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[Translation]

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### **Medium-Term Management Plan for Fiscal 2015 through 2017**

“Establish the basis for stable profitability by execution of fundamental restructuring”

On May 2013, Sharp Corporation set and announced “Medium-Term Management Plan for Fiscal 2013 through 2015” in order to improve weakened management structure and to realize “Recovery and Growth”.

In this plan, we set three basic strategies at its core: (1) Shift management resources to “advantageous market and fields”, (2) Exit closed innovation and aggressively utilize alliance, and (3) Enforce executions by innovating governance systems.

In addition, we also set and carried out by the entire company 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, and (5) Improving financial position.

With these efforts, we returned to profit on the year ended March 2014, clearing the target set for the sales and operating income.

However, Sharp recorded large deficits for the year ended March 2015, due to lack of correspondence to the deterioration in business environment of LCD TVs in America and energy solution business, as well as lack of foresight in market changes, inadequacy to correspond to price decline, inadequacy in marketing for small- and medium-size LCDs, as well as recording of the allowance for the price difference in long term contract of polysilicon materials used in solar panels, and write-down of the inventories of small- and medium-size LCDs to improve earnings structure.

For the downturn in performance of our business, we self-evaluate the impact of the following factors; (1) Weakness in adapting to the changes with speedy action, (2) Delay of launching business in growing areas, (3) Weakened cost competitiveness, (4) Insufficient corporate governance and business management.

In order to overcome this situation, Sharp has established a Medium-Term Management Plan for Fiscal 2015 through 2017 to “establish the basis for stable profitability by execution of fundamental restructuring” as its corporate strategy. This plan was resolved at our board member meeting held today. The overview of the plan is as stated below.

Sharp will continue to enforce further restructuring in response to the changes in the business environment.

For the detail of this Medium-Term Management Plan, please refer to the attached presentation material "Medium-Term Management Plan for Fiscal 2015 through 2017".

### **I. Re-establishment of the Financial Basis**

Sharp will reinforce capital, damaged by the structural reorganization, with the issuance of preferred shares.

	Investment from the financial institutions	Investment from the third party
Investors	Mizuho Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Japan Industrial Solutions Fund I
Types of Investment	Investment by preferred share 200 billion yen (100 billion yen from each bank)	Investment by preferred share 25 billion yen
Use of the Fund	Fund for the repayment of debt	Fund for the business growth strategy

※ The issue of preferred share will require the conditions including the consent at the 121st Ordinary General Meeting of Shareholders.

### **II. Basic Strategy of the Medium-Term Management Plan**

Sharp will target to “establish the bases for stable profitability by execution of fundamental restructuring” by execution of the following three key strategies.

#### **1. Re-organizing Business Portfolio**

Sharp will re-build its current corporate structure including 2 business groups and 8 business units into 5 companies to adapt to clients and business criteria in order to re-organize business portfolio and improve profitability.

- Consumer Electronics Company
- Energy Solutions Company
- Business Solutions Company
- Electronic Component and Device Company
- Display Device Company

## **2. Executing Reduction of Fixed Cost**

Sharp plans to execute fundamental cost restructuring foreseeing improvement in future profitability. The restructuring will include innovation to business schemes and business bases, personnel reduction by voluntary retirement in Japan and downsizing of overseas bases, streamlining headquarter, and urgent measures to reduce personnel cost in Japan, etc.

## **3. Reorganizing Corporate Structure and Strengthening Corporate Governance**

### **(1) Introduction and Aim of Company-System**

Sharp intends to introduce company-system from October 2015 to balance the enforcement of corporate section management and establishment of each company's independence to realize disciplined and speedy management. Each company will target (1) management focusing on B/S, P/L and C/F, (2) Integrated framework covering production to sales, (3) Flat structure to adapt promptly to market changes.

### **(2) Fundamental Changes in the Personnel Affairs**

For the recovery of the company, in order to provide the opportunity to enhance careers and working conditions worth working for to the employees with important roles, and to create robust corporate structure with competitive edge in each business field, Sharp intends to make changes in the personnel affairs as follows;

- a) Review of class and reward systems
- b) Provide appropriate working conditions
- c) Thorough merit-based promotion system
- d) Change to more flat and simple structure

### **(3) Renewal of Management**

We will renew our management to accomplish Medium-Term Management Plan.

### III. Business Plan

(Unit: Billion yen)

	Fiscal 2014 Result	Fiscal 2015 forecast	Fiscal 2016 plan	Fiscal 2017 Plan
Consolidated Net Sales (Y on Y)	2,786.2 (95.2%)	2,800.0 (100.5%)	2,900.0 (103.6%)	3,000.0 (103.4%)
Consolidated Operating Income (ratio)	-48.0 ( -1.7%)	80.0 (2.9%)	100.0 (3.4%)	120.0 (4.0%)
Consolidated Net Income (ratio)	-222.3 ( -8.0%)	continue restructuring	surplus	expand surplus

End

## Forward-Looking Statements

This 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 performance 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 such 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.