

June 7, 2013

Company Name Sharp Corporation  
Representative Director & President  
Takashi Okuda  
(Code No. 6753 )

**Notice Regarding the Determination of the Terms and Conditions of Issue and the Issue of New Shares for the Second Third Party Allotment Capital Increase with Qualcomm as the Allottee**

Sharp Corporation (the "Company") would like to inform you that, as regards the issue of new shares (in two rounds) by third party allotment with Qualcomm as the allottee pursuant to the joint development agreement dated December 4, 2012 between the Company and Pixtronix, Inc. ("Pixtronix"), a wholly-owned subsidiary of Qualcomm Incorporated ("Qualcomm") (the "Joint Development Agreement") concerning the business alliance for the joint development of next generation MEMS (Micro Electro Mechanical System) display and the capital alliance agreement dated December 4, 2012 (the "Capital Alliance Agreement") between the Company and Qualcomm (collectively, the "Joint Development/ Capital Alliance Agreements"), the conditions for the second of the two rounds (the "Second Third Party Allotment Capital Increase") have been fulfilled, and the Company has passed a resolution at its board of directors meeting held on June 7, 2013 (the "Board Meeting") to fix the subscription payment date on June 24, 2013 and determine the issue price, the number of shares to be issued and other terms and conditions of the Second Third Party Allotment Capital Increase. The Company has already stated in its press release dated March 22, 2013 that, for the Second Third Party Allotment Capital Increase (which is the second of the two rounds of issuing new shares by third party allotment with Qualcomm as the allottee), the expected subscription payment date will be June 28, 2013, and this press release is a follow up to inform you that the terms and conditions of issue have been determined.

For details regarding the first of the two rounds of issuing new shares by third party allotment with Qualcomm as the allottee pursuant to the Joint Development/ Capital Alliance Agreements for which the subscription payment date was December 27, 2012 (the "First Third Party Allotment Capital Increase"), the subscription payment was fully made and the new shares were issued on the same day, as stated in the Company's press release dated December 27, 2012.

**1. Outline of the offering**

As previously explained in the Company's press release dated December 4, 2012 (the "12/4 Press Release"), the Company entered into the Joint Development Agreement with Pixtronix to conduct a joint development of the technology to achieve a commercialization of a next generation MEMS display (the "Next-Generation MEMS Display") with the aim of future commercialization by integrating the MEMS display technology owned by Pixtronix (wholly-owned subsidiary of Qualcomm) with the Company's IGZO-TFT technology, and also entered into the Capital Alliance Agreement with Qualcomm to ensure the implementation of the Joint Development Agreement.

The Joint Development/ Capital Alliance Agreements provide that the joint development of, and the commercialization process for, the Next-Generation MEMS Display will be conducted in two stages. That is, it was expected that, in the first stage, the Company

would conduct the research/development work and capital investments for the development of the Next-Generation MEMS Display and, if the development work related to the commercialization technology of the Next-Generation MEMS Display in the first stage clears certain conditions (meaning the confirmation by both parties of the establishment of the product specifications for display module, the preparation of a plan for the establishment of a pilot line, and the completion of other conditions involving the procurement/establishment of resources and systems/structures necessary for such development work, as well as the Company having achieved (i) an operating profit for the second half of the Company's fiscal year 2012 (the year ending March 31, 2013), (ii) at least JPY 100 billion in net assets on March 31, 2013 and (iii) a minimum JPY 125 billion in cash/deposits as of March 31, 2013 (or, if subscription payment is made prior to March 31, 2013, there are prospects for the achievement of such numbers), collectively, the "Major Conditions Precedent to Additional Investment"), the Company would file an amendment to the securities registration statement (the "Registration Statement Amendment"), and, on condition that the Registration Statement Amendment becomes effective by the subscription payment date (the "Conditions Precedent to Additional Investment"), a third party allotment capital increase would be conducted for the purpose of raising funds to move on to the second stage.

For the purpose of raising the additional funds necessary to move on to the second stage of the joint development project, it had been initially resolved at the board of directors meeting of the Company on December 4, 2012 to conduct a third party allotment capital increase with March 29, 2013 as the subscription payment date (the "Former Second Third Party Allotment Capital Increase") and the Company had also filed the securities registration statement as required for the Former Second Third Party Allotment Capital Increase. Thereafter, on March 22, 2013, considering that, while both parties had been working on the joint development process, their discussions aimed at confirming the fulfillment of the relevant conditions had not yet been completed by then, both parties had concluded that there was not enough time to make a careful decision based on accurate and highly-reliable information and condition in respect of the confirmation of the fulfillment of the Major Conditions Precedent to Additional Investment and thus it had been decided that the Former Second Third Party Allotment Capital Increase should be cancelled, and the relevant securities registration statement was cancelled accordingly on March 22, 2013.

The Joint Development/ Capital Alliance Agreements provide that, if it becomes difficult to fulfill the Major Conditions Precedent to Additional Investment by March 29, 2013, the timing of the commencement of the second stage of the joint development project will be extended by three months to June 30, 2013 and, therefore, the parties held discussions pursuant to such provision, after which it was resolved at the board of directors meeting of the Company on March 22, 2013 to conduct the Second Third Party Allotment Capital Increase, in lieu of the Former Second Third Party Allotment Capital Increase, as a means of raising the funds necessary for the second stage of the joint development project contemplated in the Joint Development/ Capital Alliance Agreements, with June 28, 2013 as the expected subscription payment date, and filed the securities registration statement.

Furthermore, as regards the Second Third Party Allotment Capital Increase, the expected subscription payment date was June 28, 2013, but it was agreed that if the Major Conditions Precedent to Additional Investment were to be fulfilled before that, the Registration Statement Amendment will be immediately filed and the Second Third Party Allotment Capital Increase will be conducted with the subscription payment date set on a date earlier than June 28, 2013 pursuant to the Joint Development/ Capital Alliance Agreements.

It was now confirmed by both parties (the Company and Qualcomm) that all of the Major Conditions Precedent to Additional Investment have been fulfilled. Accordingly, the

board of directors passed a resolution to conduct the Second Third Party Allotment Capital Increase (with June 24, 2013 as the expected subscription payment date) so as to enter the second stage of the joint development and commercialization of the Next-General MEMS Display and determined the terms and conditions of the Second Third Party Allotment Capital Increase at the Board Meeting.

Second Third Party Allotment Capital Increase:

(1) Subscription payment date	June 24, 2013 (Monday)
(2) Number of new shares to be issued	11,868,000 shares
(3) Issue price	502 yen per share
(4) Amount of funds to be raised	5,957,736,000 yen
(5) Method of offering or allotment/ Expected allottee	Third party allotment  11,868,000 shares shall be allotted to Qualcomm Incorporated
(6) Other	* It is conditional upon the securities registration statement for the Second Third Party Allotment Capital Increase and the amendment to the securities registration statement (as required under the Financial Instruments and Exchange Law) becoming effective.

Note 1. With respect to the subscription payment date, considering that the parties' discussions regarding the fulfillment of the Major Conditions Precedent to Additional Investment had not been completed yet and it was not clear to the parties then when the Major Conditions Precedent to Additional Investment would be fulfilled, after taking into account the outcome of the discussion between the parties, the board of directors meeting of the Company on March 22, 2013 decided that the tentative subscription payment date would be June 28, 2013, which is the last business day of the grace period for moving on to the second stage of the joint development project as set forth in the Joint Development/ Capital Alliance Agreements (June 29, 2013 and June 30, 2013 are non-business days for financial institutions in Japan and are therefore excluded, since financial institutions do not accept subscription payments on non-business days). Notwithstanding such tentative subscription payment date, if the fulfillment of the Major Conditions Precedent to Additional Investment is confirmed prior to such tentative subscription payment date, the Registration Statement Amendment will be filed immediately, and the Second Third Party Allotment Capital Increase will be conducted promptly after the Registration Statement Amendment becomes effective, pursuant to the Joint Development/ Capital Alliance Agreements. Thereafter, as the parties now confirmed that the Conditions Precedent to Major Additional Investment have been fulfilled, the Board Meeting determined, in addition to other terms and conditions such as issue price and the number of shares to be issued, that the subscription payment date shall be June 24, 2013. The Second Third Party Allotment Capital Increase will be conducted only if the Registration Statement Amendment has become effective and other Conditions Precedent to Additional Investment remain fulfilled as of the subscription payment date, June 24, 2013.

Note 2. As regards the shares to be issued in the Second Third Party Allotment Capital Increase, no voting right shall be granted for the ordinary general meeting of shareholders of the Company to be held in June 25, 2013.

An outline of the First Third Party Allotment Capital Increase, for which the subscription payment was completed on December 27, 2012, is set out in Section 10. (4) (Status regarding equity finance in the past three years) for your reference.

## 2. Purpose and background of the offering

We expect that, as the mobile equipment market (including smart phones, tablets, etc.) continues to expand, a higher level of visibility and lower power consumption will be required for the displays to be used for such equipment. Accordingly, as previously announced in the 12/4 Press Release, the Company has entered into the Joint Development/ Capital Alliance Agreements for the joint development of the Next-Generation MEMS Display for mobile equipment that achieves an improved level of high-definition images and low power consumption, by using both the Company's IGZO-TFT technology and Pixtronix's MEMS display technology.

The Company believes that this project will enable an efficient achievement of the development and commercialization of the MEMS display (which would likely be the first in the world), which has both the features of MEMS display (good color reproduction) and the features of IGZO-TFT (high-speed response and low power consumption), so as to ensure a higher level of quality even in the current business environment where there are harsh competitions in terms of technology development and pricing, by which the Company would be able to achieve stable revenue, resulting in increasing the corporate value of the Company.

As stated above, we believe that Pixtronix's MEMS display technology is an essential technology for the joint development of the Next-Generation MEMS Display for mobile equipment, which led to our conclusion that both the Company and Pixtronix would greatly benefit from entering into the Joint Development Agreement and having Pixtronix become an alliance partner of the Company. Furthermore, for the purpose of facilitating the joint development with Pixtronix, the Company decided to conduct the two-stage third party allotment capital increases with Qualcomm, a wholly-owning parent company of Pixtronix, as the allottee.

## 3. Amount, purpose of use, and expected timing of use of the funds to be raised

### (1) Amount of the funds to be raised

(1) Total subscription payment amount	5,957,736,000 yen
(2) Estimated amount of issue-related costs	105,000,000 yen
(3) Estimated net amount	5,852,736,000 yen

Note1. The estimated amount of issue-related costs does not include consumption tax, etc.

Note2. The issue-related costs consist of registration costs (approximately 21 million yen), attorney and other advisor fees (approximately 55 million yen), securities exchange listing related costs (approximately 9 million yen) and other costs (approximately 20 million yen).

### (2) Purpose of use of the funds to be raised

The above-mentioned estimated net amount is expected to be used for the purposes which are described in detail below. The relevant funds will be held in a bank account, etc. until the time of use/appropriation.

Detailed purpose of use	Amount	Timing of use
Costs and expenses for the commercialization of the Next-Generation MEMS Display	1,200 million yen	June 2013 to December 2014

Equipment investment for the commercialization of the Next-Generation MEMS Display	4,653 million yen	June 2013 to December 2014
--	-------------------	----------------------------

Note1. As it has become clear that there are prospects for the achievement of commercialization in the initial stage of the development of the Next-Generation MEMS Display and, accordingly, the Company will establish production lines and other production facilities necessary for the commercialization of the Next-Generation MEMS Display, and the above-mentioned net amount is expected to be used for the necessary costs related thereto.

The Company has been implementing reform measures in a continuous manner especially for the purpose of strengthening and stabilizing the Company's earning power for the LCD business as a part of the business structure reform. As a part of such reform measures, the Company plans to strengthen its technology and the competitive power of its products in the relevant field of business, as well as make capital investments, etc. in a continuous manner to improve the efficiency of its manufacturing/production operations.

As a part of such efforts, the Company is planning to make investments, etc. relating to the adoption of new technology for the streamlining of its manufacturing facilities aimed at enabling the Company to handle by itself the process of manufacturing LCD products for mobile equipment and for the achievement of high-resolution pixel density for LCDs. The Company passed a resolution for each of the capital increase by third party allotment with Hon Hai Precision Industry Co., Ltd. as the allottee which was publicly announced on March 27, 2012 (the "2012/3/27 Resolved Third Party Allotment Capital Increase") and the capital increase by third party allotment with Samsung Electronics Japan Co., Ltd. ("Samsung Electronics") as the allottee which was publicly announced on March 6, 2013 (the "2013/3/6 Resolved Third Party Allotment Capital Increase"), for the purpose of raising the funds necessary to implement such plan. With respect to the 2012/3/27 Resolved Third Party Allotment Capital Increase, which was proposed for the same purpose, no payment was made on or by the subscription payment date, which was March 26, 2013, and accordingly the 2012/3/27 Resolved Third Party Allotment Capital Increase did not take place. The 2013/3/6 Resolved Third Party Allotment Capital Increase, however, was implemented with the subscription payment thereof being made on March 28, 2013.

On the other hand, the First Third Party Allotment Capital Increase and the Second Third Party Allotment Capital Increase were intended to raise the funds necessary for the development and commercialization of the Next-Generation MEMS Display as set out below, and so the purpose thereof is completely different from that for the 2012/3/27 Resolved Third Party Allotment Capital Increase and the 2013/3/6 Resolved Third Party Allotment Capital Increase.

As stated above, the Second Third Party Allotment Capital Increase will contribute to the Company's capital policy, but was not positioned as a new investment policy to replace that for the 2012/3/27 Resolved Third Party Allotment Capital Increase or the 2013/3/6 Resolved Third Party Allotment Capital Increase.

#### **4. Views regarding the reasonableness of the purpose of use of the funds to be raised**

As the mobile equipment market (including smart phones, tablets, etc.) continue to expand, a higher level of visibility and lower power consumption will be required for the displays

to be used for such equipment. The development of a new generation high added value display which has both the features of MEMS display (good color reproduction) and the features of IGZO-TFT (high-speed response and low power consumption) is essential for the Company to continue its growth, and it is anticipated that such development would contribute to an increase in corporate value and shareholder value in respect of the Sharp group on a medium to long term basis. Accordingly, we believe that there is reasonableness in using the funds to be raised for the appropriation to the research and development and equipment and investment costs arising in relation thereto.

## **5. Reasonableness of the terms and conditions of issue**

### **(1) Basis for the calculation of the subscription payment amount and the details thereof**

It was resolved at the board of directors meeting held on March 22, 2013 that the subscription payment amount for the Second Third Party Allotment Capital Increase will be determined based on the simple average (with any fraction of less than one whole yen shall be rounded up) of the closing price of the Company's shares traded on the Tokyo Stock Exchange for 20 trading days up to 2 business days before the Major Conditions Precedent to Additional Investment Fulfillment Date and, therefore, it was determined at the Board Meeting that the subscription payment amount for the Second Third Party Allotment Capital Increase will be 502 yen, which is the simple average (with any fraction of less than one whole yen shall be rounded up) of the closing price of the Company's shares traded on the Tokyo Stock Exchange for 20 trading days up to 2 business days before June 7, 2013, which is the Major Conditions Precedent to Additional Investment Fulfillment Date.

The reason for using the simple average of the closing price for 20 trading days up to 2 business days before the Major Conditions Precedent to Additional Investment Fulfillment Date as the basis of calculation is that the Company believed it would not be appropriate to determine the subscription payment amount for the Second Third Party Allotment Capital Increase at the time of such resolution given that the Second Third Party Allotment Capital Increase will take place after certain period has passed and that it would be better to refer to the average stock price level in respect of a relatively short period of time immediately preceding the relevant issue date. In addition, this past year, in certain periods, the Company's stock price had declined to a level which is significantly lower than the stock price before that due to the poor business results and the downward adjustments made to the full fiscal year plan and the stock price was still fluctuating greatly and, therefore, the Company decided that it would be more appropriate to refer to the average of the closing price for a relatively short period immediately preceding the relevant price determination date, instead of referring to the stock price of a particular single day.

The subscription payment amount of 502 yen was calculated with the following adjustments:

- a 25.19% premium on the closing price (401 yen) of the Company's shares on June 6, 2013, which is the business day immediately preceding the date of the Board Meeting at which a resolution was passed to determine the issue price and other terms and conditions for the Second Third Party Allotment Capital Increase;
- a 3.51% premium on the average closing price (485 yen, rounded off to the nearest whole yen) of the Company's shares during a period of 1 month up to such immediately preceding business day;

- a 33.87% premium on the average closing price (375 yen, rounded off to the nearest whole yen) of the Company's shares during a period of 3 months up to such immediately preceding business day; and
- a 46.78% premium on the average closing price (342 yen, rounded off to the nearest whole yen) of the Company's shares during a period of 6 months up to such immediately preceding business day.

The subscription payment amount was also determined in accordance with the JSDA's "Guidelines Concerning the Handling of Capital Increase by Third Party Allotment".

The Company has concluded that the subscription payment amount is reasonable and that it does not constitute an "advantageous placement", and all of the four statutory auditors of the Company (including three who are outside statutory auditors) who were present at the board of directors meeting for the Third Party Allotment Capital Increase have expressed their opinion to the effect that the subscription payment amount is based on the market price that objectively indicates the value of the common shares of the Company and is also in compliance with the above-mentioned JSDA guidelines and does not constitute a subscription payment amount that is particularly favorable to the allottee (Qualcomm).

- (2) Grounds on which it was concluded that the number of shares to be issued and the scale of dilution of shares are reasonable

The total number of common shares of the Company to be allotted to the allottee in the Second Third Party Allotment Capital Increase (11,868,000 shares) makes up for 1.07% of 1,110,699,887 shares (1,176,623,887 shares, which is the total number of issued common shares of the Company as of June 6, 2013, *less* 30,120,000 shares, which is the number of shares allotted to Qualcomm in the First Third Party Allotment Capital Increase, *less* 35,804,000 shares, which is the number of shares allotted to Samsung Electronics in the in the 2013/3/6 Resolved Third Party Allotment Capital Increase) (1.08% based on the total number of voting rights (1,094,934 - please refer to the Note below)). Furthermore, the sum of the total number of common shares of the Company to be allotted to the allottee in the Second Third Party Allotment Capital Increase and the total number of common shares which have been allotted to the allottee in the First Third Party Allotment Capital Increase (30,120,000 shares), both of which are covered by the Joint Development/Capital Alliance Agreements, is 41,988,000 shares, which makes up for 3.78% of 1,110,699,887 shares (1,176,623,887 shares, which is the total number of issued common shares of the Company as of June 6, 2013, *less* 30,120,000 shares, which is the number of shares issued in the First Third Party Allotment Capital Increase, *less* 35,804,000 shares, which is the number of common shares of the Company which were issued to Samsung Electronics in the 2013/3/6 Resolved Third Party Allotment Capital Increase) (3.83% based on the total number of voting rights (1,094,934 - please refer to the Note below)).

However, as stated in Section 2 (Purpose and background of the offering) and Section 3(2) (Purpose of use of the funds to be raised), the funds to be raised by the Second Third Party Allotment Capital Increase will be used for the investments to be made in relation to the joint development of the Next-Generation MEMS Display for mobile equipment which is essential for the Company to maintain its advantageous position and growth, so as to enable the Company to improve its revenue and strengthen its competing power in a medium to long term basis, which would contribute to the increase in corporate value and shareholder value in respect of the Sharp group on a medium to long term basis and, for this reason, we concluded that

the number of shares to be issued and the scale of dilution of shares for the Second Third Party Allotment Capital Increase are reasonable.

Please note that 77,792,000 shares (which is the sum of the 11,868,000 common shares of the Company to be allotted to the allottee in the Second Third Party Allotment Capital Increase, the 30,120,000 common shares of the Company which were allotted to Qualcomm in the First Third Party Allotment Capital Increase and the 35,804,000 common shares of the Company which were allotted to Samsung Electronics Japan in the 2013/3/6 Resolved Third Party Allotment Capital Increase) is equivalent to 7.00% of 1,110,699,887 shares (which is the total number of issued common shares of the Company as of June 6, 2013 (1,176,623,887 shares) *less* the 30,120,000 common shares of the Company which were issued in the First Third Party Allotment Capital Increase *less* 35,804,000 shares, which is the number of common shares of the Company which were issued to Samsung Electronics in the 2013/3/6 Resolved Third Party Allotment Capital Increase) (7.10% based on the total number of voting rights (1,094,934 – Please refer to the Note below).

Note The total number of voting rights is equivalent to the total number of issued shares (1,176,623,887 shares) *less* the number of shares less than one whole unit according to the shareholder register as of March 31, 2013 (5,291,887 shares), the number of treasury shares other than the shares less than one whole unit (10,399,000 shares) and the number of mutually-held shares (75,000 shares) less the number of common shares of the Company which were issued in the First Third Party Allotment Capital Increase (30,120,000 shares) *less* 35,804,000 shares, which is the number of common shares of the Company which were issued to Samsung Electronics in the 2013/3/6 Resolved Third Party Allotment Capital Increase.

## 6. Reason of selection of the allottee

### (1) Outline of an Allottee

(1) Name	Qualcomm Incorporated
(2) Location	5775 Morehouse Drive, San Diego, CA 92121, U.S.A.
(3) Name/title of representative	Chairman of the Board and Chief Executive Officer Paul E. Jacobs
(4) Business	Development and sale of base-band chip sets for various mobile communication systems or terminals using CDMA technology and licensing to CDMA technology.
(5) Amount of capital	US\$172,600 (as of March 31, 2013). (Capital reserve of US\$12,991 million)
(6) Date of incorporation	July 1, 1985.
(7) Total number of issued shares	1,727,835,431 shares (as of April 22, 2013)

(8)	Fiscal year	Fiscal year ends on the last Sunday in September of each year.		
(9)	Number of employees	Approximately 26,600 employees (as of September 30, 2012).		
(10)	Main bank	Bank of America Corporation		
(11)	Major customers and suppliers	Samsung Electronics Co., Ltd. Hon Hai Precision Industry Co., Ltd.		
(12)	Major shareholders and shareholding ratio, as of Dec. 31, 2012 (13F filing)	BlackRock Advisors, LLC: 6.12% The Vanguard Group, Inc.: 4.35% State Street Global Advisors (SSgA): 4.00% Fidelity Management & Research Company: 3.41% T. Rowe Price Associates, Inc.: 2.77%		
(13)	Relationship between the parties			
	Capital ties	The relevant company (Qualcomm) owns 30,120,000 common shares of the Company (shareholding of 2.56% as against the total number of issued shares as of March 31, 2013 (1,176,623,887 shares)). There are no capital ties between any affiliated person or affiliated company of the Company and any affiliated person or affiliated company of the relevant company (Qualcomm).		
	Personnel ties	There are no personnel ties between the Company and the relevant company (Qualcomm) which should be noted herein. There are also no personnel ties between any affiliated person or affiliated company of the Company and any affiliated person or affiliated company of the relevant company (Qualcomm).		
	Business ties	The Company has business ties with the allottee (Qualcomm) in relation to the sale and purchase of chip sets and licensing of Qualcomm's for mobile phones (smart phones).		
	Whether or not a "related person"	The relevant company (Qualcomm) does not correspond to a "related person" of the Company. Furthermore, none of the affiliated persons or affiliated companies of the relevant company (Qualcomm) corresponds to a "related person" of the Company.		
(14)	Business results and financial condition for the past three years			
	Fiscal year	Ended Sep 26, 2010	Ended Sep 25, 2011	Ended Sep 30, 2012
	Net assets (on a consolidated basis)	USD20,858 mil (JPY1,737,889 mil)	USD26,972 mil (JPY2,068,752 mil)	USD33,545 million (JPY2,602,253 mil)

Total assets (on a consolidated basis)	USD30,572 mil (JPY2,547,259 mil)	USD36,422 mil (JPY2,793,567 mil)	USD43,012 million (JPY3,336,656 mil)
Net assets (on a consolidated basis) per share (basic)	USD12.70 (JPY1,058)	USD16.27 (JPY1,248)	USD19.73 (JPY1,531)
Revenues (on a consolidated basis)	USD10,982 mil (JPY915,020 mil)	USD14,957 mil (JPY1,147,202 mil)	USD19,121 mil (JPY1,483,312 mil)
Operating income (on a consolidated basis)	USD3,727 mil (JPY310,534 mil)	USD5,026 mil (JPY385,494 mil)	USD5,682 mil (JPY440,781 mil)
Net income attributable to Qualcomm (on a consolidated basis)	USD3,247 mil (JPY270,540 mil)	USD4,260 mil (JPY326,742 mil)	USD6,109 mil (JPY473,906 mil)
Basic earnings (on a consolidated basis) per share	USD1.98 (JPY165)	USD2.57 (JPY197)	USD3.59 (JPY278)
Dividend per share announced	USD0.72 (JPY60)	USD0.81 (JPY62)	USD0.93 (JPY72)

Note1. The JPY amounts in the above chart were calculated based on an exchange rate of USD1 = JPY83.32 (i.e. closing price on the Tokyo foreign exchange market on September 30, 2010) for the fiscal year ended September 30, 2010, USD1 = JPY76.70 (i.e. closing price on the Tokyo foreign exchange market on September 30, 2011) for the fiscal year ended September 30, 2011, and USD1 = JPY77.575 (i.e. closing price on the Tokyo foreign exchange market on September 28, 2012) for the fiscal year ended September 30, 2012.

Note2. Qualcomm, the expected allottee, has its shares listed on US NASDAQ. In the United States, there is The Racketeer Influenced and Corrupt Organizations Act regulating any anti-social activities and Qualcomm is required to comply with these Acts under the listing rules of US NASDAQ. In addition, we have obtained from Qualcomm a statement to the effect that, to their knowledge, none of Qualcomm's directors/officers or major shareholders has any ties with any organized crime group. Based on such statement, the Company concluded that the allottee has no ties with any organized crime group, and submitted to the TSE and the OSE a letter of confirmation to that effect.

Note3. As previously announced in the 12/4 Press Release, the Company has entered into the Joint Development Agreement for the joint development of the Next-Generation MEMS Display with Qualcomm's wholly-owned subsidiary Pixtronix.

(2) Reason for selecting the expected allottee

Please refer to Section 2 (Purpose and background of the offering).

(3) Expected allottee's shareholding policy

The Company has entered into the Capital Alliance Agreement with Qualcomm, the expected allottee, and the parties have confirmed in such agreements that the shareholding policy as regards the common shares of the Company to be allotted to Qualcomm by the Second Third Party Allotment Capital Increase shall be to hold such shares on a continuous basis as a stable shareholder and business partner of the Company.

In addition, Qualcomm, the expected allottee, has agreed in the Joint Development/ Capital Alliance Agreements that, for a period of one year from the date of the implementation of the First Third Party Allotment Capital Increase and the date of the implementation of the Second Third Party Allotment Capital Increase, respectively, Qualcomm shall not transfer to any third party all or any of the common shares of the Company which are allotted to Qualcomm by the relevant Third Party Allotment Capital Increase unless otherwise approved by the Company or there is any material breach by the Company under the Joint Development/ Capital Alliance Agreements.

Qualcomm, the expected allottee, has also agreed in the Joint Development/ Capital Alliance Agreements that, if it wishes to transfer to any third party its shares in the Company from the first anniversary to the second anniversary of the First Third Party Allotment Capital Increase or the Second Third Party Allotment Capital Increase, as appropriate, it shall, for any sale on the market, be subject to certain restrictions regarding the trading volume, and shall, for any sale off the market, give a 30 days prior notice to the Company and hold discussions with the Company for a certain period of time to determine the transferee that meets certain conditions and the terms and conditions of the sale, and if the Company designates a transferee, sell the shares to such designated transferee.

The Company also plans to obtain from Qualcomm, the expected allottee, a written promise to the effect that, in the event Qualcomm transfers all or any of the common shares of the Company it holds within a period of two years from the subscription payment date of the Second Third Party Allotment Capital Increase, then Qualcomm shall notify the Company of such transfer as well as file a report with the TSE and the OSE on the matters so notified to the Company and consent to the contents of such notice and report being made available to the public. Please note that such written promise has already been obtained for the First Third Party Allotment Capital Increase.

(4) Matters confirmed in relation to the existence of the assets necessary for the subscription payment by the expected allottee

The Company has reviewed the financial statements disclosed by Qualcomm, the expected allottee, including Qualcomm's most recent financial statements for the second quarter of the fiscal year ending September 29, 2013. According to Qualcomm's consolidated financial statements dated March 31, 2013, the total assets are USD47,599 million and the net assets are USD37,628 million, including cash and cash equivalents of USD4,093 million.

We therefore concluded that, as it can be confirmed from the above that Qualcomm has enough financial power, Qualcomm would have no problem in making the subscription payments for the Second Third Party Allotment Capital Increase.

**7. Major shareholders and their respective shareholding ratio after the offering**

Before offering (as of March 31, 2013)		After offering	
Nippon Life Insurance Company	4.73%	Nippon Life Insurance Company	4.68%
Meiji Yasuda Life Insurance Company	3.89%	Meiji Yasuda Life Insurance Company	3.85%
Mizuho Corporate Bank, Ltd.	3.56%	Qualcomm Incorporated	3.53%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3.54%	Mizuho Corporate Bank, Ltd.	3.53%
Samsung Electronics Japan Co., Ltd.	3.04%	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3.51%
Mitsui Sumitomo Insurance Co., Ltd.	2.61%	Samsung Electronics Japan Co., Ltd.	3.01%
Qualcomm Incorporated	2.56%	Mitsui Sumitomo Insurance Co., Ltd.	2.58%
Sharp employee stock ownership plan	2.19%	Sharp employee stock ownership plan	2.17%
Japan Trustee Services Bank, Ltd. (Trust Account)	1.94%	Japan Trustee Services Bank, Ltd. (Trust Account)	1.92%
Sompo Japan Insurance Inc.	1.83%	Sompo Japan Insurance Inc.	1.81%

Note 1. The "after offering" shareholding ratio is based on the shareholder register as of March 31, 2013, but reflects the changes to be made as a result of the Second Third Party Allotment Capital Increase.

## 8. Future outlook

The anticipated effect of the Second Third Party Allotment Capital Increase on the Company's business results are reflected in the business forecasts (on a consolidated basis) for the fiscal year ending March 31, 2014, which was publicly announced on May 14, 2013. The Company will promptly make any disclosure that becomes necessary in relation to the Second Third Party Allotment Capital Increase.

## 9. Matters regarding procedures required under the code of corporate conduct

The Second Third Party Allotment Capital Increase (1) will result in a dilution of less than 25% and (2) will not cause a change of the controlling shareholder and, accordingly, it does not require the procedure of obtaining the opinion of an independent third party and the procedure of confirming the intentions of the shareholders, which are set forth in Article 432 of the TSE's "Securities Listing Rules" and Article 2 of the OSE's "Rules Concerning Code of Corporate Conduct".

## 10. Status of business results and equity finance in the past three years

(1) Business results (on a consolidated basis) of the past three years

Fiscal year	Ended March 31, 2011	Ended March 31, 2012	Ended March 31, 2013
Sales	JPY3,021,973 mil	JPY2,455,850 mil	JPY2,478,586 mil
Operating profit/loss	JPY78,896 mil	- JPY37,552 mil	- JPY146,266 mil
Ordinary profit/loss	JPY59,124 mil	- JPY65,437 mil	- JPY206,488 mil

Current net profit/loss	JPY19,401 mil	- JPY376,076 mil	- JPY545,347 mil
Current net profit/loss per share	JPY17.63	- JPY341.78	- JPY489.83
Dividend per share	JPY17.00	JPY10.00	JPY0.00
Net assets per share	JPY932.46	JPY568.83	JPY106.90

- (2) Current status regarding number of issued shares and number of potential shares (as of June 6, 2013)

	Number of shares	Percentage of the total number of issued common shares as against the total number of issued shares
Number of issued shares	1,176,623,887 shares	100.00%
Number of potential shares at the current conversion price (exercise price)	79,272,662 shares	6.7%
Number of potential shares at the minimum conversion price (exercise price)	-	-
Number of potential shares at the maximum conversion price (exercise price)	-	-

- (3) Status regarding recent market price

- (i) Status regarding the past 3 years

Fiscal year	Ended March 31, 2011	Ended March 31, 2012	Ended March 31, 2013
Opening price	1,172 yen	824 yen	606 yen
High price	1,260 yen	842 yen	607 yen
Low price	626 yen	467 yen	142 yen
Closing price	825 yen	604 yen	272 yen

Note The above stock prices are those of the First Division of the TSE.

- (ii) Status regarding the past 6 months

	Jan	Feb	Mar	April	May	June
Opening price	310 yen	326 yen	295 yen	271 yen	325 yen	452 yen
High price	352 yen	357 yen	356 yen	403 yen	633 yen	462 yen
Low price	281 yen	286 yen	260 yen	234 yen	318 yen	395 yen
Closing price	311 yen	294 yen	272 yen	338 yen	476 yen	401 yen

Note 1. The above stock prices are those of the First Division of the TSE.

Note 2. The stock prices for June are the stock prices as of June 6, 2013.

- (iii) Market price as of the trading day immediately preceding the date of resolution for the issue of new shares

	As of June 6, 2013
Opening price	405 yen
High price	423 yen
Low price	395 yen
Closing price	401 yen

(4) Status regarding equity finance in the past three years

The subscription payment has been completed for the First Third Party Allotment Capital Increase (subscription payment date: December 27, 2012) and the 2013/3/6 Resolved Third Party Allotment Capital Increase (subscription payment date: March 28, 2013).

The general terms and conditions of offering for each third party allotment capital increase at the time of its public announcement are as follows:

<First Third Party Allotment Capital Increase>

Subscription payment date:	December 27, 2012
Amount of funds to be raised:	4,711,680,000 yen (Estimated net amount after deduction)
Issue price:	164 yen per share
Total number of issued shares at the time of the offering:	1,110,699,887 shares
Number of shares to be issued by the offering:	30,120,000 shares
Total number of issued shares after the offering:	1,140,819,887 shares
Expected allottees:	Qualcomm Incorporated 30,120,000 shares
Initial purpose of use of the funds as intended at the time of issue:	Development costs and development-related capital investments for the Next-Generation MEMS Display
Timing of use of funds as intended at the time of issue:	December 2012 to March 2013
Current status regarding appropriation:	Funds are being appropriated according to the initial plan.

<2013/3/6 Resolved Third Party Allotment Capital Increase>

Subscription payment date:	March 28, 2013
Amount of funds to be raised:	10,134,160,000 yen (Estimated net amount after deduction)
Issue price:	290 yen per share
Total number of issued shares at the time of the offering:	1,140,819,887 shares
Number of shares to be issued by the offering:	35,804,000 shares
Total number of issued shares after the offering:	1,176,623,887 shares

Expected allottee:	Samsung Electronics Japan Co., Ltd. 35,804,000 shares
Initial purpose of use of the funds as intended at the time of issue:	Adoption of new technology to achieve high-resolution and investments, etc. for the streamlining of LCD manufacturing facilities relating to mobile equipment such as tablet terminals and high-resolution laptops.
Timing of use of funds as intended at the time of issue:	April 2013 to March 2015
Current status regarding appropriation:	A certain portion of the funds have been appropriated in accordance with the initial purpose of use.

## 11. General terms and conditions of the issue of new shares

- (1) Number of shares offered: 11,868,000 shares
- (2) Subscription payment amount: 502 yen per share
- (3) Total subscription payment amount: 5,957,736,000 yen
- (4) Amount of increase in capital: 2,978,868,000 yen
- (5) Amount of increase in capital reserve: 2,978,868,000 yen
- (6) Method of offering/allotment (allottee and number of shares to be allotted): Third party allotment (11,868,000 shares to Qualcomm Incorporated).
- (7) Subscription payment date: June 24, 2013 (Monday)
- (8) Other
  - \* It is conditional upon the securities registration statement for the Second Third Party Allotment Capital Increase and the amendment to the securities registration statement for the Second Third Party Allotment Capital Increase (as required under the Financial Instruments and Exchange Law) becoming effective.

[End of document]