

May 12, 2016

[Translation]

Company Name: Sharp Corporation
Representative: Kozo Takahashi
President & Chief Executive Officer
(Code No. 6753)

Notice regarding decreases in the amounts of capital and capital reserve and the buyback of all Class B Shares

Sharp Corporation (the “Company”) hereby announces that it resolved, at a Board of Directors meeting held today, on: (i) the decreases in the amounts of capital and capital reserve (the “Decreases in Capital, etc.”) and the transfer of the decreased amount to other capital surplus, and (ii) the buyback of all Class B Shares issued by the Company, in exchange for cash consideration.

I. Decreases in Capital, etc.

1. Purpose of the Decreases in Capital, etc.

As announced in “(Update of and Partial Amendment to the Previous Disclosure) Notice regarding the issuance of new shares through third-party allotments, and change of parent company, the largest shareholder who is a major shareholder, and major shareholders,” dated March 30, 2016, after the issuance of new shares (common shares and Class C Shares) through third-party allotments, in which the allottees are Hon Hai Precision Industry Co., Ltd., Foxconn (Far East) Limited, a wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd., Foxconn Technology Pte. Ltd., and SIO International Holdings Limited (the “Capital Increase Through Third-Party Allotment”), comes into effect, the Company’s capital and capital reserve will each increase by 194,405,829,068 yen (144,405,830,668 yen with respect to common shares and 49,999,998,400 yen with respect to Class C Shares). However, as indicated in “II. Buyback of Class B Shares” below, for the purpose of buying back Class B Shares and reducing the burden of the class shares’ preferred dividends and the buyback premium to be paid by the Company when the Company exercises the call option, and of adequately securing the mobility and flexibility of the capital policy, the Company has decided to conduct the Decreases in Capital, etc. and transfer the decreased amount to other capital surplus, which constitutes the distributable amount.

The Decreases in Capital, etc. are planned to come into effect on October 5, 2016. However, based on the provisions of Article 447, paragraphs 1 and 3 and Article 448, paragraphs 1 and 3 of the Companies Act, the Decreases in Capital, etc. will be conducted at the same time as the Capital Increase Through Third-Party Allotment comes into effect. Therefore, if the effective date of the Capital Increase Through Third-Party Allotment is on or before October 4, 2016, the Company will adopt a resolution at a Board of Directors meeting that the date when the Decreases in Capital, etc. come into effect will be the same as the effective date of the Capital Increase Through Third-Party Allotment.

2. Outline of the Decreases in Capital, etc.

(1) Amount of capital to be decreased

189,905,829,068 yen

(2) Amount of capital reserve to be decreased

193,280,829,068 yen

(3) Method of the Decreases in Capital, etc.

After the Decreases in Capital, etc. are conducted as above based on the provisions of Article 447, paragraphs 1 and 3 and Article 448, paragraphs 1 and 3 of the Companies Act, the total amount of each will be transferred to other capital surplus.

3. Schedule of the Decreases in Capital, etc.

May 12, 2016 (Thu.)	Resolution at a Board of Directors meeting regarding the Decreases in Capital, etc.
May 27, 2016 (Fri.)	Public notice regarding statements of objection by creditors (planned)
June 27, 2016 (Mon.)	Final due date for statements of objection by creditors (planned)
October 5, 2016 (Wed.)	Effective date of the Decreases in Capital, etc. (planned).

However, if the effective date of the Capital Increase Through Third-Party Allotment is on or before October 4, 2016 (Tue.), the Company will adopt a resolution at a Board of Directors meeting that the date when the Decreases in Capital, etc. come into effect will be the same as the effective date of the Capital Increase Through Third-Party Allotment.

4. Outlook

The Decreases in Capital, etc. are a process to transfer the capital and capital reserve to the accounts of other capital surplus in the net assets section of the Company's balance sheet, and will not generate a change in the Company's net assets value or affect the Company's performance.

II. Buyback of Class B Shares

1. Reason for the buyback

As announced in "Notice Regarding the Intention to Buy Back the Class B Shares and Incentive Program for Officers and Employees," dated April 29, 2016, for the purpose of reducing the burden of the class shares' preferred dividends and the buyback premium to be paid by the Company when the Company exercises the call option, based on Article 6-3, paragraph 6, of the Company's articles of incorporation, the Company will buy back all Class B Shares held by Japan Industrial Solutions Fund I.

For the funds for the buyback, the Company plans to use its internal resources.

2. Details of the buyback

(1) Type of shares to be bought back	Class B Shares
(2) Counterparty of the buyback (shareholder)	Japan Industrial Solutions Fund I
(3) Total number of shares to be bought back	25,000 shares
(4) Date of notice to shareholders	May 12, 2016
(5) Buyback date	(i) August 8, 2016, or (2) the effective date of the Capital Increase Through Third-Party Allotment, whichever comes later.
(6) Consideration of the buyback of the shares	The amount obtained by multiplying the total amount of 112% of the amount equal to the amount to be paid in per Class B Share (1,000,000

yen), and the amount equal to accumulated unpaid dividends and daily prorated unpaid preferred dividend amount for the Class B Shares specified in the Company's articles of incorporation, by the total number of Class B Shares to be bought back.

(Reference) The buyback consideration will be 29,954,602,500 yen (1,198,184.1 yen per share) if the shares are bought back on August 8, 2016.

- (7) Distributable amount To obtain the distributable amount necessary for the buyback, it is necessary that (i) the Capital Increase Through Third-Party Allotment comes into effect, and (ii) the Decreases in Capital, etc., indicated in "I. Decreases in Capital, etc." above, come into effect.

3. Outlook

As indicated in "1. Reason for the buyback" above, the burden of Class B Shares' preferred dividends and the buyback premium to be paid by the Company when the Company exercises the call option will be reduced.

<Summary of the Class B Shares>

- Preferred dividend amounts
Class B preferred dividend amounts will be the amount calculated by multiplying the equivalent amount to the amount to be paid in by 7.0%, if the record date for dividends belongs to a business year ending on or before the last day of March 2018, and 8.0%, if the record date for dividends belongs to a business year starting on or after April 1, 2018.
- Premium at the time of the redemption by the exercise of the call option by the Company:
From July 1, 2016 to June 30, 2017: 1.12
From July 1, 2017 to June 30, 2018: 1.19
From July 1, 2018 to June 30, 2019: 1.26
From July 1, 2019 to June 30, 2020: 1.33
On or after July 1, 2020: 1.40

End