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Medium-term Management Plan for Fiscal 2013 through 2015 to Achieve the Recovery and Growth of Sharp Corporation

Since early 2000, Sharp Corporation has expanded its business with growth drivers, including LCD TVs and mobile handsets in Japan, while making a large investment in the LCD related business, aiming for further business growth.

On the other hand, as the market expands, products including digital consumer appliances have commoditized quickly, creating a difficult position for Sharp, in the face of the growing presence of overseas competitor companies that have a high cost competitive edge. With the global economic slowdown after Lehman's fall and the delay in taking action to change market demand after the termination of Eco-Point Program in Japan, Sharp's net sales have decreased following a peak in fiscal 2007.

As a result, burdened by the depreciation of the large-sum investment in LCD related business, Sharp has recorded a total net loss of 900 billion yen in fiscal 2011 and fiscal 2012.

To overcome this situation, Sharp has set a corporate strategy to achieve "recovery and growth," and a medium-term management plan for fiscal 2013 through fiscal 2015 was established at the board of directors' meeting held today.

The overview of the medium-term management plan is as follows:

For further details, please refer to the attached presentation material "medium-term management plan for fiscal 2013 through fiscal 2015".

I. Objective of the medium-term Management Plan

Sharp has been actively investing in LCD related business that depends on market demand and requires a considerable amount of investment to be successful. This has resulted in weakening its financial foundation by making plant operations a priority to recover the investment, resulting in excess inventory and a diminished financial position. In addition, the development of products that

lacked a consumer point-of-view made less attractive products, and the governance and monitoring of the management performance was insufficient.

Facing these challenges, Sharp has achieved a surplus in net sales for the second half of 2012 with a 270.2 billion increase, compared to the first half of fiscal 2012 supported by strong sales of electronic components, including LCDs and solar cells, and achieving a positive operating income through the reduction of fixed costs. With this positive result in operating income as a stepping stone, Sharp plans to become “a new Sharp” by making steady progress in restructuring the business portfolio starting in fiscal 2013, stabilizing profit growth and generating cash flow.

II. Basic Strategy and Targeted Goals of the Medium-term Management Plan

1. Basic strategy of medium-term management plan

Sharp aims to achieve “recovery and growth (return to bond market)” by positioning fiscal 2013 as the restructuring stage and fiscal 2014 through fiscal 2015 as the re-growth stage in this medium-term management plan. To achieve these targeted goals, Sharp has set three basic strategies below, to transform corporate structure, which will follow through with the execution of plans and result in the best effort for the business recovery to become “a new Sharp.”

(1) Shift management resources to “advantageous market and fields”

(2) Exit closed innovation and aggressively utilize alliances

(3) Enforce executions by innovating governance systems

2. Targeted goals of medium-term management plan

With a head start on the medium-term management plan, including a surplus in the operating income in the second half of fiscal 2012, Sharp is aiming to regain the surplus of the net income for fiscal 2013, the first year of the medium-term management plan, by pushing corporate restructuring to include the review of business portfolio and the elimination of unprofitable businesses. Fiscal 2014 through fiscal 2015 is positioned as the recovery stage to direct sustainable growth, while Sharp aims to accomplish the consolidated-base numerical goals, stated below:

	Fiscal 2012 (result)	Fiscal 2013 (estimate)	Fiscal 2015 (target)
Net Sales (consolidated)	2,478.5 billion yen	2,700 billion yen	3,000 billion yen
Operating Income	-146.2 billion yen	80 billion yen	150 billion yen
Net Income	-545.3 billion yen	5 billion yen	80 billion yen

III. Five Main Plans to Achieve Recovery and Growth

1. Restructuring of the current business portfolio

2. Improving the profitability of LCD business

3. Expanding overseas businesses focusing on the ASEAN market

4. Reducing fixed costs by introducing all-Sharp cost restructuring innovations

5. Improving financial positions

IV. Organization / Governance Innovation

On April 1, 2013, Sharp introduced a business group scheme to its corporate structure. Each

business group will engage in thorough management, including planning, development, sales, marketing, and service. This will enable each business group to achieve the management fit for each business scheme as well as allow for the speedy and efficient business management from a consumer viewpoint. At the same time, the “corporate management group” and “structural reform group” were established to strengthen corporate governance within the headquarters and management structure, to accomplish a medium-term management plan.

In addition, Sharp has requested that main banks have personnel with extensive knowledge and experience join Sharp’s management. Sharp will continue to strive for business recovery with the cooperation of main banks. Sharp has decided to revamp its management composition effective from June 25, 2013.

V. Preconditions for Recovery and Growth

1. Financial Policy – Redemption of convertible bonds and straight bonds

With the steady progress of this medium-term management plan, Sharp aims to manage the redemption of the bonds by itself, considering every possible manner of financing. With the informal consent of main banks, Mizuho Corporate Bank, Ltd. and the Bank of Tokyo-Mitsubishi UFJ, Ltd., the extension of the current syndicated loan of 360 billion yen (Note 1) due in June 2013, is under discussion with other participating banks. The two main banks provided informal consent to an additional borrowing facility of 150 billion yen (Note 2) and are currently engaging in discussions, prior to the signing of the agreement.

With this support, Sharp will strive to establish the best corporate scheme for the redemption of bonds, in addition to progress with this medium-term management plan to strengthen its financial position.

	(Note 1) current syndicated loan	(Note 2) additional loan
Amount	360 billion yen	150 billion yen
Type of loan	Term loan: 180 billion yen Uncommitted line of credit: 180 billion yen	Uncommitted line of credit
Purpose of loan	working capital	redemption of (convertible) bonds
Arranger and agent	Mizuho Corporate Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd.	same as on the left

2. Clean up of the Balance Sheet (Net Assets section)

As of the fiscal year that ended on March 31, 2013, Sharp has recorded a 525 billion yen loss in retained earnings carried forward in the balance sheet. Sharp has decided to reduce capital in order to clean up the “Net Assets section” with losses carried forward to epitomize the start of our new chapter.

Since these actions are accounting transfers within the “Net Assets section” in the balance sheet, this account reclassification will not have no impact on the total amount of net assets, the total number of issued shares and the shares owned by each stakeholder, etc.

(End of Document)

<Forward-Looking Statements>

This presentation material contains certain statements describing the future plans, strategies and performance of Sharp Corporation and its consolidated subsidiaries (hereinafter "Sharp"). These statements are not based on historical or present fact, but rather assumptions and estimates based on information currently available. These future plans, strategies and performances are subject to known and unknown risks, uncertainties and other factors. Sharp's actual performance, business activities and financial position may differ materially from the assumptions and estimates provided on account of the risks, uncertainties and other factors. Sharp is under no obligation to update these forward-looking statements in light of new information, future events or any other factors. The risks, uncertainties and other factors that could affect actual results include, but are not limited to:

- (1) The economic situation in which Sharp operates
- (2) Sudden, rapid fluctuations in demand for Sharp's products and services, as well as intense price competition
- (3) Changes in exchange rates (particularly between the yen and the U.S. dollar, the euro and other currencies)
- (4) Regulations such as trade restrictions in other countries
- (5) The progress of collaborations and alliances with other companies
- (6) Litigation and other legal proceedings against Sharp
- (7) Rapid technological changes in products and services, etc.