services from a large number of business partners, and transactions are made only once a detailed credit check of the company has been completed. However, there is a risk that business partners may suffer deterioration in performance due to slumping demand or severe price erosion, or face an unexpected M&A, or be impacted by natural disasters or accidents, or procure materials of insufficient quality, or become involved in a corporate scandal including a breach of the law–any of which may affect Sharp's business results and financial position.

(5) Technological Innovation

New technologies are emerging rapidly in the markets where Sharp operates. Resultant changes in social infrastructure, intensified market competition, changes in technology standards, or the appearance of substitute technologies may impact Sharp's business results and financial position.

(6) Intellectual Property Rights

Sharp strives to protect its proprietary technologies by acquiring patents, trademarks, and other intellectual property rights in Japan and in other countries, and by concluding contracts with other companies. However, there is a risk that rights may not be granted, or a third party may demand invalidation of an application, such that Sharp may be unable to obtain sufficient legal protection of its proprietary technologies. In addition, intellectual property that Sharp holds may not result in a superior competitive advantage, or Sharp may not be able to make effective use of such intellectual property, such as when a third party infringes on the intellectual property rights of Sharp. There may also be instances where a third party launches litigation against Sharp, claiming infringement of intellectual property rights. Resolution of such cases may place a significant financial burden on Sharp. Furthermore, if such a third-party claim against Sharp is recognized, Sharp may have to pay a large amount of compensation, and may incur further damage by having to cease using the technology in question. Also, as a result of an M&A, a third party previously unlicensed to use Sharp's intellectual property may acquire such license, with the result that Sharp's intellectual property may lose its superiority. Alternatively, an M&A with a third party could result in Sharp's business becoming subject to new restrictions to which it had not previously been subject, the resolution of which may require Sharp to pay additional compensation. Furthermore, although compensation is given to employees for innovations that they make in the course of their work pursuant to a patent reward system governed by internal regulations, an employee may consider such payment inadequate and initiate legal action. If any of the above problems related to intellectual property were to occur, it could impact Sharp's business results and financial position.

(7) Product Liability

Sharp manufactures products in accordance with strict quality control standards to ensure the utmost in quality. In order to fulfill its responsibility as a manufacturer in case product defects do arise, Sharp has taken out insurance to cover compensations based on product liability. Nonetheless, there is still a risk of a large-scale product recall or litigation caused by unforeseen events, which may adversely affect brand image or influence Sharp's business results and financial position.

(8) Laws and Regulations

The business activities of Sharp are subject to various regulations in countries where it operates, including business and investment approval, export regulations, tariffs, accounting standards and taxation. Sharp must also adhere to various laws and regulations concerning trading, antitrust practices, product liability, consumer protection, intellectual property rights, product safety, the environment and recycling, and internal control. Changes in such laws and regulations, and additional expenses to comply with the amendments may affect Sharp's business results and financial position. Further, in a case where an accident occurs related to one of Sharp's products, report of said incident, based on the Consumer Product Safety Law and related regulations in Japan, and disclosure of the accident information based on a system for public announcements could diminish Sharp's brand image.

(9) Litigation and Other Legal Proceedings

Sharp conducts business activities around the world, and as such, is subject to risk associated with litigation and other legal proceedings. Differences in legal and judicial system according to region make it difficult to predict the result of litigation or other legal proceedings currently involving Sharp or of those which may arise in the future. Sharp is subject to investigations conducted by the Directorate-General for Competition of the European Commission, etc. with respect to its TFT LCD business. In addition, civil lawsuits seeking monetary damages resulting from alleged anticompetitive behavior have been filed in North America against Sharp. With respect to the investigation conducted by the United States Department of Justice, Sharp agreed to pay a fine and so on. Sharp also received a cease and desist order and a surcharge payment order from the Japan Fair Trade Commission. It is difficult to predict the result of these proceedings and litigation at this stage. An adverse result could affect Sharp's business results and financial position.

(10) Leakage of Personal Data and Other Information

Sharp retains personal data and other confidential information concerning its customers, business partners and employees. Extreme care is taken to protect this information. A company-wide management system promotes employee education, internal auditing, and other measures aimed at ensuring compliance with management regulations. If information is leaked, however, it may reduce confidence in Sharp or result in substantial costs (associated with leakage prevention measures or indemnification for damages, for instance), which may affect Sharp's business results and financial position.

(11) Other Key Variable Factors

In addition to the aforementioned risks, Sharp's business results may be significantly affected by accidents and natural calamities such as earthquakes or typhoons, the spread of a new strain of influenza or other infectious disease, or major fluctuations in the stock and bond markets.

Directors, Corporate Auditors and Executive Officers

(As of June 23, 2009)

Directors

Representative Director, Chairman
Katsuhiko Machida

Representative Director, President
Mikio Katayama

Representative Director
Masafumi Matsumoto

Representative Director
Toshio Adachi

Representative Director
Toshishige Hamano

Representative Director
Yoshiaki Ibuchi

Director
Kenji Ohta

Director
Takashi Nakagawa

Director
Tetsuo Onishi

Director
Nobuyuki Taniguchi

Director
Kunio Ito*1

Corporate Auditors

Full-time Corporate Auditors
Junzo Ueda
Shinji Hirayama*2

Corporate Auditors
Hiroshi Chumon*2
Yoichiro Natsuzumi*2

Executive Officers

CEO
Katsuhiko Machida

COO
Mikio Katayama

Executive Vice Presidents
Masafumi Matsumoto
Toshio Adachi
Toshishige Hamano
Yoshiaki Ibuchi

Senior Executive Managing Officer
Kenji Ohta

Executive Managing Officers
Takashi Nakagawa
Shigeaki Mizushima
Nobuyuki Sugano
Toshihiko Hirobe
Yoshisuke Hasegawa

Executive Officers
Yoshiki Sano
Takashi Okuda
Tetsuo Onishi
Toshihiko Fujimoto
Takashi Nukii
Toru Chiba
Daisuke Koshima
Masatsugu Teragawa
Nobuyuki Taniguchi
Tetsuroh Muramatsu
Moriyuki Okada
Kazutaka Ihori
Fujikazu Nakayama
Tsuneo Nakamura
Motohiko Hayashi
Hiroshi Morimoto
Hirohide Nakagawa
Miyoshi Yamauchi
Kozo Takahashi
Taimi Oketani
Masami Ohbatake

*1 Outside Director
*2 Outside Corporate Auditors

Financial Section

Five-Year Financial Summary

Sharp Corporation and Consolidated Subsidiaries
Years Ended March 31

	Yen (millions)					U.S. Dollars (thousands)
	2005	2006	2007	2008	**2009**	**2009**
Net Sales	¥2,539,859	¥2,797,109	¥3,127,771	¥3,417,736	**¥2,847,227**	**$29,352,856**
Domestic sales	1,329,711	1,397,081	1,526,938	1,590,747	**1,302,261**	**13,425,371**
Overseas sales	1,210,148	1,400,028	1,600,833	1,826,989	**1,544,966**	**15,927,485**
Operating Income (Loss)	151,020	163,710	186,531	183,692	**(55,481)**	**(571,969)**
Income (Loss) Before Income Taxes and Minority Interests	128,184	140,018	158,295	162,240	**(204,139)**	**(2,104,526)**
Net Income (Loss)	76,845	88,671	101,717	101,922	**(125,815)**	**(1,297,062)**
Net Assets*1	1,004,326	1,098,910	1,192,205	1,241,868	**1,048,447**	**10,808,732**
Total Assets	2,385,026	2,560,299	2,968,810	3,073,207	**2,688,721**	**27,718,773**
Capital Investment*2	243,388	238,839	314,301	344,262	**260,337**	**2,683,887**
Depreciation and Amortization*3	175,969	193,114	217,715	276,567	**315,799**	**3,255,660**
R&D Expenditures	148,128	154,362	189,852	196,186	**195,525**	**2,015,722**
Per Share of Common Stock	Yen					U.S. Dollars
Net income (loss)	¥ 70.04	¥ 80.85	¥ 93.25	¥ 93.17	**¥ (114.33)**	**$ (1.18)**
Diluted net income	69.60	–	90.00	86.91	–	**–**
Cash dividends	20.00	22.00	26.00	28.00	**21.00**	**0.22**
Net assets	920.09	1,006.91	1,084.76	1,119.09	**944.24**	**9.73**
Other Financial Data						
Return on equity (ROE)	7.9%	8.4%	8.9%	8.4%	**(11.1%)**	**–**
Return on assets (ROA)	3.4%	3.6%	3.7%	3.4%	**(4.4%)**	**–**
Equity ratio	42.1%	42.9%	39.9%	40.1%	**38.6%**	**–**

*1 Effective for the year ended March 31, 2007, the Company adopted the new accounting standards, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board Statement No. 5) and the "Implementation Guidance for the Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Financial Standards Implementation Guidance No. 8). Prior year figures have not been restated.

*2 The amount of leased properties is included in capital investment.

*3 Effective for the year ended March 31, 2008, pursuant to an amendment to the Corporate Tax Law, the Company and its domestic consolidated subsidiaries have depreciated tangible fixed assets acquired on and after April 1, 2007 in accordance with the method stipulated in the amended Corporate Tax Law.

	Yen (millions)					U.S. Dollars (thousands)
	2005	2006	2007	2008	**2009**	**2009**
Net Sales	¥2,539,859	¥2,797,109	¥3,127,771	¥3,417,736	**¥2,847,227**	**$29,352,856**
Sales by Product Group*4 **(Sales to Outside Customers)**						
Audio-Visual and Communication Equipment	972,563	1,090,905	1,381,105	1,598,199	**–**	**–**
Home Appliances	212,064	224,650	239,081	249,843	**–**	**–**
Information Equipment	416,310	421,208	437,923	437,299	**–**	**–**
Consumer/Information Products	1,600,937	1,736,763	2,058,109	2,285,341	**–**	**–**
LSIs	132,375	135,754	146,556	163,504	**–**	**–**
LCDs	543,804	633,493	628,821	683,310	**–**	**–**
Other Electronic Components	262,743	291,099	294,285	285,581	**–**	**–**
Electronic Components	938,922	1,060,346	1,069,662	1,132,395	**–**	**–**
Total	2,539,859	2,797,109	3,127,771	3,417,736	**–**	**–**
Audio-Visual and Communication Equipment	–	–	–	1,624,713	**1,322,215**	**13,631,083**
Health and Environmental Equipment	–	–	–	249,843	**225,290**	**2,322,577**
Information Equipment	–	–	–	410,785	**351,462**	**3,623,320**
Consumer/Information Products	–	–	–	2,285,341	**1,898,967**	**19,576,980**
LCDs	–	–	–	683,310	**573,854**	**5,916,021**
Solar Cells	–	–	–	151,011	**157,095**	**1,619,536**
Other Electronic Devices	–	–	–	298,074	**217,311**	**2,240,319**
Electronic Components	–	–	–	1,132,395	**948,260**	**9,775,876**
Total	–	–	–	3,417,736	**2,847,227**	**29,352,856**
Sales by Region*5						
Japan	1,329,711	1,397,081	–	–	**–**	**–**
The Americas	372,184	450,307	–	–	**–**	**–**
Europe	407,455	488,945	–	–	**–**	**–**
Asia	207,186	214,131	–	–	**–**	**–**
Other	223,323	246,645	–	–	**–**	**–**
Total	2,539,859	2,797,109	–	–	**–**	**–**
Japan	–	1,397,081	1,526,938	1,590,747	**1,302,261**	**13,425,371**
The Americas	–	450,307	582,588	625,841	**488,428**	**5,035,340**
Europe	–	488,945	523,301	584,252	**451,090**	**4,650,413**
China	–	195,333	305,895	412,470	**407,777**	**4,203,887**
Other	–	265,443	189,049	204,426	**197,671**	**2,037,845**
Total	–	2,797,109	3,127,771	3,417,736	**2,847,227**	**29,352,856**

*4 Effective for the year ended March 31, 2006, the IC group was renamed the LSI group and some items previously included in ICs had been reclassified and were included in Other Electronic Components. In this connection, "Sales by Product Group" of 2005 has been restated to conform with the 2006 presentation.

Effective for the year ended March 31, 2008, some items previously included in Other Electronic Components had been reclassified and were included in LSIs. In this connection, "Sales by Product Group" of 2007 has been restated to conform with the 2008 presentation.

Effective for the year ended March 31, 2009, the Company adopted the segment classification presented above in "Sales by Product Group" in place of the former classification: Audio-Visual and Communication Equipment, Home Appliances, Information Equipment, LSIs, LCDs, and Other Electronic Components. In addition, some items previously included in Audio-Visual and Communication Equipment have been reclassified and are included in Information Equipment, and some items previously included in Information Equipment have been reclassified and are included in Audio-Visual and Communication Equipment. "Sales by Product Group" of 2008 has been restated to conform with the 2009 presentation.

*5 For the year ended March 31, 2007, the Company recategorized its segmentation for "Sales by Region" information. Consequently, "China," which had been previously included in "Other," is indicated as one of the geographic segments and "Asia," which had been indicated as one of the geographic segments, has been reclassified into "Other." In this connection, "Sales by Region" of 2006 has been restated to conform with the 2007 presentation.

Financial Review

Sharp Corporation and Consolidated Subsidiaries

Operations

Consolidated net sales for the year ended March 31, 2009 were ¥2,847,227 million.

Sales by Product Group (Including Intersegment Sales)

The following sales by product group include internal sales between segments (Consumer/Information Products and Electronic Components).

Consumer/Information Products

Audio-Visual and Communication Equipment

Sales in this group decreased by 18.6% from the prior year to ¥1,322,468 million. Sales of LCD TVs fell due to a significant drop in prices and effects from foreign currency exchange rate fluctuations, despite an increase in units sold. Sales of mobile phones also greatly declined with the lowering of the domestic market.

Health and Environmental Equipment

Sales in this group were ¥226,186 million, down 9.5%. Though sales of air purifiers and vacuum cleaners were strong, sales declined for air conditioners and microwave ovens.

Information Equipment

Sales in this group dipped by 14.0% to ¥357,935 million due to a decline in MFPs and facsimiles.

Electronic Components

LCDs

Sales in this group were ¥1,054,559 million, down 14.5%. Sales of LCD panels for TVs and small- and medium-size LCDs, mainly for mobile phones, decreased due to significant price declines.

Solar Cells

Sales in this group were ¥157,145 million, up 4.1%, reflecting sales growth in Japan despite the level of overseas sales on a par with the prior year due to a sharp drop in prices and effects from foreign currency exchange.

Other Electronic Devices

Sales in this group were ¥308,458 million, down 18.3%. Sales of CCD/CMOS imagers and other electronic components decreased due mainly to a decelerating mobile phone market.

Financial Results

Cost of sales was ¥2,392,397 million, and the cost of sales ratio increased from 77.9% recorded in the prior year to 84.0%.

Sales by Product Group*1 (Including Intersegment Sales)

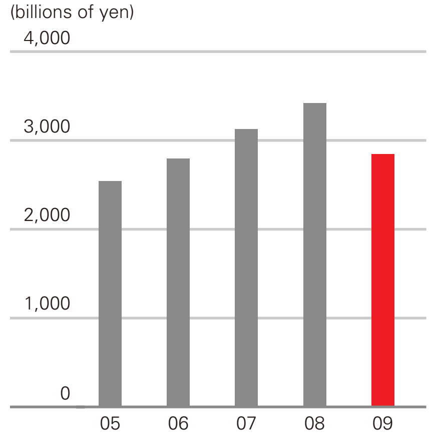
Sales by product group below include internal sales between segments (Consumer/Information Products and Electronic Components).

	Yen (millions) 2008	Yen (millions) 2009	U.S. Dollars (thousands) 2009
Audio-Visual and Communication Equipment	¥1,625,462	**¥1,322,468**	**$13,633,691**
Health and Environmental Equipment	249,872	**226,186**	**2,331,814**
Information Equipment	416,372	**357,935**	**3,690,052**
Consumer/Information Products	2,291,706	**1,906,589**	**19,655,557**
LCDs	1,234,100	**1,054,559**	**10,871,742**
Solar Cells	151,025	**157,145**	**1,620,052**
Other Electronic Devices*2	377,760	**308,458**	**3,179,979**
Electronic Components	1,762,885	**1,520,162**	**15,671,773**
Elimination	(636,855)	**(579,524)**	**(5,974,474)**
Total	3,417,736	**2,847,227**	**29,352,856**

*1 Effective for the year ended March 31, 2009, the Company adopted the segment classification presented above in "Sales by Product Group" in place of the former classification: Audio-Visual and Communication Equipment, Home Appliances, Information Equipment, LSIs, LCDs, and Other Electronic Components. In addition, some items previously included in Audio-Visual and Communication Equipment have been reclassified and are included in Information Equipment, and some items previously included in Information Equipment have been reclassified and are included in Audio-Visual and Communication Equipment. "Sales by Product Group" of 2008 has been restated to conform with the 2009 presentation.
*2 Other Electronic Device group's sales do not include internal sales to the LCD/Solar Cell groups.

Net Sales

(billions of yen)



Selling, general and administrative (SG&A) expenses were ¥510,311 million, and the ratio of SG&A expenses against net sales increased from 16.7% to 17.9%. SG&A expenses included advertising expenses of ¥67,259 million and employees' salaries and other benefits of ¥115,917 million.

As a result, operating loss amounted to ¥55,481 million (operating income of ¥183,692 million in the prior year).

Other expenses, net of other income was an other net loss of ¥148,658 million.

Loss before income taxes and minority interests amounted to ¥204,139 million (income before income taxes and minority interests of ¥162,240 million in the prior year). Net loss for the year was ¥125,815 million (net income of ¥101,922 million in the prior year). Net loss per share of common stock was ¥114.33.

Segment Information

By Business Segment

Sales in the Consumer/Information Products segment decreased by 16.8% over the prior year to ¥1,906,589 million. Operating loss amounted to ¥33,769 million (operating income of ¥79,218 million in the prior year).

Sales in the Electronic Components segment decreased by 13.8% to ¥1,520,162 million, while operating loss amounted to ¥23,975 million (operating income of ¥104,363 million in the prior year).

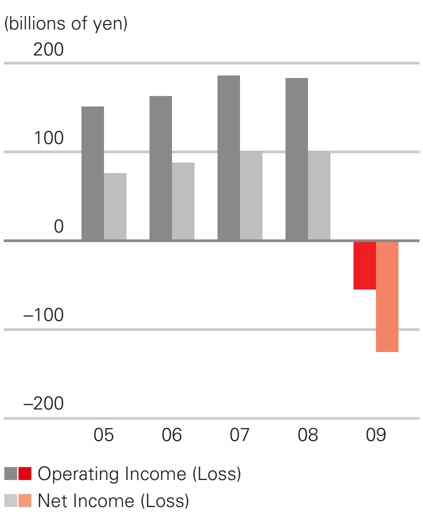
By Geographic Segment

In Japan, sales decreased by 17.7% over the prior year to ¥2,421,705 million and operating loss amounted to ¥74,552 (operating income of ¥144,502 million in the prior year). Although sales of solar cells fared well, sales of LCD TVs declined as a result of sharply lowered prices, despite an increase in units sold. Sales of mobile phones fell significantly following the slowdown in the domestic market.

In the Americas, sales decreased 22.8% to ¥446,275 million and operating loss amounted to ¥1,057 million (operating income of ¥7,444 million in the prior year). Sales of LCD TVs declined as a result of sharply lowered prices and foreign currency exchange effects, despite an increase in units sold. Sales of small- and medium-size LCD panels also went down.

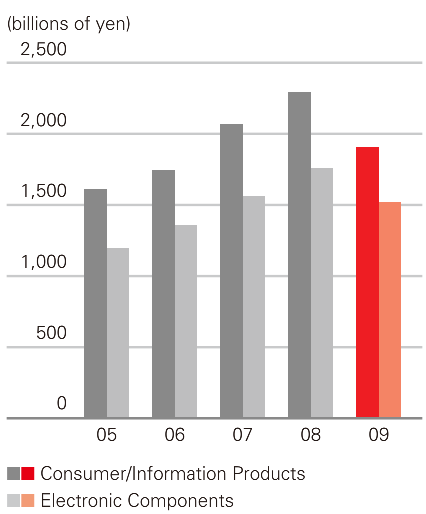
In Europe, sales decreased by 22.1% to ¥430,572 million and operating income amounted to ¥7,395 million (operating income of ¥11,280 million in the prior year). Sales of small- and medium-size LCD panels were down and sales of LCD TVs declined as a result of sharply lowered prices and foreign currency exchange effects, despite an increase in units sold.

Operating Income (Loss)/Net Income (Loss)



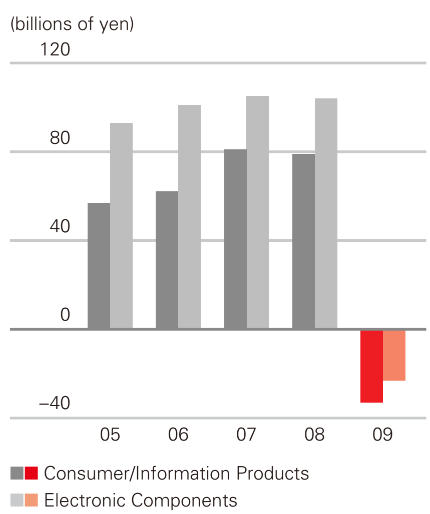
Information by Business Segment

Sales*1



*1 Including intersegment sales

Operating Income (Loss)*2



*2 Before elimination of intersegment trading

In China, sales increased by 0.2% to ¥642,716 million and operating income amounted to ¥9,988 million (operating income of ¥9,835 million in the prior year). Sales of CCD/CMOS imagers fell, while sales of LCD TVs were strong and sales of mobile phones expanded.

In Other, sales were down 17.0% to ¥315,730 million and operating income amounted to ¥5,158 million (operating income of ¥3,683 million in the prior year). Sales of solar cells expanded, however, sales of LCD panels for TVs and microwave ovens decreased.

Capital Investment* and Depreciation

Capital investment for the fiscal year was ¥260,337 million, down 24.4% from the prior year. The majority of this was investment to reinforce production lines at the Kameyama No. 2 Plant and proceed with the construction of a new LCD panel plant planned for Sakai City, Osaka Prefecture aimed at enhancing the competitiveness and improving earnings of large-size LCD panels, as well as to develop new production lines at the Katsuragi Plant and push forward with the construction of a thin-film solar cell plant in Sakai in order to expand its thin-film solar cell business.

The capital investment of Consumer/Information Products was ¥47,238 million and of Electronic Components was ¥213,099 million.

Depreciation and amortization increased by 14.2% to ¥315,799 million.

* The amount of leased properties is included in capital investment.

Assets, Liabilities and Net Assets

Total assets decreased by ¥384,486 million over the prior year to ¥2,688,721 million.

Assets

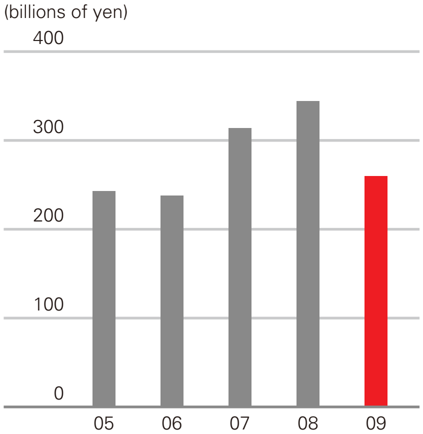
Current assets amounted to ¥1,301,962 million, a decrease of ¥340,660 million from the prior year. This was due mainly to a decrease in notes and accounts receivable of ¥249,852 million to ¥430,064 million and a decrease in inventories of ¥54,367 million to ¥399,985 million. Of inventories, finished products were down ¥18,950 million to ¥179,629 million, work in process was up ¥131 million to ¥148,482 million, and raw materials were down ¥35,548 million to ¥71,874 million.

Plant and equipment decreased by ¥73,713 million to ¥1,032,075 million due to the exclusion from the scope of consolidation of Sharp Finance Corporation.

Investments and other assets stood at ¥354,684 million, up ¥29,887 million. This was due mainly to an increase in deferred tax assets of ¥86,520 million, despite a decrease of ¥65,278 million in investments in securities.

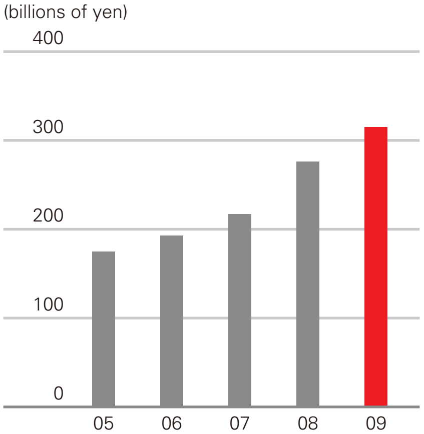
Capital Investment

(billions of yen)



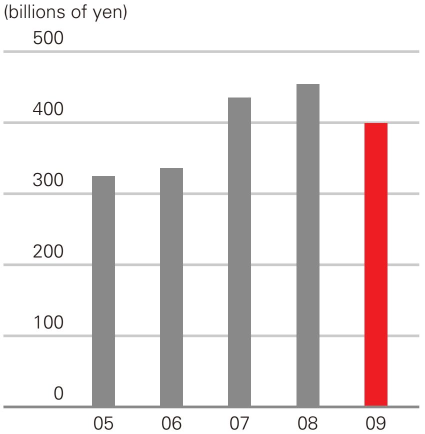
Depreciation and Amortization

(billions of yen)



Inventories

(billions of yen)



Liabilities

Current liabilities decreased by ¥241,402 million over the prior year to ¥1,189,969 million. Short-term borrowings increased by ¥81,445 million to ¥405,773 million. Of this amount, bank loans decreased by ¥58,794 million to ¥61,345 million, commercial paper increased by ¥177,258 million to ¥335,426 million and current portion of long-term debt decreased by ¥37,172 million to ¥8,839 million. Notes and accounts payable were ¥552,485 million, a decrease of ¥273,025 million.

Long-term liabilities increased ¥50,337 million to ¥450,305 million. This was due mainly to an increase of ¥44,548 million in long-term debt.

Interest-bearing debt was ¥829,751 million, up ¥125,840 million.

Net Assets

Retained earnings decreased by ¥151,463 million over the prior year to ¥664,924 million. Foreign currency translation adjustments generated a loss of ¥28,041 million due to variation in the exchange rate. As a result, net assets amounted to ¥1,048,447 million, down ¥193,421 million. The equity ratio was 38.6 %.

Cash Flows

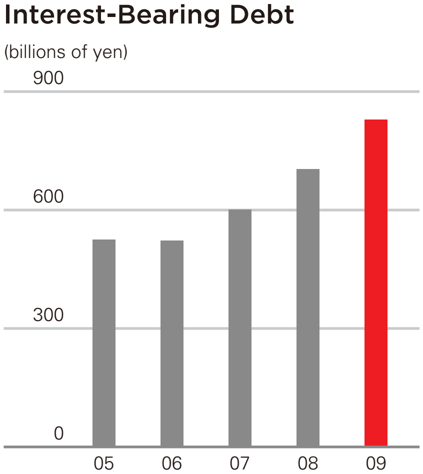
Cash and cash equivalents at the end of the year were ¥317,358 million, a decrease of ¥21,908 million over the prior year as payments in investing activities associated with capital investments exceeded proceeds from operating activities and financing activities.

Net cash provided by operating activities decreased by ¥298,329 million to ¥25,435 million. This was due mainly to an increase in the loss on valuation of investment securities of ¥49,181 million, despite a turnaround from an income before income taxes and minority interests of ¥162,240 million recorded in the prior year to a loss before income taxes and minority interests of ¥204,139 million.

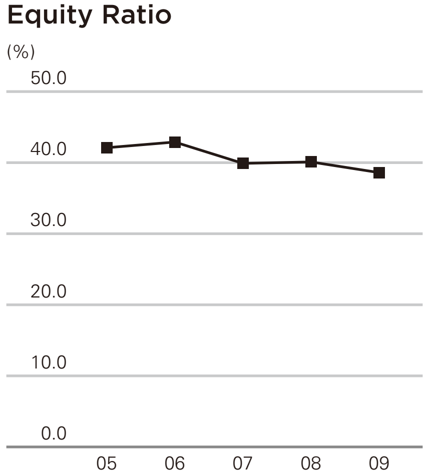
Net cash used in investing activities amounted to ¥222,229 million, a decrease of ¥172,733 million. The primary factor was a decrease of ¥125,126 million in acquisitions of plant and equipment and a decrease of ¥49,490 million in purchase of investments in securities and investments in nonconsolidated subsidiaries and affiliates.

Net cash provided by financing activities totaled ¥186,229 million, up ¥102,135 million. This was due mainly to a decrease of ¥86,963 million in repayments of long-term debt and an increase of ¥35,022 million in increase in short-term borrowings, net.

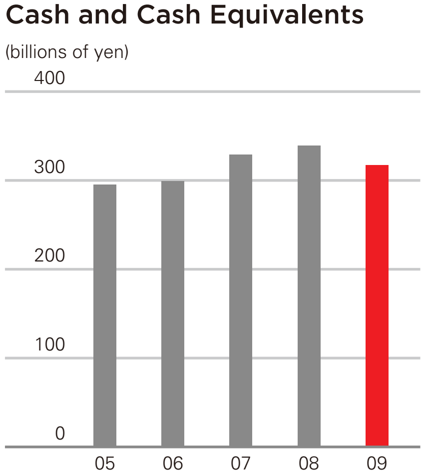
Interest-Bearing Debt



Equity Ratio



Cash and Cash Equivalents



Consolidated Balance Sheets

Sharp Corporation and Consolidated Subsidiaries as of March 31, 2008 and 2009

	Yen (millions)		U.S. Dollars (thousands)
	2008	**2009**	**2009**
ASSETS			
Current Assets:			
Cash and cash equivalents	¥ 339,266	**¥ 317,358**	**$ 3,271,732**
Time deposits	49,519	**19,579**	**201,845**
Short-term investments (Note 2)	2,492	**–**	**–**
Notes and accounts receivable—			
Trade	596,948	**417,483**	**4,303,948**
Installment	78,492	**–**	**–**
Nonconsolidated subsidiaries and affiliates	10,550	**17,756**	**183,052**
Allowance for doubtful receivables	(6,074)	**(5,175)**	**(53,350)**
Inventories (Note 3)	454,352	**399,985**	**4,123,557**
Deferred tax assets (Note 4)	54,453	**60,538**	**624,103**
Other current assets	62,624	**74,438**	**767,402**
Total current assets	1,642,622	**1,301,962**	**13,422,289**
Plant and Equipment, at Cost (Note 6)**:**			
Land	90,420	**97,653**	**1,006,732**
Buildings and structures	658,504	**692,894**	**7,143,237**
Machinery and equipment	2,112,595	**2,006,779**	**20,688,443**
Construction in progress	81,795	**110,390**	**1,138,041**
	2,943,314	**2,907,716**	**29,976,453**
Less accumulated depreciation	(1,837,526)	**(1,875,641)**	**(19,336,505)**
	1,105,788	**1,032,075**	**10,639,948**
Investments and Other Assets:			
Investments in securities (Note 2)	109,884	**44,606**	**459,856**
Investments in nonconsolidated subsidiaries and affiliates	17,740	**28,287**	**291,618**
Bond issue cost	4,117	**3,524**	**36,330**
Deferred tax assets (Note 4)	26,794	**113,314**	**1,168,186**
Other assets	166,262	**164,953**	**1,700,546**
	324,797	**354,684**	**3,656,536**
	¥ 3,073,207	**¥ 2,688,721**	**$ 27,718,773**

The accompanying notes to the consolidated financial statements are an integral part of these statements.

	Yen (millions)		U.S. Dollars (thousands)
	2008	**2009**	**2009**
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Short-term borrowings, including current portion of long-term debt (Note 5)	¥ 324,328	**¥ 405,773**	**$ 4,183,227**
Notes and accounts payable—			
Trade	713,541	**441,939**	**4,556,072**
Construction and other	104,615	**107,126**	**1,104,392**
Nonconsolidated subsidiaries and affiliates	7,354	**3,420**	**35,258**
Accrued expenses	232,194	**188,299**	**1,941,227**
Income taxes (Note 4)	23,154	**5,461**	**56,299**
Other current liabilities (Note 4)	26,185	**37,951**	**391,247**
Total current liabilities	1,431,371	**1,189,969**	**12,267,722**
Long-term Liabilities:			
Long-term debt (Note 5)	379,593	**424,141**	**4,372,587**
Allowance for severance and pension benefits (Note 9)	6,600	**5,719**	**58,959**
Other long-term liabilities (Note 4)	13,775	**20,445**	**210,773**
	399,968	**450,305**	**4,642,319**
Contingent Liabilities (Note 8)			
Net Assets (Note 7)**:**			
Common stock:			
Authorized—2,500,000 thousand shares			
Issued —1,110,699 thousand shares	204,676	**204,676**	**2,110,062**
Capital surplus	268,582	**268,538**	**2,768,433**
Retained earnings	816,387	**664,924**	**6,854,887**
Less cost of treasury stock:			
10,174 thousand shares in 2008 and 10,219 thousand shares in 2009	(13,711)	**(13,740)**	**(141,650)**
Net unrealized holding gains (losses) on securities	1,662	**(1,946)**	**(20,062)**
Deferred gains (losses) on hedges	145	**(9,142)**	**(94,247)**
Foreign currency translation adjustments	(46,155)	**(74,196)**	**(764,907)**
Minority interests	10,282	**9,333**	**96,216**
Total net assets	1,241,868	**1,048,447**	**10,808,732**
	¥3,073,207	**¥2,688,721**	**$27,718,773**

Consolidated Statements of Operations

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31, 2008 and 2009

	Yen (millions)		U.S. Dollars (thousands)
	2008	**2009**	**2009**
Net Sales	¥3,417,736	**¥2,847,227**	**$29,352,856**
Cost of Sales	2,662,707	**2,392,397**	**24,663,887**
Gross profit	755,029	**454,830**	**4,688,969**
Selling, General and Administrative Expenses	571,337	**510,311**	**5,260,938**
Operating income (loss)	183,692	**(55,481)**	**(571,969)**
Other Income (Expenses):			
Interest and dividends income	8,086	**7,009**	**72,258**
Interest expenses	(9,957)	**(9,147)**	**(94,299)**
Foreign exchange gains (losses), net	9,562	**(6,137)**	**(63,268)**
Gain on sales of subsidiaries and affiliates' stocks	–	**18,521**	**190,938**
Loss on sales of investment securities	–	**(1,914)**	**(19,732)**
Loss on valuation of investment securities	(694)	**(49,875)**	**(514,175)**
Loss on valuation of inventories	–	**(7,639)**	**(78,753)**
Restructuring charges (Note 11)	–	**(58,439)**	**(602,464)**
Loss on violation of the antitrust law	–	**(12,004)**	**(123,753)**
Other, net	(28,449)	**(29,033)**	**(299,309)**
	(21,452)	**(148,658)**	**(1,532,557)**
Income (loss) before income taxes and minority interests	162,240	**(204,139)**	**(2,104,526)**
Income Taxes (Note 4)**:**			
Current	49,746	**4,274**	**44,062**
Deferred	9,276	**(83,177)**	**(857,495)**
	59,022	**(78,903)**	**(813,433)**
Income (loss) before minority interests	103,218	**(125,236)**	**(1,291,093)**
Minority Interests in Income of Consolidated Subsidiaries	(1,296)	**(579)**	**(5,969)**
Net income (loss)	¥ 101,922	**¥ (125,815)**	**$ (1,297,062)**

	Yen		U.S. Dollars
	2008	**2009**	**2009**
Per Share of Common Stock (Note 7)**:**			
Net income (loss)	¥93.17	**¥(114.33)**	**$(1.18)**
Diluted net income	86.91	**–**	**–**
Cash dividends	28.00	**21.00**	**0.22**

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31, 2008 and 2009

	(thousands)	Yen (millions)								
	Number of shares	Common stock (Note 7)	Capital surplus (Note 7)	Retained earnings (Note 7)	Treasury stock	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Minority interests	Total
Balance at March 31, 2007	1,110,699	¥204,676	¥262,295	¥ 745,209	¥(26,844)	¥ 24,381	¥ 1	¥(26,591)	¥ 9,078	¥1,192,205
Net income				101,922						101,922
Dividends from surplus				(30,538)						(30,538)
Increase resulting from increase in number of consolidated subsidiaries				192						192
Decrease resulting from increase in number of consolidated subsidiaries				(1,597)						(1,597)
Decrease resulting from increase in number of equity method affiliates				(29)						(29)
Increase due to unfunded retirement benefit obligation of foreign subsidiaries				1,228						1,228
Purchase of treasury stock					(369)					(369)
Disposal of treasury stock			6,287		13,502					19,789
Net changes of items other than owners' equity						(22,719)	144	(19,564)	1,204	(40,935)
Balance at March 31, 2008	**1,110,699**	**204,676**	**268,582**	**816,387**	**(13,711)**	**1,662**	**145**	**(46,155)**	**10,282**	**1,241,868**
Net loss				**(125,815)**						**(125,815)**
Dividends from surplus				**(30,814)**						**(30,814)**
Increase resulting from change in accounting standards of foreign subsidiaries				**5,101**						**5,101**
Increase due to unfunded retirement benefit obligation of foreign subsidiaries				**65**						**65**
Purchase of treasury stock					**(176)**					**(176)**
Disposal of treasury stock			**(44)**		**147**					**103**
Net changes of items other than owners' equity						**(3,608)**	**(9,287)**	**(28,041)**	**(949)**	**(41,885)**
Balance at March 31, 2009	**1,110,699**	**¥204,676**	**¥268,538**	**¥ 664,924**	**¥(13,740)**	**¥ (1,946)**	**¥(9,142)**	**¥(74,196)**	**¥ 9,333**	**¥1,048,447**

	(thousands)	U.S. Dollars (thousands)								
	Number of shares	Common stock (Note 7)	Capital surplus (Note 7)	Retained earnings (Note 7)	Treasury stock	Net unrealized holding gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Minority interests	Total
Balance at March 31, 2008	**1,110,699**	**$2,110,062**	**$2,768,887**	**$ 8,416,361**	**$(141,351)**	**$ 17,134**	**$ 1,495**	**$(475,825)**	**$106,000**	**$12,802,763**
Net loss				**(1,297,062)**						**(1,297,062)**
Dividends from surplus				**(317,670)**						**(317,670)**
Increase resulting from change in accounting standards of foreign subsidiaries				**52,588**						**52,588**
Increase due to unfunded retirement benefit obligation of foreign subsidiaries				**670**						**670**
Purchase of treasury stock					**(1,814)**					**(1,814)**
Disposal of treasury stock			**(454)**		**1,515**					**1,061**
Net changes of items other than owners' equity						**(37,196)**	**(95,742)**	**(289,082)**	**(9,784)**	**(431,804)**
Balance at March 31, 2009	**1,110,699**	**$2,110,062**	**$2,768,433**	**$ 6,854,887**	**$(141,650)**	**$(20,062)**	**$(94,247)**	**$(764,907)**	**$ 96,216**	**$10,808,732**

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Cash Flows

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31, 2008 and 2009

	Yen (millions)		U.S. Dollars (thousands)
	2008	**2009**	**2009**
Cash Flows from Operating Activities:			
Income (loss) before income taxes and minority interests	¥ 162,240	**¥(204,139)**	**$(2,104,526)**
Adjustments to reconcile income (loss) before income taxes and minority interests to net cash provided by operating activities—			
Depreciation and amortization of properties and intangibles	265,640	**305,115**	**3,145,515**
Interest and dividends income	(8,086)	**(7,009)**	**(72,258)**
Interest expenses	9,957	**9,147**	**94,299**
Foreign exchange losses	3,067	**2,217**	**22,856**
Loss on sales and disposal of plant and equipment	8,039	**10,576**	**109,031**
Gain on sales of subsidiaries and affiliate's stocks	–	**(18,521)**	**(190,938)**
Loss on valuation of investment securities	694	**49,875**	**514,175**
Loss on violation of the antitrust law	–	**12,004**	**123,753**
Decrease in notes and accounts receivable	3,931	**102,119**	**1,052,773**
Decrease (increase) in inventories	(24,557)	**27,180**	**280,206**
Decrease in payables	(28,200)	**(175,734)**	**(1,811,691)**
Other, net	(15,803)	**(53,539)**	**(551,948)**
Total	376,922	**59,291**	**611,247**
Interest and dividends received	8,939	**8,735**	**90,052**
Interest paid	(9,849)	**(9,179)**	**(94,629)**
Income taxes paid	(52,248)	**(33,412)**	**(344,454)**
Net cash provided by operating activities	323,764	**25,435**	**262,216**
Cash Flows from Investing Activities:			
Purchase of time deposits	(99,502)	**(74,089)**	**(763,804)**
Proceeds from redemption of time deposits	105,364	**104,027**	**1,072,443**
Proceeds from sales of short-term investments	7,514	**2,500**	**25,773**
Proceeds from sales of investment in subsidiaries and affiliates resulting in change of scope of consolidation	–	**28,278**	**291,526**
Acquisitions of plant and equipment	(362,927)	**(237,801)**	**(2,451,557)**
Proceeds from sales of plant and equipment	871	**893**	**9,206**
Purchase of investments in securities and investments in nonconsolidated subsidiaries and affiliates	(54,994)	**(5,504)**	**(56,742)**
Proceeds from sales of investments in securities and investments in nonconsolidated subsidiaries and affiliates	19,385	**3,843**	**39,619**
Loans made	(510)	**(304,267)**	**(3,136,773)**
Proceeds from collection of loans	347	**306,520**	**3,160,000**
Other, net	(10,510)	**(46,629)**	**(480,711)**
Net cash used in investing activities	(394,962)	**(222,229)**	**(2,291,020)**
Cash Flows from Financing Activities:			
Increase in short-term borrowings, net	128,472	**163,494**	**1,685,505**
Proceeds from long-term debt	89,898	**88,912**	**916,618**
Repayments of long-term debt	(121,994)	**(35,031)**	**(361,144)**
Disposal of treasury stock	19,786	**80**	**825**
Purchase of treasury stock	(369)	**(176)**	**(1,814)**
Dividends paid	(30,530)	**(30,804)**	**(317,567)**
Other, net	(1,169)	**(246)**	**(2,536)**
Net cash provided by financing activities	84,094	**186,229**	**1,919,887**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(4,549)	**(12,001)**	**(123,722)**
Net (Decrease) Increase in Cash and Cash Equivalents	8,347	**(22,566)**	**(232,639)**
Cash and Cash Equivalents at Beginning of Year	329,286	**339,266**	**3,497,588**
Cash and Cash Equivalents of Newly Consolidated Subsidiaries	1,439	**550**	**5,670**
Cash and Cash Equivalents Increased by Merger	194	**108**	**1,113**
Cash and Cash Equivalents at End of Year	¥ 339,266	**¥ 317,358**	**$ 3,271,732**

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Notes to Consolidated Financial Statements

Sharp Corporation and Consolidated Subsidiaries

1. Summary of Significant Accounting and Reporting Policies

(a) Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of Sharp Corporation ("the Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards ("IFRS").

On and before the year ended March 31, 2008, the accounts of the Company's overseas consolidated subsidiaries were based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in their respective countries of domicile. Effective for the year ended March 31, 2009, the financial statements of the Company's overseas consolidated subsidiaries for consolidation purposes have been prepared in conformity with IFRS or generally accepted accounting principles in the United States of America ("US GAAP"), and partially reflect the adjustments which are necessary to conform with Japanese GAAP.

The accompanying consolidated financial statements have been restructured and translated into English (with certain expanded disclosures) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Japanese Financial Instruments and Exchange Law. Certain supplementary information included in the Japanese language statutory consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2009, which was ¥97 to U.S. $1.00. The translations should not be construed as a representation that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

(b) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and significant companies over which the Company has power of control through majority voting right or existence of certain conditions evidencing control by the Company. Investments in nonconsolidated subsidiaries and affiliates over which the Company has the ability to exercise significant influence over operating and financial policies are accounted for using the equity method.

In the elimination of investments in consolidated subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiary.

Material intercompany balances, transactions and profits have been eliminated in consolidation.

(c) Translation of foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at current rates at each balance sheet date, and the resulting translation gains or losses are charged to income.

Assets and liabilities are translated at current rates at each balance sheet date, net assets accounts are translated at historical rates, and revenues and expenses are translated at average rates prevailing during the year. The resulting foreign currency translation adjustments are shown as a separate component in net assets.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits on demand placed with banks and highly liquid investments with insignificant risk of changes in value which have maturities of three months or less when purchased.

(e) Short-term investments and investments in securities

Short-term investments consist of interest-bearing securities.

Investments in securities consist principally of marketable and nonmarketable equity securities and interest-bearing securities.

The Company and its domestic consolidated subsidiaries categorize those securities as "other securities," which, in principle, include all securities other than trading securities and held-to-maturity securities.

Other securities with available fair market values are stated at fair market value, which is calculated as the average of market prices during the last month of the fiscal year. Unrealized holding gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets.

Realized gains and losses on the sale of such securities are principally computed using average cost.

Other securities with no available fair market values are stated at average cost, except for interest-bearing securities. Interest-bearing securities are stated at amortized cost, net of the amount considered uncollectible.

If the fair market value of other securities declines significantly, such securities are stated at fair market value and the difference between the fair market value and the carrying amount is recognized as loss in the period of decline. If the net asset value of other securities (except for interest-bearing securities) with no available fair market values declines significantly, the securities are written down to the net asset value and charged to income. In these cases, the fair market value or the net asset value is carried forward to the next year.

(f) Inventories

On and before March 31, 2008, finished products held by the Company and its domestic consolidated subsidiaries were principally stated at the lower of moving average cost or market, and ones held by overseas consolidated subsidiaries were principally valued at the lower of first-in, first-out cost or market. Work in process and raw materials were principally stated at current production and purchase costs, respectively, but not in excess of the estimated realizable value.

Effective for the year ended March 31, 2009, inventories held by the Company and its domestic consolidated subsidiaries are primarily stated at moving average cost (for balance sheet valuation, in the event that an impairment is determined inventories impairment is computed using net realizable value). For overseas consolidated subsidiaries, inventories are stated at the lower of moving average cost or market.

(g) Depreciation and amortization

Depreciation of plant and equipment except for lease assets is primarily computed using the declining-balance method, except for machinery and equipment in the Mie and Kameyama plants which are depreciated using the straight line method over the estimated useful life of the asset. Buildings acquired by the Company and its domestic consolidated subsidiaries on and after April 1, 1998 are depreciated using the straight-line method. Properties at overseas consolidated subsidiaries are depreciated using the straight-line method.

Maintenance and repairs, including minor renewals and betterments, are charged to income as incurred.

Amortization of intangible assets except for lease assets is computed using the straight-line method.

Depreciation of lease assets under finance leases that do not transfer ownership is computed using the straight-line method, using the lease period as the depreciable life and the residual value as zero. Finance leases of the Company and its domestic consolidated subsidiaries that do not transfer ownership, for which the starting date of the lease transaction is on and before March 31, 2008, lease payments are recognized as expenses.

(h) Accrued bonuses

The Company and its domestic consolidated subsidiaries accrue estimated amounts of employees' bonuses based on the estimated amounts to be paid in the subsequent period.

(i) Income taxes

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

(j) Severance and pension benefits

The Company and its domestic consolidated subsidiaries have primarily a trustee noncontributory defined benefit pension plan for their employees to supplement a governmental welfare pension plan.

Certain overseas consolidated subsidiaries primarily have defined contribution pension plans and lump-sum retirement benefit plans.

The Company and its domestic consolidated subsidiaries provide an allowance for severance and pension benefits based on the estimated amounts of projected benefit obligation and the fair value of plan assets at the balance sheet date. Projected benefit obligation and expenses for severance and pension benefits are determined based on the amounts actuarially calculated using certain assumptions.

The excess of the projected benefit obligation over the total of the fair value of pension assets as of April 1, 2001 and the allowance for severance and pension benefits recorded as of April 1, 2001 (the "net transition obligation") amounted to ¥69,090 million. The net transition obligation is being amortized in equal amounts over 7 years commencing with the year ended March 31, 2002. Prior service costs are amortized using the straight-line method over the average of the estimated remaining service years (16 years) commencing with the current period. Actuarial gains and losses are primarily amortized using the straight-line method over the average of the estimated remaining service years (16 years) commencing with the following period.

(k) Research and development expenses and software costs

Research and development expenses are charged to income as incurred. The research and development expenses are charged to income amounted to ¥196,186 million and ¥195,525 million ($2,015,722 thousand) for the years ended March 31, 2008 and 2009, respectively.

Software costs are recorded principally in other assets. Software used by the Company is amortized using the straight-line method over the estimated useful life of principally 5 years, and software embedded in products is amortized over the forecasted sales quantity.

(l) Derivative financial instruments

The Company and some of its consolidated subsidiaries use derivative financial instruments, including foreign exchange forward contracts and interest rate swap agreements, in order to hedge the risk of fluctuations in foreign currency exchange rates and interest rates associated with assets and liabilities denominated in foreign currencies, investments in securities and debt obligations.

All derivative financial instruments are stated at fair value and recorded on the balance sheets. The deferred method is used for recognizing gains or losses on hedging instruments and the hedged items. When foreign exchange forward contracts meet certain conditions, the hedged items are stated by the forward exchange contract rates.

If certain hedging criteria are met, interest rate swaps are not recognized at their fair values as an alternative method under Japanese accounting standards. The net amounts received or paid for such interest rate swap arrangements are charged or credited to income as incurred.

Derivative financial instruments are used based on internal policies and procedures on risk control.

The risks of fluctuations in foreign currency exchange rates and interest rates have been assumed to be completely hedged over the period of hedging contracts as the major conditions of the hedging instruments and the hedged items are consistent. Accordingly, an evaluation of the effectiveness of the hedging contracts is not required.

The credit risk of such derivatives is assessed as being low because the counter-parties of these transactions have good credit ratings with financial institutions.

(m) Changes in accounting methods

(1) Depreciation Methods Used for Amortization for Tangible Fixed Assets

Effective for the year ended March 31, 2008, pursuant to an amendment to the Corporate Tax Law, the Company and its domestic consolidated subsidiaries have depreciated tangible fixed assets acquired on and after April 1, 2007 in accordance with the method stipulated in the amended Corporate Tax Law. As a result, for the year ended March 31, 2008, operating income and income before income taxes and minority interests decreased by ¥7,234 million, compared to amounts calculated under the previous method. The effect of this change on segmented information is stated in Note 10. Segment Information.

(2) Accounting Method for Reserve for Director and Corporate Auditor Retirement Benefits

Effective for the year ended March 31, 2008, the amended "Auditing Treatment Relating to Reserve Defined under the Special Tax Measurement Law, Reserve Defined under the Special Law and Reserve for Director and Corporate Auditor Retirement Benefits" (The Japanese Institute of Certified Public Accountants ("JICPA") Auditing and Assurance Practice Committee Report No. 42, April 13, 2007) have been adopted. As a result, for the year ended March 31, 2008, operating income and income before income taxes and minority interests decreased by ¥133 million and ¥896 million, respectively, compared to amounts calculated under the previous method. The effect of this change on segmented information is stated in Note 10. Segment Information.

(3) Standard and Method for Measurement of Inventories

Effective for the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have applied the "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan (ASBJ) Statement No. 9, issued by the ASBJ on July 5, 2006). As a result, for the year ended March 31, 2009, operating loss and loss before income taxes and minority interests increase by ¥5,274 million ($54,371 thousand) and ¥12,919 million ($133,186 thousand), respectively, compared to amounts calculated under the previous method.

Also, valuation methods for raw materials and work in process had previously been based on the last invoice method. However, effective for the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have adopted the moving average method in order to properly reflect the impact of fluctuations in raw material prices on financial statements, and to achieve more appropriate periodic accounting of profit and loss. This change has an immaterial impact on the financial statements for the year ended March 31, 2009.

The effect of these changes on segmented information is stated in Note 10. Segment Information.

(4) Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

Effective for the year ended March 31, 2009, the Company has applied the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18, issued by the ASBJ on May 17, 2006) and made revisions required for consolidated accounting. As a result, for the year ended March 31, 2009, operating loss and loss before income taxes and minority interests increase by ¥1,804 million ($18,598 thousand) and ¥1,922 million ($19,814 thousand), respectively, compared to amounts calculated under the previous method. The effect of this change on segmented information is stated in Note 10. Segment Information.

(5) Accounting Standard for Lease Transactions

Previously, lease payments under finance leases that do not transfer ownership of the leased property to the lessee had been recognized as expenses. However, effective for the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have applied the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, revised on March 30, 2007 (originally issued by the 1st committee of the Business Accounting Council on June 17, 1993)) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, revised on March 30, 2007 (originally issued by the Auditing Standards Committee of JICPA on January 18, 1994)) and are accounting for such transactions as capital lease transactions. Finance leases that do not transfer ownership for which the starting date of the lease transaction is on and before March 31, 2008, lease payments are recognized as expenses. This change has an immaterial impact on the financial statements for the year ended March 31, 2009. The effect of this change on segmented information is stated in Note 10. Segment Information.

(n) Additional information

Previously, the Company had depreciated tangible fixed assets acquired on and before March 31, 2007 up to 5% of the acquisition cost, based on the prior Corporate Tax Law. Pursuant to an amendment to the Corporate Tax Law, the Company and its domestic subsidiaries have depreciated the difference between 5% of the acquisition cost and the memorandum price (¥1) using the straight line method over 5 years. The straight line depreciation starts from the following year, when the book value of tangible assets acquired on and before March 31, 2007 reaches 5% of the acquisition cost. As a result, for the year ended March 31, 2008, operating income and income before income taxes and minority interests decreased by ¥7,791 million, compared to amounts calculated under the previous method.

2. Short-term Investments and Investments In Securities

The following is a summary of other securities with available fair market values as of March 31, 2008 and 2009:

	Yen (millions)			
				2009
	Acquisition cost	Unrealized gains	Unrealized losses	Fair market value
Equity securities	**¥40,142**	**¥4,003**	**¥(7,142)**	**¥37,003**
Other	**–**	**–**	**–**	**–**
	¥40,142	**¥4,003**	**¥(7,142)**	**¥37,003**

	U.S. Dollars (thousands)			
				2009
	Acquisition cost	Unrealized gains	Unrealized losses	Fair market value
Equity securities	**$413,835**	**$41,268**	**$(73,629)**	**$381,474**
Other	**–**	**–**	**–**	**–**
	$413,835	**$41,268**	**$(73,629)**	**$381,474**

	Yen (millions)			
				2008
	Acquisition cost	Unrealized gains	Unrealized losses	Fair market value
Equity securities	¥90,652	¥18,504	¥(15,282)	¥93,874
Other	86	–	–	86
	¥90,738	¥18,504	¥(15,282)	¥93,960

Redemptions of other securities with maturities as of March 31, 2008 and 2009 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2008	**2009**	**2009**
Corporate Bonds:			
Due within one year	¥2,492	**¥ –**	**$ –**
Due after one year through five years	–	**–**	**–**
Due after five years through ten years	–	**–**	**–**
Due over ten years	–	**–**	**–**
Other:			
Due within one year	–	**–**	**–**
Due after one year through five years	–	**–**	**–**
Due after five years through ten years	85	**–**	**–**
Due over ten years	–	**–**	**–**

The proceeds from sales of other securities were ¥11,275 million and ¥1,715 million ($17,680 thousand) for the years ended March 31, 2008 and 2009, respectively. The gross realized gains on those sales were ¥3,310 million and ¥224 million ($2,309 thousand), respectively. The gross realized losses on those sales were ¥69 million and ¥1,915 million ($19,742 thousand), respectively.

Other securities with no available fair market values principally consisted of unlisted equity securities whose carrying amounts were ¥13,728 million and ¥7,273 million ($74,979 thousand), as of March 31, 2008 and 2009, respectively.

3. Inventories

Inventories as of March 31, 2008 and 2009 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2008	**2009**	**2009**
Finished products	¥198,579	**¥179,629**	**$1,851,846**
Work in process	148,351	**148,482**	**1,530,742**
Raw materials	107,422	**71,874**	**740,969**
	¥454,352	**¥399,985**	**$4,123,557**

4. Income Taxes

The Company is subject to a number of different income taxes which, in the aggregate, indicate a normal tax rate in Japan of approximately 40.6% for the years ended March 31, 2008 and 2009.

The Company and its wholly owned domestic subsidiaries have adopted the consolidated tax return system of Japan.

The following table summarizes the significant differences between the normal tax rate and the effective tax rate for financial statements purposes for the year ended March 31, 2008:

	2008
Normal tax rate	40.6%
Tax credit and other	(6.0)
Differences in normal tax rates of overseas subsidiaries	(2.9)
Dividends income	1.3
Undistributed earnings of overseas subsidiaries	0.7
Expenses not deductible for tax purposes and other	2.7
Effective tax rate	36.4%

The difference between the normal tax rate and the effective tax rate for financial statements purposes for the year ended March 31, 2009 is omitted because loss before income taxes and minority interests is recorded.

Significant components of deferred tax assets and deferred tax liabilities as of March 31, 2008 and 2009 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2008	**2009**	**2009**
Deferred tax assets:			
Inventories	¥ 24,862	**¥ 24,460**	**$ 252,165**
Allowance for doubtful receivables	2,001	**1,907**	**19,660**
Accrued bonuses	12,534	**9,691**	**99,907**
Warranty reserve	2,655	**2,764**	**28,495**
Software	26,075	**25,644**	**264,371**
Long-term prepaid expenses	15,302	**16,928**	**174,515**
Enterprise taxes	2,071	**–**	**–**
Loss carried forward	–	**86,403**	**890,753**
Other	34,903	**42,919**	**442,464**
Gross deferred tax assets	120,403	**210,716**	**2,172,330**
Valuation allowance	(2,634)	**(3,915)**	**(40,361)**
Total deferred tax assets	117,769	**206,801**	**2,131,969**
Deferred tax liabilities:			
Retained earnings appropriated for tax allowable reserves	(21,132)	**(19,858)**	**(204,721)**
Undistributed earnings of overseas subsidiaries	(5,424)	**(3,838)**	**(39,567)**
Net unrealized holding gains on securities	(1,314)	**–**	**–**
Other	(12,401)	**(11,869)**	**(122,361)**
Total deferred tax liabilities	(40,271)	**(35,565)**	**(366,649)**
Net deferred tax assets	¥ 77,498	**¥171,236**	**$1,765,320**

Net deferred tax assets as of March 31, 2008 and 2009 were included in the consolidated balance sheets as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2008	**2009**	**2009**
Deferred tax assets (Current Assets)	¥54,453	**¥ 60,538**	**$ 624,103**
Deferred tax assets (Investments and Other Assets)	26,794	**113,314**	**1,168,186**
Other current liabilities	(141)	**(1)**	**(10)**
Other long-term liabilities	(3,608)	**(2,615)**	**(26,959)**
Net deferred tax assets	¥77,498	**¥171,236**	**$1,765,320**

5. Short-term Borrowings and Long-term Debt

The weighted average interest rates of short-term borrowings as of March 31, 2008 and 2009 were 1.9% and 0.8%, respectively. The Company and its consolidated subsidiaries have had no difficulty in renewing such loans when loans have come due or management has determined such renewal advisable.

Short-term borrowings including current portion of long-term debt as of March 31, 2008 and 2009 consisted of the following:

	Yen (millions)		U.S. Dollars (thousands)
	2008	**2009**	**2009**
Bank loans	¥120,139	**¥ 61,345**	**$ 632,423**
Bankers' acceptances payable	10	**163**	**1,680**
Commercial paper	158,168	**335,426**	**3,458,000**
Current portion of long-term debt	46,011	**8,839**	**91,124**
	¥324,328	**¥405,773**	**$4,183,227**

Long-term debt as of March 31, 2008 and 2009 consisted of the following:

	Yen (millions)		U.S. Dollars (thousands)
	2008	**2009**	**2009**
0.0%–12.1% unsecured loans principally from banks, due 2008 to 2020	¥120,488	**¥100,178**	**$1,032,763**
0.620% unsecured straight bonds, due 2010	30,000	**30,000**	**309,278**
0.970% unsecured straight bonds, due 2012	20,000	**20,000**	**206,186**
1.165% unsecured straight bonds, due 2012	–	**10,000**	**103,093**
1.423% unsecured straight bonds, due 2014	–	**30,000**	**309,278**
2.068% unsecured straight bonds, due 2019	–	**10,000**	**103,093**
0.000% unsecured convertible bonds with subscription rights to shares, due 2013	203,926	**203,211**	**2,094,959**
0.320%–1.177% unsecured Euroyen notes issued by a consolidated subsidiary, due 2008 to 2013	7,409	**5,818**	**59,979**
0.700% unsecured Pound discount notes issued by a consolidated subsidiary, due 2009	–	**502**	**5,175**
0.48%–1.54% payables under securitized lease receivables, due 2008 to 2014	43,781	**–**	**–**
lease obligations	–	**23,271**	**239,907**
	425,604	**432,980**	**4,463,711**
Less – Current portion included in short-term borrowings	(46,011)	**(8,839)**	**(91,124)**
	¥379,593	**¥424,141**	**$4,372,587**

The following is a summary of the terms for conversion and redemption of the convertible bonds with subscription rights to shares:

	Yen
	Conversion price
0.000% unsecured convertible bonds with subscription rights to shares, due 2013	¥2,531.00

The conversion price is subject to adjustment for certain subsequent events such as the issue of common stock at less than market value and stock splits.

If all convertible bonds with subscription rights to shares were converted as of March 31, 2008 and March 31, 2009, 79,018 thousand shares of common stock would have been issuable, in both years.

As is customary in Japan, substantially all of the bank borrowings are subject to general agreements with each bank which provide, among other things, that security and guarantees for present and future indebtedness will be given upon request of the bank, and that any collateral so furnished will be applicable to all indebtedness to that bank. To date, the Company has not received such requests from its banks. In addition, the agreements provide that the bank has the right to offset cash deposited against any short-term or long-term debt that becomes due, and in case of default and certain other specified events, against all other debts payable to the bank.

The aggregate annual maturities of long-term debt as of March 31, 2009 were as follows:

Years ending March 31	Yen (millions)	U.S. Dollars (thousands)
2011	**¥ 62,412**	**$ 643,423**
2012	**33,761**	**348,051**
2013	**35,946**	**370,577**
2014	**240,310**	**2,477,423**
2015 and thereafter	**51,712**	**533,113**
	¥424,141	**$4,372,587**

6. Leases

Finance leases

Finance leases that do not transfer ownership for which the starting date of the lease transaction on and before March 31, 2008, lease payments are recognized as expenses.

Information relating to finance leases that do not transfer ownership for which the starting date of the lease transaction on and before March 31, 2008, as of, and for the years ended March 31, 2008 and 2009, is as follows:

(a) As lessee

(1) Future minimum lease payments and accumulated impairment loss on leased assets

	Yen (millions)		U.S. Dollars (thousands)
	2008	**2009**	**2009**
Future minimum lease payments:			
Due within one year	¥103,880	**¥18,973**	**$195,598**
Due after one year	216,013	**32,770**	**337,835**
	¥319,893	**¥51,743**	**$533,433**
Accumulated impairment loss on leased assets	¥ –	**¥ 987**	**$ 10,175**

(2) Lease payments and impairment loss

	Yen (millions)		U.S. Dollars (thousands)
	2008	**2009**	**2009**
Lease payments	¥24,230	**¥23,383**	**$241,062**
Impairment loss	–	**987**	**10,175**

(b) As lessor

(1) Acquisition cost, accumulated depreciation and book value of leased properties

	Yen (millions)		U.S. Dollars (thousands)
	2008	**2009**	**2009**
Machinery and equipment:			
Acquisition cost	¥129,799	**¥ –**	**$ –**
Accumulated depreciation	62,834	**–**	**–**
Book value	¥ 66,965	**¥ –**	**$ –**

(2) Future minimum lease receipts

	Yen (millions)		U.S. Dollars (thousands)
	2008	**2009**	**2009**
Due within one year	¥105,871	**¥ –**	**$ –**
Due after one year	217,724	**–**	**–**
	¥323,595	**¥ –**	**$ –**

(3) Lease receipts, depreciation and assumed interest income

	Yen (millions)		U.S. Dollars (thousands)
	2008	**2009**	**2009**
Lease receipts	¥25,928	**¥ –**	**$ –**
Depreciation	23,505	**–**	**–**
Assumed interest income	2,409	**–**	**–**

Operating leases

(a) As lessee

Future minimum lease payments for only non-cancelable contracts as of March 31, 2008 and 2009 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2008	**2009**	**2009**
Due within one year	¥1,625	**¥2,844**	**$29,320**
Due after one year	4,366	**6,536**	**67,381**
	¥5,991	**¥9,380**	**$96,701**

(b) As lessor

Future minimum lease receipts for only non-cancelable contracts as of March 31, 2008 and 2009 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2008	**2009**	**2009**
Due within one year	¥1,725	**¥ 699**	**$ 7,206**
Due after one year	1,428	**1,341**	**13,825**
	¥3,153	**¥2,040**	**$21,031**

7. Net Assets and Per Share Data

Under the Japanese Corporate Law ("the Law"), the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of legal earnings reserve and additional paid-in capital must be set aside as legal earnings reserve or additional paid-in capital. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

As of March 31, 2009, the total amount of legal earnings reserve and additional paid-in capital exceeded 25% of the common stock, therefore, no additional provision is required.

Legal earnings reserve and additional paid-in capital may not be distributed as dividends. By the resolution of shareholders' meeting, legal earnings reserve and additional paid-in capital may be transferred to other retained earnings and capital surplus, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the nonconsolidated financial statements of the Company in accordance with the Law.

Year end cash dividends are approved by the shareholders after the end of each fiscal year, and semiannual interim cash dividends are declared by the Board of Directors after the end of each interim six-month period. Such dividends are payable to shareholders of record at the end of each fiscal year or interim six-month period. In accordance with the Law, final cash dividends and the related appropriations of retained earnings have not been reflected in the financial statements at the end of such fiscal year. However, cash dividends per share shown in the accompanying consolidated statements of operations reflect dividends applicable to the respective period.

On June 23, 2009, the shareholders approved the declaration of year end cash dividends totaling ¥7,703 million ($79,412 thousand) to shareholders of record as of March 31, 2009, covering the year then ended.

8. Contingent Liabilities

As of March 31, 2009, the Company and its consolidated subsidiaries had contingent liabilities as follows:

	Yen (millions)	U.S. Dollars (thousands)
	2009	**2009**
Loans guaranteed	**¥27,351**	**$281,969**
	¥27,351	**$281,969**

The Company and some of its subsidiaries are subject to the investigations conducted by the Directorate-General for Competition of the European Commission etc. with respect to TFT LCD business. In addition, civil lawsuits seeking monetary damages resulting from the alleged anticompetitive behavior have been filed in North America against the Company and some of its subsidiaries. With respect to the investigation conducted by the United States Department of Justice, the Company agreed to pay a fine and so on. The Company also received a cease and desist order and a surcharge payment order from the Japan Fair Trade Commission.

9. Employees' Severance and Pension Benefits

Allowance for severance and pension benefits of the Company and its domestic consolidated subsidiaries as of March 31, 2008 and 2009 consisted of the following:

	Yen (millions)		U.S. Dollars (thousands)
	2008	2009	2009
Projected benefit obligation	¥ 361,343	**¥ 355,538**	**$ 3,665,340**
Less – fair value of plan assets	(328,051)	**(247,412)**	**(2,550,639)**
Less – unrecognized actuarial differences	(88,848)	**(166,278)**	**(1,714,206)**
Less – unrecognized net transition obligation	–	**–**	**–**
Unrecognized prior service costs	36,084	**32,060**	**330,516**
Prepaid pension cost	20,863	**27,571**	**284,237**
Allowance for severance and pension benefits	¥ 1,391	**¥ 1,479**	**$ 15,248**

In addition, allowances for severance and pension benefits of ¥5,209 million as of March 31, 2008 and ¥4,240 million ($43,711 thousand) as of March 31, 2009 were provided by certain overseas consolidated subsidiaries.

Expenses for severance and pension benefits of the Company and its domestic consolidated subsidiaries for the years ended March 31, 2008 and 2009 consisted of the following:

	Yen (millions)		U.S. Dollars (thousands)
	2008	2009	2009
Service costs	¥ 13,153	**¥ 12,841**	**$ 132,382**
Interest costs on projected benefit obligation	9,014	**8,870**	**91,443**
Expected return on plan assets	(17,171)	**(14,439)**	**(148,856)**
Amortization of net transition obligation	2,856	**–**	**–**
Recognized actuarial loss	3,398	**7,598**	**78,330**
Amortization of prior service costs	(3,096)	**(3,011)**	**(31,041)**
Expenses for severance and pension benefits	¥ 8,154	**¥ 11,859**	**$ 122,258**

The discount rate used by the Company and its domestic consolidated subsidiaries was 2.5% for the years ended March 31, 2008 and 2009. The rate of expected return on plan assets used by the Company and its domestic consolidated subsidiaries for the years ended March 31, 2008 and 2009 was 4.5%.

The estimated amount of all retirement benefits to be paid at future retirement dates is allocated to each service year mainly based on points.

10. Segment Information

The Company and its consolidated subsidiaries operate in Consumer/Information Products business and Electronic Components business. The Consumer/Information Products business segment includes audio-visual and communication equipment, health and environmental equipment and information equipment. The Electronic Components business segment includes LCDs, solar cells and other electronic devices.

Information by business segment for the years ended March 31, 2008 and 2009 is as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2008	**2009**	**2009**
Net Sales:			
Consumer/Information Products:			
Customers	¥2,285,341	**¥1,898,967**	**$19,576,980**
Intersegment	6,365	**7,622**	**78,577**
Total	2,291,706	**1,906,589**	**19,655,557**
Electronic Components:			
Customers	1,132,395	**948,260**	**9,775,876**
Intersegment	630,490	**571,902**	**5,895,897**
Total	1,762,885	**1,520,162**	**15,671,773**
Elimination	(636,855)	**(579,524)**	**(5,974,474)**
Consolidated	¥3,417,736	**¥2,847,227**	**$29,352,856**
Operating Income (Loss):			
Consumer/Information Products	¥ 79,218	**¥ (33,769)**	**$ (348,134)**
Electronic Components	104,363	**(23,975)**	**(247,165)**
Elimination	111	**2,263**	**23,330**
Consolidated	¥ 183,692	**¥ (55,481)**	**$ (571,969)**
Total Assets:			
Consumer/Information Products	¥ 950,857	**¥ 869,392**	**$ 8,962,804**
Electronic Components	1,686,595	**1,398,773**	**14,420,340**
Elimination and Corporate Assets	435,755	**420,556**	**4,335,629**
Consolidated	¥3,073,207	**¥2,688,721**	**$27,718,773**
Depreciation and Amortization:			
Consumer/Information Products	¥ 71,298	**¥ 115,798**	**$ 1,193,794**
Electronic Components	206,429	**200,920**	**2,071,340**
Elimination	(1,160)	**(919)**	**(9,474)**
Consolidated	¥ 276,567	**¥ 315,799**	**$ 3,255,660**
Impairment Loss:			
Consumer/Information Products	¥ –	**¥ 3,506**	**$ 36,144**
Electronic Components	–	**5,962**	**61,464**
Elimination	–	**–**	**–**
Consolidated	¥ –	**¥ 9,468**	**$ 97,608**
Capital Expenditures:			
Consumer/Information Products	¥ 128,194	**¥ 106,855**	**$ 1,101,598**
Electronic Components	308,441	**221,386**	**2,282,330**
Elimination	(410)	**(407)**	**(4,196)**
Consolidated	¥ 436,225	**¥ 327,834**	**$ 3,379,732**

Corporate assets as of March 31, 2008 and 2009 were ¥464,645 million and ¥442,849 million ($4,565,454 thousand), respectively, and were mainly comprised of the Company's cash and cash equivalents, investments in securities and deferred tax assets.

Effective for the year ended March 31, 2008, pursuant to an amendment to the Corporate Tax Law, the Company and its domestic consolidated subsidiaries have depreciated tangible fixed assets acquired on and after April 1, 2007 in accordance with the method stipulated in the amended Corporate Tax Law. As a result, for the year ended March 31, 2008, operating income for Consumer/Information Products decreased by ¥3,096 million and operating income for Electronic Components decreased by ¥4,138 million, compared to amounts calculated under the previous method.

Effective for the year ended March 31, 2008, the amended "Auditing Treatment Relating to Reserve Defined under the Special Tax Measurement Law, Reserve Defined under the Special Law and Reserve for Director and Corporate Auditor Retirement Benefits" (The Japanese Institute of

Certified Public Accountants ("JICPA") Auditing and Assurance Practice Committee Report No. 42, April 13, 2007) have been adopted. This change had an immaterial impact on segmented information for the year ended March 31, 2008.

Effective for the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have applied the "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan (ASBJ) Statement No. 9, issued by the ASBJ on July 5, 2006). As a result, for the year ended March 31, 2009, operating loss for Consumer/Information Products increases by ¥1,347 million ($13,887 thousand) and operating loss for Electronic Components increases by ¥3,927 million ($40,484 thousand), compared to amounts calculated under the previous method. Also, valuation methods for raw materials and work in process had previously been based on the last invoice method. However, effective for the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have adopted the moving average method in order to properly reflect the impact of fluctuations in raw material prices on financial statements, and to achieve more appropriate periodic accounting of profit and loss. This change has an immaterial impact on segmented information for the year ended March 31, 2009.

Effective for the year ended March 31, 2009, the Company has applied the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18, issued by the ASBJ on May 17, 2006) and made revisions required for consolidated accounting. As a result, for the year ended March 31, 2009, operating loss for Consumer/Information Products increases by ¥1,765 million ($18,196 thousand) and operating loss for Electronic Components increases by ¥39 million ($402 thousand), compared to amounts calculated under the previous method.

Previously, lease payments under finance leases that do not transfer ownership of the leased property to the lessee had been recognized as expenses. However, effective for the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have applied the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, revised on March 30, 2007 (originally issued by the 1st committee of the Business Accounting Council on June 17, 1993)) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, revised on March 30, 2007 (originally issued by the Auditing Standards Committee of JICPA on January 18, 1994)) and are accounting for such transactions as capital lease transactions. Finance leases that do not transfer ownership for which the starting date of the lease transaction is on and before March 31, 2008, lease payments are recognized as expenses. This change has an immaterial impact on segmented information for the year ended March 31, 2009.

Information by geographic segment for the years ended March 31, 2008 and 2009 is as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2008	**2009**	**2009**
Net Sales:			
Japan:			
Customers	¥ 1,971,125	**¥ 1,637,056**	**$ 16,876,866**
Intersegment	970,510	**784,649**	**8,089,165**
Total	2,941,635	**2,421,705**	**24,966,031**
The Americas:			
Customers	563,501	**439,695**	**4,532,938**
Intersegment	14,411	**6,580**	**67,835**
Total	577,912	**446,275**	**4,600,773**
Europe:			
Customers	548,242	**427,521**	**4,407,433**
Intersegment	4,134	**3,051**	**31,454**
Total	552,376	**430,572**	**4,438,887**
China:			
Customers	191,177	**210,961**	**2,174,856**
Intersegment	450,354	**431,755**	**4,451,082**
Total	641,531	**642,716**	**6,625,938**
Other:			
Customers	143,691	**131,994**	**1,360,763**
Intersegment	236,737	**183,736**	**1,894,186**
Total	380,428	**315,730**	**3,254,949**
Elimination	(1,676,146)	**(1,409,771)**	**(14,533,722)**
Consolidated	¥ 3,417,736	**¥ 2,847,227**	**$ 29,352,856**

	Yen (millions)		U.S. Dollars (thousands)
	2008	**2009**	**2009**
Operating Income (Loss):			
Japan	¥ 144,502	**¥ (74,552)**	**$ (768,577)**
The Americas	7,444	**(1,057)**	**(10,897)**
Europe	11,280	**7,395**	**76,237**
China	9,835	**9,988**	**102,969**
Other	3,683	**5,158**	**53,175**
Elimination	6,948	**(2,413)**	**(24,876)**
Consolidated	¥ 183,692	**¥ (55,481)**	**$ (571,969)**
Total Assets:			
Japan	¥2,161,836	**¥1,871,166**	**$19,290,371**
The Americas	175,767	**142,267**	**1,466,670**
Europe	246,833	**151,735**	**1,564,278**
China	186,909	**163,785**	**1,688,505**
Other	94,978	**78,753**	**811,887**
Elimination and Corporate Assets	206,884	**281,015**	**2,897,062**
Consolidated	¥3,073,207	**¥2,688,721**	**$27,718,773**

Corporate assets as of March 31, 2008 and 2009 were ¥464,645 million and ¥442,849 million ($4,565,454 thousand), respectively, and were mainly comprised of the Company's cash and cash equivalents, investments in securities and deferred tax assets.

Effective for the year ended March 31, 2008, pursuant to an amendment to the Corporate Tax Law, the Company and its domestic consolidated subsidiaries have depreciated tangible fixed assets acquired on and after April 1, 2007 in accordance with the method stipulated in the amended Corporate Tax Law. As a result, for the year ended March 31, 2008, operating income for "Japan" decreased by ¥7,234 million, compared to amounts calculated under the previous method.

Effective for the year ended March 31, 2008, the amended "Auditing Treatment Relating to Reserve Defined under the Special Tax Measurement Law, Reserve Defined under the Special Law and Reserve for Director and Corporate Auditor Retirement Benefits" (The Japanese Institute of Certified Public Accountants ("JICPA") Auditing and Assurance Practice Committee Report No. 42, April 13, 2007) have been adopted. This change had an immaterial impact on segmented information for the year ended March 31, 2008.

Effective for the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have applied the "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan (ASBJ) Statement No. 9, issued by the ASBJ on July 5, 2006). As a result, for the year ended March 31, 2009, operating loss for "Japan" increases by ¥5,274 million ($54,371 thousand), compared to amounts calculated under the previous method. Also, valuation methods for raw materials and work in process had previously been based on the last invoice method. However, effective for the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have adopted the moving average method in order to properly reflect the impact of fluctuations in raw material prices on financial statements, and to achieve more appropriate periodic accounting of profit and loss. This change has an immaterial impact on segmented information for the year ended March 31, 2009.

Effective for the year ended March 31, 2009, the Company has applied the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18, issued by the ASBJ on May 17, 2006) and made revisions required for consolidated accounting. As a result, for the year ended March 31, 2009, operating loss for "The Americas" increases by ¥2,613 million ($26,938 thousand), operating income for "Europe" decreases by ¥135 million ($1,392 thousand), while operating income for "China" and "Other" increase by ¥910 million ($9,381 thousand) and ¥34 million ($351 thousand), respectively, compared to amounts calculated under the previous method.

Previously, lease payments under finance leases that do not transfer ownership of the leased property to the lessee had been recognized as expenses. However, effective for the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have applied the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, revised on March 30, 2007 (originally issued by the 1st committee of the Business Accounting Council on June 17, 1993)) and the "Guidance on Accounting Standard for Lease Transactions"

(ASBJ Guidance No. 16, revised on March 30, 2007 (originally issued by the Auditing Standards Committee of JICPA on January 18, 1994)) and are accounting for such transactions as capital lease transactions. Finance leases that do not transfer ownership for which the starting date of the lease transaction is on and before to March 31, 2008, lease payments are recognized as expenses. This change has an immaterial impact on segmented information for the year ended March 31, 2009.

Overseas sales for the years ended March 31, 2008 and 2009 were as follows:

	Yen (millions)		U.S. Dollars (thousands)
	2008	**2009**	**2009**
Overseas sales:			
The Americas	¥ 625,841	**¥ 488,428**	**$ 5,035,340**
Europe	584,252	**451,090**	**4,650,413**
China	412,470	**407,777**	**4,203,887**
Other	204,426	**197,671**	**2,037,845**
Total	¥1,826,989	**¥1,544,966**	**$15,927,485**

Overseas sales were comprised of overseas consolidated subsidiaries' sales and the Company's and its domestic consolidated subsidiaries' export sales to customers.

11. Restructuring Charges

These restructuring charges are mainly related to the reorganization of LCD plants, including depreciation and maintenance charges of ¥43,051 million ($443,825 thousand) concerning plants that are suspended due to centralization and optimization of LCD production and impairment losses of fixed assets of ¥9,468 million ($97,608 thousand).

(Impairment Loss)

With regards to application of accounting for impairment assets, the Company and its consolidated subsidiaries identifies cash generating units in consideration of business characteristics and business operation. As a result, idle assets are identified as respective cash generating units.

As a part of the reorganization of LCD plants, the Company and its consolidated subsidiaries mainly reduced the book value of LCD production facilities which are expected not to be used to recoverable amount, and recognized the decreased amount of ¥9,468 million ($97,608 thousand) as restructuring charges categorized in Other Income (Expenses) for the year ended March 31, 2009.

Details are as follows: ¥4,926 million ($50,784 thousand), for machinery and equipment; ¥1,262 million ($13,010 thousand), for buildings and structures; ¥3,280 million ($33,814 thousand), for the others.

The recoverable amount of those impaired assets was measured using their net realizable values, and net realizable values of impaired assets that are not expected to be sold are regarded as zero.

12. Significant Subsequent Events

The Company decided, at the Board of Directors Meeting held on May 15, 2009, to have Sharp Display Products Corporation, a wholly owned subsidiary of the Company, succeed to the production and sales business of large-sized LCD panels and LCD modules at the new LCD plant now under construction by the Company in Sakai City, Osaka Prefecture, Japan by way of an absorption-type corporate split ("Absorption-Type Corporate Split") effective July 1, 2009, and entered into the Absorption-Type Corporate Split Agreement with Sharp Display Products Corporation as explained below.

(a) Outline of the Absorption-Type Corporate Split

(1) Method of the Absorption-Type Corporate Split

The Absorption-Type Corporate Split is a simplified absorption-type corporate split ("kani-kyushu-bunkatsu"), in which the Company shall be the split company and Sharp Display Products Corporation shall be successor company.

(2) Substance of the Split-Related Allotment of Shares

Sharp Display Products Corporation shall issue common stock of 2,638,000 shares and allocate and deliver all of the shares to the Company at the time of the Absorption-Type Corporate Split.

(b) Outline of Parties Involved in the Absorption-Type Corporate Split

Corporate Name	Sharp Corporation (Split Company)	Sharp Display Products Corporation (Successor Company)
Head Office	22-22, Nagaike-cho, Abeno-ku, Osaka City, Japan	1, Takumi-cho, Sakai-ku, Sakai City, Osaka Prefecture, Japan
Name and Title of Representative	Mikio Katayama, President & COO	Hiroshi Saji, President
Capital	¥204,675 million ($2,110,052 thousand)	¥100 million ($1,031 thousand)
Net Assets	¥985,550 million ($10,160,309 thousand)	¥100 million ($1,031 thousand)
Total Assets	¥2,381,729 million ($24,553,907 thousand)	¥100 million ($1,031 thousand)
Principal Business	Production and sales of electric communication equipment, electric equipment, electronic application equipment in general and electronic components	Production and sales of LCD

(Note) The outline of Sharp Corporation (split company) is as of March 31, 2009, and the outline of Sharp Display Products Corporation (successor company) is as of April 1, 2009 (date of incorporation).

(c) Outline of Business Division to be Split

(1) Operating Results of Business Division to be Split as of Fiscal Year ended March 2009

There is no record of operating results because this shall start in fiscal year 2009.

(2) Items and Amounts of Assets and Liabilities to be Split

Item	Book Value	Item	Book Value
Assets	¥182.3 billion ($1,879 million)	Liabilities	¥50.4 billion ($520 million)

(Note) The book value of assets and liabilities mentioned above are calculations based on balance sheets and other factors as of March 31, 2009. The amounts of assets and liabilities to be actually split may be different from the figures mentioned above due to increases or decreases occurring prior to the effective date of the Absorption-Type Corporate Split.

(d) Schedule Date of the Absorption-Type Corporate Split

July 1, 2009 (Planned)

Independent Auditors' Report

KPMG

To the Board of Directors of Sharp Corporation:

We have audited the accompanying consolidated balance sheets of Sharp Corporation and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sharp Corporation and subsidiaries as of March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following:
As discussed in Note 1. (m) (3) to the consolidated financial statements, effective for the year ended March 31, 2009, Sharp Corporation and its domestic consolidated subsidiaries have applied the "Accounting Standard for Measurement of Inventories".

As discussed in Note 12 to the consolidated financial statements, Sharp Corporation decided, at the Board of Directors Meeting held on May 15, 2009, to have Sharp Display Products Corporation, a wholly owned subsidiary of Sharp Corporation, succeed to the production and sales business of large-sized LCD panels and LCD modules at the new LCD plant now under construction in Sakai City, Osaka Prefecture, Japan by way of an absorption-type corporate split.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1. (a) to the consolidated financial statements.

KPMG AZSA & Co.

Osaka, Japan
June 23, 2009

Consolidated Subsidiaries

Domestic:

Sharp Electronics Marketing Corporation
Sharp System Products Co., Ltd.
Sharp Manufacturing Systems Corporation
Sharp Engineering Corporation
Sharp Document Systems Corporation
Sharp Amenity Systems Corporation
Sharp Niigata Electronics Corporation
Sharp Trading Corporation
Sharp Business Computer Software Inc.
Sharp Yonago Corporation
SD Future Technology Co., Ltd.

Overseas:
<Countries and Areas>

Sharp Electronics Corporation <New Jersey, U.S.A.>
Sharp Laboratories of America, Inc. <Washington, U.S.A.>
Sharp Electronics Manufacturing Company of America, Inc. <California, U.S.A.>
Sharp Electronics of Canada Ltd. <Ontario, Canada>
Sharp Electronica Mexico S.A. de C.V. <Baja California, Mexico>
Sharp Electronics (Europe) GmbH <Hamburg, Germany>
Sharp Electronics (U.K.) Ltd. <Middlesex, U.K.>
Sharp Laboratories of Europe, Ltd. <Oxford, U.K.>
Sharp International Finance (U.K.) Plc. <Middlesex, U.K.>
Sharp Electronica España S.A. <Barcelona, Spain>
Sharp Electronics (Schweiz) AG <Rüschlikon, Switzerland>
Sharp Electronics (Nordic) AB <Bromma, Sweden>
Bertil Stenbeck Dokumenthantering AB <Bromma, Sweden>
Kontorstjänst i Norrköping AB <Norrköping, Sweden>
Sharp Electronics France S.A. <Paris, France>
Sharp Manufacturing France S.A. <Soultz, France>
Sharp Electronics (Italia) S.p.A. <Milano, Italy>
Sharp Electronics Benelux B.V. <Houten, The Netherlands>
Sharp Manufacturing Poland Sp. zo. o. <Torun, Poland>
Sharp Electronics Russia LLC. <Moscow, Russia>
Sharp Electronics (Taiwan) Co., Ltd. <Kaohsiung, Taiwan>
Sharp Electronic Components (Taiwan) Corporation <Taipei, Taiwan>
Sharp (Phils.) Corporation <Manila, Philippines>
Sharp-Roxy Sales (Singapore) Pte., Ltd. <Singapore>
Sharp Electronics (Singapore) Pte., Ltd. <Singapore>
Sharp Manufacturing Corporation (M) Sdn. Bhd. <Johor, Malaysia>
Sharp Electronics (Malaysia) Sdn. Bhd. <Selangor, Malaysia>
Sharp Microelectronics Technology (Malaysia) Sdn. Bhd. <Selangor, Malaysia>
Sharp Appliances (Thailand) Ltd. <Chachoengsao, Thailand>
Sharp Manufacturing (Thailand) Co., Ltd. <Nakornpathom, Thailand>
Sharp Software Development India Pvt. Ltd. <Bangalore, India>
Shanghai Sharp Electronics Co., Ltd. <Shanghai, China>
Sharp Office Equipments (Changshu) Co., Ltd. <Changshu, China>
Wuxi Sharp Electronic Components Co., Ltd. <Wuxi, China>
Nanjing Sharp Electronics Co., Ltd. <Nanjing, China>
Sharp Electronics (Shanghai) Co., Ltd. <Shanghai, China>
Sharp Technical Components (Wuxi) Co., Ltd. <Wuxi, China>
Sharp Electronics Sales (China) Co., Ltd. <Shanghai, China>
P.T. Sharp Electronics Indonesia <Jakarta, Indonesia>
P.T. Sharp Semiconductor Indonesia <West Java, Indonesia>
Sharp Corporation of Australia Pty. Ltd. <New South Wales, Australia>
Sharp Corporation of New Zealand Ltd. <Auckland, New Zealand>
Sharp Middle East FZE <Dubai, U.A.E.>

Investor Information

(As of March 31, 2009)

Shareholders

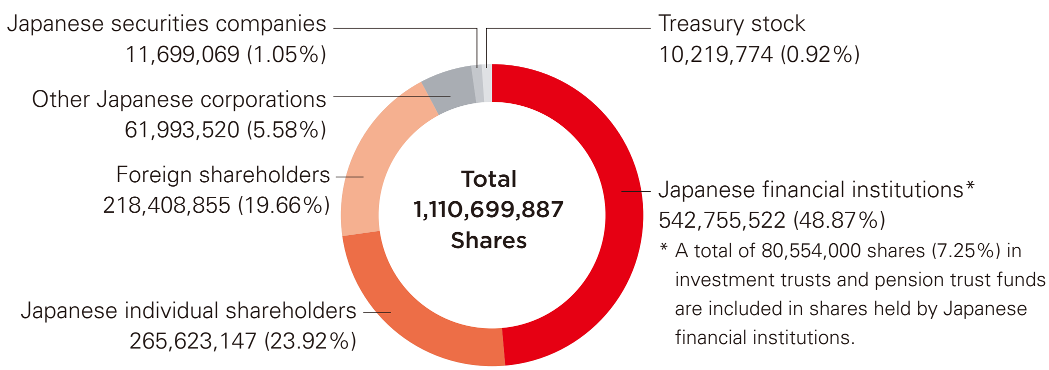
Number of Shareholders 124,130

Principal Shareholders

	Number of shares held	Percentage of total shares (%)
Nippon Life Insurance Company	55,667,384	5.01
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	49,840,000	4.49
Meiji Yasuda Life Insurance Company	47,359,000	4.26
Japan Trustee Services Bank, Ltd. (Trust Account)	42,557,000	3.83
Mizuho Corporate Bank, Ltd.	41,910,469	3.77
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	41,678,116	3.75
The Master Trust Bank of Japan, Ltd. (Trust Account)	32,174,000	2.90
The Dai-ichi Mutual Life Insurance Company	30,704,140	2.76
Mitsui Sumitomo Insurance Company, Limited	30,658,022	2.76
Sompo Japan Insurance Inc.	26,870,000	2.42

Note: Aside from the above, a total of 4,770,000 shares in Mizuho Corporate Bank, Ltd. have been set up as trust assets related to the employee pension trust.

Share Distribution (Proportion of total issued shares)



Stock Exchange Listings

Tokyo, Osaka, Nagoya, Fukuoka, Sapporo

Transfer Agent

Mizuho Trust & Banking Co., Ltd.
Osaka Stock Transfer Agency Department
11-16, Sonezaki 2-chome, Kita-ku, Osaka 530-0057, Japan

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Web Sites:

(English) http://sharp-world.com/corporate/ir/index.html
(Japanese) http://www.sharp.co.jp/corporate/ir/index.html

SHARP

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