

Fiscal Employee Meeting: Friday, October 10, 2008

Doug Koshima Remarks

Final, 10.9.08

Good morning, and thank you for joining us here today. I am very pleased to welcome you to our first Fiscal meeting since I assumed my new position as Chairman of SEC. Today we will discuss the state of Sharp, including our achievements in 08FH, the business plan for the current fiscal, 08LH, and more. But first, please accept my sincere appreciation for your dedication and hard work. It is your passion for your job and for this company which is most essential to Sharp's success.

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There is no question that the previous fiscal has been a challenge. And it's clear that the upcoming fiscal will present even more challenges for Sharp as we contend with rapid changes in the business environment. We don't have the power to control the economy. But we can control our own destinies by doing our jobs the very best we can, and focusing even more strongly on pleasing our customers.

In the face of economic challenges, it is also essential to reinforce Sharp's core vision and philosophy, because it is our Vision that inspires our efforts and provides a clear direction in these difficult times.

Our President and COO, Mr. Mikio Katayama, expressed his Vision for the milestone year of 2012, when Sharp will celebrate its 100th anniversary. This Vision contains two key elements:

The first is to "Achieve a truly ubiquitous society through Sharp's world-leading LCD technology." In this networked

society, LCDs will increase in importance as “windows of information” incorporated into familiar products including computers, copiers, home appliances, mobile phones and, of course, LCD TVs. With our lineup of world-class LCDs of all sizes, we are in an ideal position to meet the needs of people in a networked society.

Secondly, our Vision calls for Sharp to “Contribute to the world through our environment and health-centric business, with a focus on energy-saving and energy-creating products.”

Sharp has already made great strides both in creating products that set new standards for energy efficiency, and in expanding our solar business. Energy-saving LCDs and energy-creating Solar cells are especially effective technologies for coping with the pressing problem of climate change. And as the frontrunner in both LCDs and Solar, Sharp is ideally positioned to become an even more Environmentally Advanced Company.

Guided by our corporate Vision, I believe we can look to the future and boldly turn the challenges of the current business environment into new opportunities to succeed. Opportunities to deliver LCD TVs that make home entertainment a more rewarding experience... advanced business systems that streamline workflow and become the center of productivity... cooking and air treatment appliances that help consumers live healthier lives... and solar solutions that let families and businesses generate their own clean, cost-effective energy.

I am very proud to share our corporate Vision with you and hope that you are also proud to be part of Sharp and Team SEC. Your belief in your company and the work you do here is critically important to the success of Sharp and to your personal success as well. I would like to make sure that every member of Team SEC can genuinely say that, “I love my company” and “this is the company I want to work for.” Feeling this sense of pride is essential if we are to beat the

competition, no matter what the state of the economy. And in order to beat the competition, each of us has to focus on three priorities of our business today:

Customer Satisfaction, Change and Speed.

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The importance of Customer Satisfaction must demand our utmost attention. There is an even stronger need for outstanding customer service when business is uncertain and customers more carefully select the things on which they spend their money. For Sharp, this means not only responding quickly to our customers' immediate needs and honoring our commitments, but also anticipating additional needs and finding new ways to add value, enhance their experience and gain their loyalty. We also must all remember that our customers are not only our distributors, our dealers or

the end users of our products. Our customers are also our teammates who work beside us every day.

If Team SEC is to achieve its full potential, each of us must be prepared to respond quickly to our teammates' requests for information and assistance. Ask yourself, "How can I find better solutions and new ways to add value to my team?"

"How can I help my teammates and accommodate their requests?" And even, "How can I enhance their experience in working for Sharp?" If each of us focuses on teamwork and achieving Customer Satisfaction within the company, we will enjoy the rewards of a job well done, take pride in our work, and make this a company all of us "love to work for."

The second priority that we must focus on is Change.

Maintaining the status quo means certain death for any company. Today, the economic situation demands that we find ways to improve our work in every aspect of our

business, or we will be left behind. Improvement means innovating to make our work better, faster and more productive. It requires trying new ways of doing things. And re-evaluating the effectiveness of all our programs. It also means we will make some mistakes. But don't let the fear of making mistakes keep you from learning and discovering new and better ways to satisfy your customers.

If every team member keeps this customer focus in mind, and is willing to change as we adapt to new challenges, every action in our company can result in our gaining Speed. For Sharp, Speed means the agility to respond quickly to changing products, markets and customer needs, as well as to changes in our workplace. It means achieving customer satisfaction without a minute of unnecessary delay. Most importantly, Speed demands from us the ability to think quickly to arrive at sound conclusions. With smart decision-making we can move forward boldly.

Customer Satisfaction... Change... and Speed. I ask all of you for your support and commitment to these important priorities in the next fiscal period. Be assured that I will do my best to follow this blueprint for achieving Customer Satisfaction by reacting to Change with the greatest possible Speed. If each of us genuinely does our best, together we will ensure that this is a company that each of us loves to work for.

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Now I would like to present Sharp's performance figures for the past fiscal as well as our target figures for the current fiscal period:

- International Business Results for 08FH
 - Total revenue for Americas (which includes SEC) was down 6.2% versus the first half of fiscal 2007

- However, revenue for all overseas business was up 9.5% year over year
- SEC Financial Results for 08FH
 - Revenue for our SEMCA Group was down 14.9% versus last year
 - Revenue from the SIICA group was up 2.5% versus last year
 - Overall, revenues for SEC were 2.5% higher than last year.
- International Business Plan for 08LH (the current fiscal)
 - Revenue for the Americas, of which SEC is a part of is expected to grow by 21.4% over 07L
 - Total overseas revenue is expected to grow by 26.2%.
- SEC Business Plan for 08LH
 - Revenues for SEMCA are expected to grow by 25.8%. This will be driven by sales of AQUOS LCD's. In a few moments, Mike Troetti will discuss

the new line of televisions that will help us achieve this goal.

- Revenues for SIICA are expected to increase 8.2% over last year.
- Revenues for our solar group, SESG, are expected to increase 35.8% over last year. However, due to the passage of the Investment Tax Credit extension, which extends the tax credits for installing solar, SESG could increase even more if we are able to secure enough product.
- Overall, revenues for SEC are expected to grow by 12% over last year. Please do your best to see that these goals are met.

Of course, we do face several very difficult challenges in the coming fiscal and I would be remiss if I did not mention them.

It is now commonly accepted that the United States is in a recession. House prices continue to decline, and credit markets are nearly frozen, meaning businesses can not get

loans essential to running their operations. This will likely result in higher unemployment

The critical holiday selling season is expected to be difficult. Retailers will hire less seasonal workers, and suppliers will receive less orders.

In addition, the competition in the flat panel television market is intense, resulting in rapid price erosion. On the business-to-business side, companies and governments are cutting back on expenses, which affects our sales of business machines.

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I hope you understand that the challenges we face are great. To achieve our goals for 08LH and beyond, we must become re-inspired in our daily work and our corporate culture. I know that, together, we have the talent to create and take advantage of the opportunities that this challenging economy presents.

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I will now turn the podium over to Mike Troetti, who will discuss SEMCA initiatives for business success in 08LH.