

For Shareholders and Investors

# Appropriate Return of Profits and Information Disclosure

One of the most important management principles for Sharp is to return a portion of profits to shareholders. That's why Sharp strives to offer shareholders consistent dividends and to implement such other measures as increasing these dividends according to the company's business results and financial situation. Sharp also considers it important to enhance transparency by providing prompt, accurate and wide-ranging information. Sharp fully revised its investor relations Web site in fiscal 2005 to make it easier to understand.

## Basic Policies Concerning Profit Sharing

Sharp considers distributing profits to shareholders to be one of the most important management issues. While maintaining consistently stable dividend pay-outs, and while carefully considering its business performance and financial situation in a comprehensive manner, Sharp has implemented a set of policies to return profits to its shareholders, such as increasing the amount of periodic dividends. Annual dividends in fiscal 2005 were 22 yen per share, which marked an increase for the sixth consecutive period.

To raise the operational efficiency of shareholder equity and further raise shareholder value, Sharp employs the treasury stock system\*, where we consider buying back outstanding shares when the situation allows and holding the shares as treasury stock. In addition, Sharp uses internal reserve funds for investment in future growth fields, the development of uniquely featured products and proprietary devices, overseas business development, and environmental protection measures.

\* A legal system related to the acquisition and holding of stock in-house. Treasury stock is a company's own stock that it purchases on the market and keeps. If a company acquires its own stock, it can effectively raise the ROE (return on equity) by reducing shareholder equity.

### Net income per share (consolidated)

					(fiscal year)
2001	2002	2003	2004	2005	
10.10	29.37	55.37	70.04	80.85	(yen)

### Dividend per share

					(fiscal year)
2001	2002	2003	2004	2005	
14	15	18	20	22	(yen)

## Staying Financially Healthy and Raising Corporate Value

Sharp makes various efforts to ensure that corporate value can grow further. These include aiming to improve ROE (return on equity) and free cash flow as the main management indicators. Sharp is also focusing on controlling its return on investment in all its business divisions, based on PCC (profit after capital cost), which is calculated by subtracting the cost of invested capital from NOPAT (net operating profit after income taxes).

## Active Investor Relations

Sharp actively communicates with investors through investor relations (IR) activities. In fiscal 2005, Sharp held meetings to announce quarterly financial results, business strategy meetings and factory tours for institutional investors and analysts. Sharp also visited major institutional investors both in Japan and overseas to actively exchange opinions.

To promote direct communication with individual investors, Sharp participated in various seminars for individuals to explain its business results and strategy. Sharp also fully revised its investor relations Web site to enhance the contents and make it easier to understand.

The valuable feedback gathered from investors and analysts at these meetings is regularly relayed to Sharp management for future improvements.



Investor relations Web site (top page)

## General Shareholders' Meeting

Sharp makes efforts to create an environment that enables shareholders to exercise voting rights at the ordinary general meeting of shareholders, such as holding the meetings earlier than the date most Japanese companies hold theirs, adopting the exercise of voting rights over the Internet, and posting an English notice for convening the meeting on its Web site.

Sharp also makes the shareholders' meeting public by posting images and other information on its Web site the day after the meeting for a certain period in order to provide information to shareholders who could not attend the meeting.

## Constituent of SRI Indices (Equity Indices) in Japan and Overseas

As part of information disclosure to stakeholders, Sharp cooperates in good faith with research organizations doing surveys on socially responsible investment (SRI)\*.

In 2005, Sharp was selected as one of the stocks among the KLD Global Climate 100 Index comprising the world's top 100 companies engaging in business activities that contribute to reducing global warming factors (established in the US in July 2005). Sharp was also added to the following SRI indices:

- FTSE4 Good Global Index (UK); September 2005
- Ethibel Sustainability Index (Belgium)
- Morningstar Socially Responsible Investment Index (Japan); September 2005

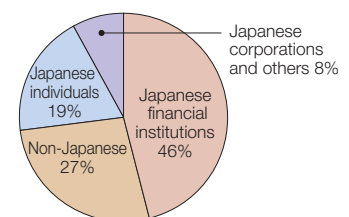
\* SRI: Socially Responsible Investment. Active investment in companies that fulfill social responsibilities not only in financial results, but also from environmental and social aspects.



## Share Distribution

The number of Sharp's shareholders was 103,894 as of March 31, 2006. The distribution of stocks owned by shareholders is as follows.

### Share distribution



Information on Web site

<http://sharp-world.com/corporate/eco/report2006> ■ Investor relations