

Sharp and Fujitsu Announce Agreement on Transfer of Fujitsu's LCD Business

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Sharp Corporation and Fujitsu Limited today announced that they have entered into a basic agreement regarding the transfer of Fujitsu's liquid crystal display (LCD) operations to Sharp. The agreement calls for Fujitsu to transfer to Sharp the LCD research and development, manufacturing and sales operations of its consolidated subsidiary, Fujitsu Display Technologies Corporation (FDTC), along with related R&D equipment at Fujitsu Laboratories Ltd. As a result of the transfer, Sharp is expected to take on FDTC's personnel and Yonago Plant in Tottori Prefecture, as well as Fujitsu Laboratories' personnel involved in FDTC-related R&D, and related intellectual property rights held by the Fujitsu Group. Sharp and Fujitsu are now discussing details of a definitive agreement, which they expect to complete in March.

Starting with the successful introduction of a calculator with the world's first practical LCD unit in 1973, Sharp has for more than 30 years pursued LCD development under the banner of "one-of-a-kind" technology and created numerous pioneering LCD products, such as the AQUOS line of LCD televisions. In January 2004 the company began integrated production of large-screen LCD televisions - from panels through completed television sets - at its Kameyama Plant in Mie Prefecture, and in January of this year it decided to build a second production facility at the Kameyama site to support its aim of strengthening its position as the world leader in LCD televisions and LCDs overall.

In the small and mid-size LCD segment, responding to vigorous demand

for application in mobile phones and game consoles, as well as in automotive and other new fields, Sharp has expanded its production organization centering on its Taki Plant in Mie Prefecture. The planned transfer will further expand Sharp's development and production capabilities in the small and mid-size LCD segment. In addition, by enhancing its ties with Fujitsu as a key supplier of LCD devices, Sharp will further reinforce its LCD business foundation.

Fujitsu, through FDTC, has been producing high-resolution, high-image-quality LCD displays primarily for use in PC monitors. In particular, Fujitsu's original technology for large-screen LCDs requiring superior image quality has become the industry standard, and the company has leveraged that technology leadership in developing its LCD business. However, in light of the situation in the LCD market, Fujitsu has determined that the best way to realize the full potential of this business is by transferring it to the leading company in LCDs, Sharp.

Fujitsu's business centers on providing customers with comprehensive solutions comprising highly reliable, high-performance products and services based on powerful information technologies. The agreement announced today is expected to help enable Fujitsu to further consolidate and effectively allocate its resources in order to strengthen its business.

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