

[Translation]

May 12, 2016

To Whom It May Concern

Company Name: Sharp Corporation
Representative: Kozo Takahashi
(Code No. 6753)

Notice regarding Recording of Sales Rebates and Sales Promotion Expenses at a Chinese Sales Subsidiary and Related Other Expenses

Sharp Corporation (“the Company”) has announced the recording of the following accounting transaction to its consolidated and non-consolidated financial statements for the fourth quarter of the fiscal year ended March 2016.

A sales subsidiary in China (Sharp Electronics Sales (China) Co., Ltd (“SESC”)) has treated 33,085 million yen in sales rebates and sales promotion expenses as net sales deductions and selling, general and administrative expenses. This amount stems from a change in transaction policies moving forward as a result of a significant decline in sales during the fourth quarter. At the same time, the Company has recorded 26,120 million yen of this amount in future estimated payments as a provision for sales promotion expense.

As a result, SESC has a capital deficit. Accordingly, the Company recorded a provision for loss on business of subsidiaries and affiliates in the amount of 41,238 million yen as other expenses on the Company's non-consolidated financial statements. The Company also recorded a loss on valuation of investments in capital of subsidiaries and affiliates in the amount of 14,584 million yen as other expenses on the Company's non-consolidated financial statements related to the investment of capital in another Chinese subsidiary (Sharp (China) Investment Co., Ltd. (“SCIC”)), which invests in SESC.

Sharp Corporation has reflected the earnings impact of these accounting transactions in *Consolidated Financial Results for the Year Ended March 31, 2016 [Japanese Accounting Standards]* published today.

The provision for loss on business of subsidiaries and affiliates and loss on valuation of investments in capital of subsidiaries and affiliates mentioned above have no impact on consolidated earnings since these amounts are eliminated in consolidation.

Note: Consolidated financial amounts above are rounded to the nearest million yen. Non-consolidated financial amounts are rounded down to the nearest million yen