

June 5, 2018

[Translation]

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Notice Regarding Establishment of a “Capital Restructuring Plan”, Determination of Matters Concerning the Acquisition of Treasury Shares (Class A Shares) (Acquisition of Treasury Shares Under the Provisions of the Articles of Incorporation Pursuant to Article 459, Paragraph 1 of the Companies Act) and Shelf Registration for Issuance of New Shares under the Capital Restructuring Plan; and Notice Regarding Policy for the Acquisition of Class C Shares by Exercise of Call Options with Common Shares as Consideration

Sharp Corporation (the “Company”) has announced that, at a meeting of its board of directors held on June 5, 2018, it has adopted a resolution for the establishment of a “capital restructuring plan” (the “Plan”) which centers on the issuance of its common shares and the strengthening of its financial foundation by the acquisition of its Class A Shares.

In accordance with the Plan, the Company has adopted a resolution for matters concerning the acquisition of its Class A Shares and has entered into an Agreement Concerning the Acquisition of Treasury Shares (the “Agreement”) with Mizuho Bank, Ltd. and MUFG Bank, Ltd., which own the Class A Shares (the “Class A Shareholders”), dated June 5, 2018 (see I. and II. below). In addition, the Company filed a shelf registration statement on June 5, 2018 concerning a scheduled issuance of new shares as a part of the Plan (see III. below).

The Company also announced a policy for the acquisition of its Class C Shares by exercising call options with common shares as consideration (see IV. and V. below).

- I. About the Plan (see also the exhibit)
- 1. Background and Purpose of the Plan
- (1) The Company’s Business Environment, Etc.

The Company issued new shares to the four companies including Hon Hai Precision Industry Co., Ltd. through a third-party allotment on August 12, 2016, and is conducting its restructuring under a strategic alliance with Hon Hai Precision Industry Co., Ltd. and its group companies (the “Hon Hai Group”).

The Sharp group (the “Group”), with a business vision of “Changing the World with 8K and AIoT”, is working on expanding its business to achieve the goals of its “FY2017 to FY2019 Medium-Term Management Plan” announced on May 26, 2017, based on the key concepts of “People-Oriented IoT” and “8K Ecosystem”. As a result, for the Group’s consolidated business results in the fiscal year ended March 31, 2018, sales of each of the Group’s four segments increased and the Group reported net sales of ¥2,427.2 billion, an increase of 18.4% compared to the previous fiscal year, operating profit of ¥90.1 billion, an increase of 44.3% compared to the previous fiscal year, due to significant improvements in the Advance Display Systems segment, ordinary profit of ¥89.3 billion, an increase of 256.3% compared to the previous fiscal year, and profit attributable to owners of parent of ¥70.2 billion as compared to a loss attributable to

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owners of parent of ¥24.8 billion for the previous fiscal year. The Group's business has turned towards a path of growth.

Although the Company had not declared any dividend since the year-end dividend in the fiscal year ended March 31, 2012, because it was striving to turn its business around pursuant to the medium-term plan and, as a result, recorded net profit, the Company declared a dividend for the first time in six years, the record date of which was March 31, 2018, after considering comprehensively its business and financial condition and its future business development (please refer to the Japanese press release dated April 26, 2018 entitled "Notice regarding dividend of surplus").

(2) Necessity of Acquisition of Class A Shares and Issuance of the Company's Common Shares

In light of the business environment mentioned above, considering the following features of the Class A Shares issued on June 30, 2015 (for details of the features of the Class A Shares, please refer to the press release dated May 14, 2015, "Notice regarding the issuance of Class Shares by third party allotment, revision of a part of articles of incorporation, decreases in capital and capital reserve, and appropriation of surplus"), the Company has concluded that it is desirable to redeem all Class A Shares at an early date.

Namely, the annual dividend rate of Class A Shares is calculated as Japanese Yen TIBOR (six months) plus 2.5%, and the Company acknowledges that this is a high level in light of the current financial condition of the Group. In addition, there is a put option for the Class A Shares, which can be exercised on or after July 1, 2019, with common shares as consideration. Dilution that is not intended by the Company could possibly occur due to such exercise, and concerns for such dilution could possibly be a factor that will negatively impact the Company's share price. Further, there is a put option for the Class A Shares, which can be exercised on or after July 1, 2021, with cash as consideration, and the exercise of such put option could result in a large amount of cash being expended at a time that is not chosen by the Company. The Company assumes that this would lead to a situation where it could be required to curb investments to prepare for the burden of the cash expenditure, and this may greatly hinder the Company's financial strategies. The Company acknowledges that a reduction of this burden by redeeming the Class A Shares and the "improvement of the quality of the capital" stand as challenges, as flexible growth investment is critical to achieve the Company's business vision of "Changing the World with 8K and AIoT" and continue declaring a dividend on its common shares.

Therefore, the Company has concluded that it is desirable and reasonable, from the viewpoint of improving the Company's corporate value and shareholder value, to implement an issuance of common shares (the "Capital Increase") and acquire the Class A Shares at an early date with the proceeds from the issuance, instead of continuing to pay dividends on the Class A Shares and gradually repurchasing Class A Shares with the profits generated by the Company.

Based on the above conclusion, the Company, as a result of consultation with the Class A Shareholders, has reached an agreement to acquire the Class A Shares at a price lower than the consideration stipulated in the Company's articles of incorporation (the amount obtained by multiplying the amount equivalent to the payment per Class A Share by 110%, and the amount equivalent to the accumulated unpaid dividends, etc.), namely, the price obtained by deducting the paid dividends from the amount equivalent to the issue price. The Company has drawn up the Plan based on the fact that this will enable a reduction of the burden of preferred dividends and the redemption of cash to the Class A Shareholders in the future.

2. Outline and Schedule of the Plan

(1) Acquisition of Class A Shares

The Company plans to acquire all Class A Shares (200,000 shares) by way of acquisition of Treasury Shares pursuant to the Companies Act pursuant to the terms described in II. below ("Acquisition

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of Treasury Shares”), subject to the effectiveness of the Capital Increase as described in (2) below, and has entered into the Agreement with the Class A Shareholders today.

As a result, put options for Class A Shares with common shares as consideration will not be exercised by the Class A Shareholders, and all of the Class A Shares issued on June 30, 2015 by the Company will be acquired by the Company with cash as the final consideration, without being converted into common shares.

The Company intends to cancel the Class A Shares as soon as it acquires them.

(2) Implementation of the Capital Increase

The Company has filed today a shelf registration statement for the issuance of new shares with a scheduled issue amount of not more than 200 billion yen. It intends to effect the Capital Increase during the period starting on the scheduled effective date of the shelf registration and ending on the day that is one year from such scheduled effective date (from June 13, 2018 to June 12, 2019). The Company is currently considering the manner of offering for the Capital Increase, including the possibility of a public offering (including an offering to be made outside of Japan). When the Capital Increase is implemented, the Company intends to appropriate some of the proceeds from the Capital Increase as funds for the acquisition of the Class A Shares and the rest as funds for capital investment and research and development, etc. However, the specific details of the Capital Increase, including the timing, the manner of offering, the issuance conditions and total issue amount, have not yet been determined. The Company will determine these matters comprehensively, taking market trends, etc. into consideration, and disclose them as soon as possible once the Company determines them.

(3) Schedule (to be fixed)

Timing (to be fixed)	Procedures
June 5, 2018	- Resolution by the Company’s Board of Directors concerning the Plan and the Acquisition of Treasury Shares based on the Plan - Submission of a shelf registration statement for the issuance of new shares
June 13, 2018	- Effective date of shelf registration
From the scheduled effective date of the shelf registration to the day that is one year from such scheduled effective date (from June 13, 2018 to June 12, 2019)	- Resolution by the Company’s Board of Directors concerning the Capital Increase - Payment concerning the Capital Increase - Implementation of the Acquisition of Treasury Shares

II. Determination of Matters Concerning Acquisition of Treasury Shares (Class A Shares) (Acquisition of Treasury Shares Under the Provisions of the Articles of Incorporation Pursuant to Article 459, Paragraph 1 of the Companies Act)

1. Background of Acquisition of Treasury Shares (Class A Shares)

The Company intends to acquire the Class A Shares under the provisions of its articles of incorporation pursuant to Article 459, Paragraph 1 of the Companies Act for purposes such as the reduction of the burden of preferred dividends and cash consideration to the Class A Shareholders in the future, as described in I. 1. (2) above.

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2. Details of Matters Concerning Acquisition

(1) Class of Shares to Be Acquired

Class A Shares

(2) Total Number of Shares to Be Acquired

200,000 shares

(3) Acquisition Price per Share

925,083.50 yen per share

(Note) The Company has obtained from a third-party valuation firm, Nomura Securities Co., Ltd., a report in which the value of the Class A Shares is calculated (the “Valuation Report”). The Company and the Class A Shareholders have negotiated and determined the acquisition price per Class A Share by comprehensively taking the results of the calculation in the Valuation Report, etc. into consideration.

(4) Total Amount of the Acquisition Price of Shares

185,016,700,000 yen

(5) Period During Which the Shares May Be Acquired

From June 13, 2018 to June 12, 2019; however, the date of acquisition shall be the day that is two business days after the payment date of the Capital Increase (or a date which is agreed in writing between the Company and the Class A Shareholders).

(6) Main Conditions for Acquisition

The Capital Increase has been effective.

(Reference) The condition of Treasury Shares held as of June 5, 2018 (Class A Shares)

Total number of issued shares (excluding Treasury Shares)	200,000 shares
Number of Treasury Shares	None

III. Shelf Registration for Issuance of New Shares

The Company has filed today a shelf registration statement for an issuance of new shares that is planned as a part of the Plan, as set forth below. The scheduled issue amount is the issue amount that is scheduled if a public offering (including an offering to be made outside of Japan) would be made in the Capital Increase.

1. Class of Offered Securities	Common shares of the Company
2. Scheduled Issue Period	From the scheduled effective date of the shelf registration to the day that is one year from such scheduled effective date (from June 13, 2018 until June 12, 2019)

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3. Scheduled Issue Amount	A maximum amount of 200 billion yen
4. Offering Method	To be determined
5. Use of Proceeds	For the acquisition of the Class A Shares and the rest for capital investment and research and development, etc.
6. Underwriters	To be determined

IV. Policy of Acquisition of Class C Shares by Exercising the Call Option with Common Shares as Consideration

The Company has issued Class C Shares in addition to Class A Shares, and all of the issued Class C Shares are held by ES Platform LP (“ES”), a limited liability company composed of executives and employees of the Hon Hai Group.

However, in order for ES to implement an incentive program within ES for Hon Hai Group executives and employees, ES has requested that the Company exercise a call option, the consideration for which is common shares, for approximately 30% of the Class C Shares currently held by ES, and issue common shares in exchange for such Class C Shares (the “Acquisition”).

The Company believes that giving Hon Hai Group executives and employees incentives tied to the Company’s corporate value and improvement of its share value will contribute to the improvement of the Company’s operating results and share value, and that in order to ensure the effectiveness thereof, it would be appropriate for the Company to conduct the Acquisition. Thus, the Company is currently inclined to accept the aforementioned request from ES and to effect the Acquisition for approximately 30% of the Class C Shares held by ES at the same time as the resolution by the Company’s board of directors concerning the Capital Increase, and the Company is announcing this in advance. The Company will make a separate announcement once the size and timing of the Acquisition have been finalized.

On the other hand, as of today, it has not been decided whether or not the Acquisition will be conducted for the remaining approximately 70% of Class C Shares, and the Company plans to determine this in the future, taking into account the progress of the aforementioned incentive program and various circumstances, such as market trends.

V. Relationship with Hon Hai Group Following the Capital Increase and Partial Acquisition of Class C Shares

In the case where the Company implements the Capital Increase, and exercises the call option for a portion of the Class C Shares and issues the Company’s common shares to ES in exchange for the acquisition of Class C Shares, although the Hon Hai Group’s equity is expected to decrease due to dilution, the Company recognizes that this will not have a significant impact on its strong business relationship with the Hon Hai Group under the share subscription agreement executed with the Hon Hai Group on April 2, 2016. The Company is considering possibilities regarding business collaboration with the Hon Hai Group, which include establishing joint venture companies in various business fields such as automobile and sensor modules. Thus, the Company will continue pursuing business synergies by leveraging the Hon Hai Group’s technological capabilities, productivity, and cost competitiveness, growing and developing by maintaining close cooperation, and attempting to enhance its results.

End

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SHARP

Capital Restructuring Plan

June 5, 2018

Overview of the Capital Restructuring Plan

“Transformation” from Structural Reform to Business Expansion

Build a financial foundation to support flexible growth investment for sustained earnings growth

Overview of the Plan

1. Acquisition of Class A shares (Agreement with the Class A shareholders) ※1

2. Proceeds from the issuance of new shares is applied to the acquisition of the Class A shares, capital investment and R&D etc.

Change of Consolidated Net Assets

Class A shares
200 billion yen
+
Value of premium required
when exercising call
option
20 billion yen(10%)

March 2018

Acquisition of
Class A shares
– 185 billion yen

Acquire the Class A shares at a discount (185 billion yen) from acquisition value (paid-in amount x 110% + accumulated unpaid dividends + daily prorated unpaid preferred dividends)

Capital Restructuring Plan

Issuance of new
shares (maximum
amount)
200 billion yen ※2

After executing the Plan

※1 We plan to acquire the Class A shares by using our cash-on-hand if the proceeds from the issuance of new shares is smaller than the acquisition value of the Class A shares.

※2 The amount of new shares to be issued is the maximum expected issue amount described in the shelf registration statement.

Background and Purpose of the Capital Restructuring Plan

Background of the establishment of the Plan

“Transformation” from Structural Reform to Business Expansion

Stronger financial foundation required to support growth investment to expand our business further

The outstanding Class A shares greatly obstruct our financial strategies

(1) Acquisition of the Class A shares (Agreement with Class A shareholders) ※

(2) Proceeds from the issuance of new shares is applied to the acquisition of the Class A shares, capital investment and R&D etc.

Purpose of the Plan

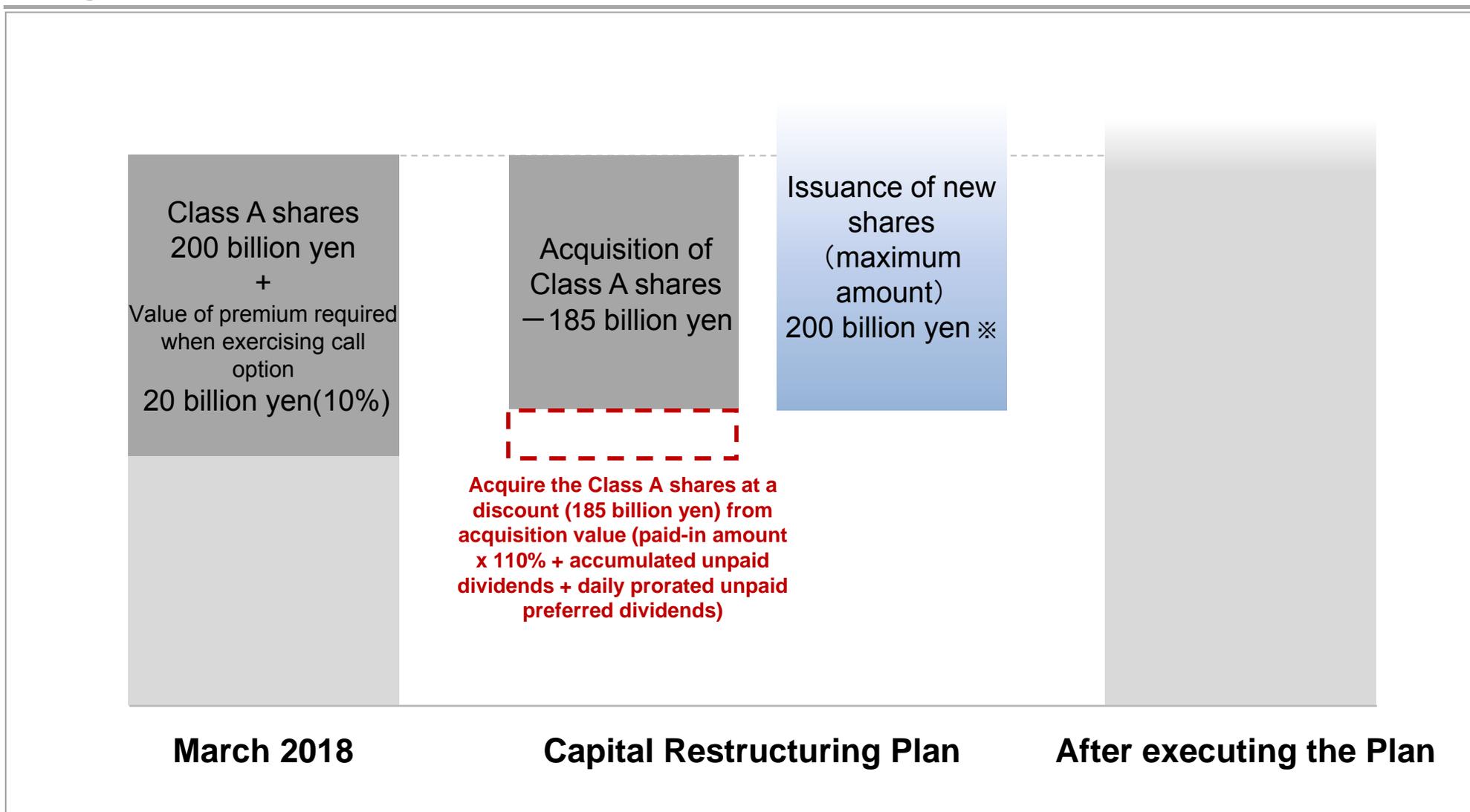
<p>Strengthen the financial foundation by replacing Class A shares</p>	<ul style="list-style-type: none"> ■ Limit the impact on distributable amount by eliminating the high preferred dividend and acquiring the shares at a discount from the value stipulated in Sharp’s Articles of Incorporation ■ Enable flexible growth investment by strengthening Sharp’s financial foundation through “improvement of the quality of the capital” ■ Over the mid-to-long term, Sharp aims to regain investment grade status to support diversification of its financing methods
<p>Dispel uncertainty regarding Class A shares</p>	<ul style="list-style-type: none"> ■ Eliminate the risk of unintended dilution resulting from exercise of the put option of the Class A shares with common shares as the consideration ■ Eliminate the risk of unpredictable cash expenditures as a result of exercise of the put option of the Class A shares for cash consideration
<p>Continue the dividend</p>	<ul style="list-style-type: none"> ■ In FY2017, Sharp declared a dividend payment for the first time in six years due to profit generation ■ Sharp needs a stronger financial foundation to ensure continuation of the dividend payment

Purpose (1)

Strengthen the Financial Foundation by Replacing Class A Shares

Avoid a reduction of capital by financing the acquisition of Class A shares through the issuance of new shares

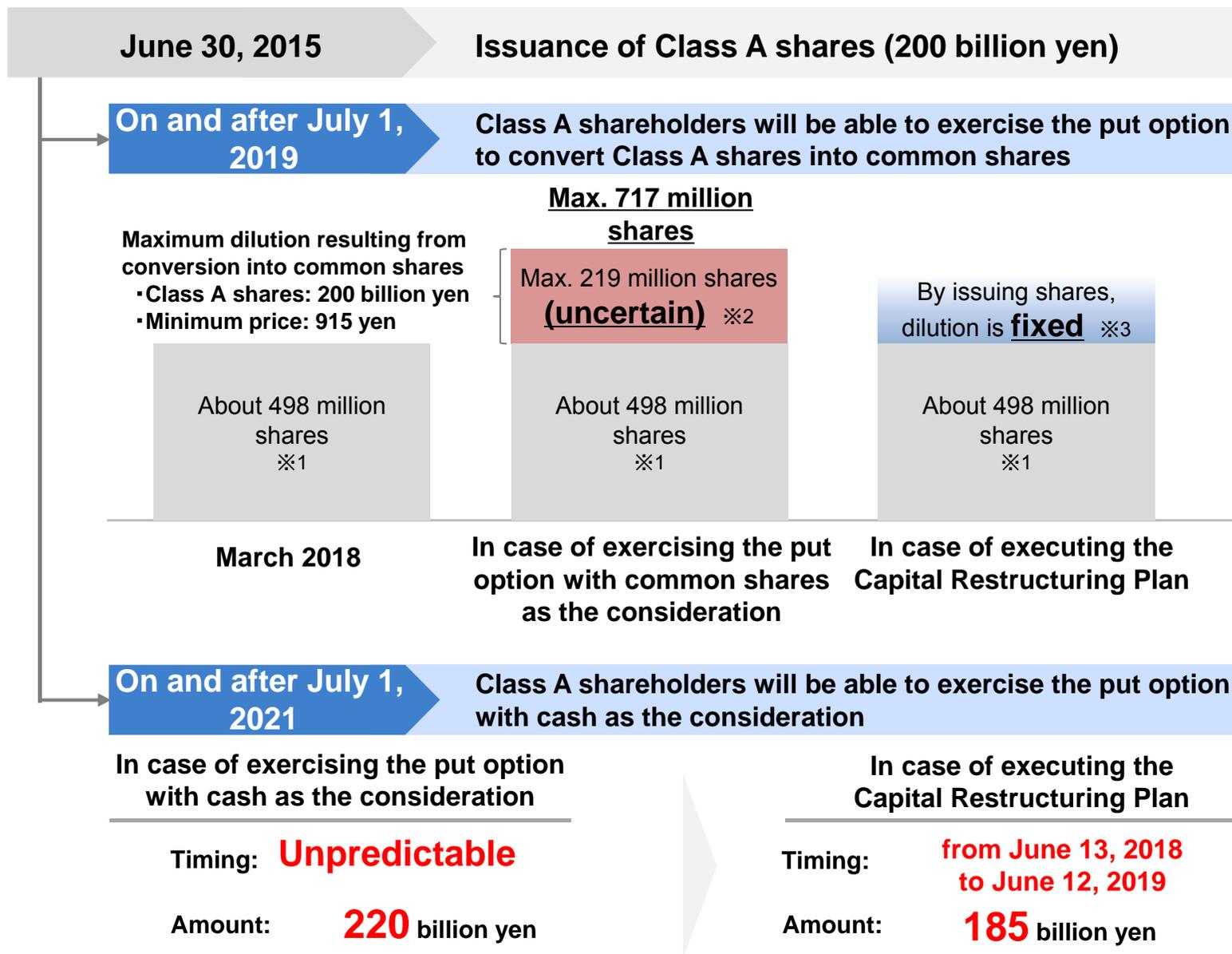
Change of consolidated net assets



※ The amount of new shares to be issued is the maximum expected issue amount described in the shelf registration statement.

We plan to acquire the Class A shares by using our cash-on-hand if the proceeds from the issuance of new shares is smaller than the acquisition value of Class A shares.

Purpose (2) Dispel Uncertainty regarding Class A Shares



Dispel Uncertainty

※1 Total number of issued shares includes treasury shares (as of March 2018)

※2 Maximum number of shares issued in case of exercising the put option is calculated based on the minimum convertible price (915 yen), but actually depends on the provision of the put option.

※3 Total number of shares issued in case of executing the Capital Restructuring Plan will be determined by comprehensively considering stock market trends.

Schedule of the Capital Restructuring Plan

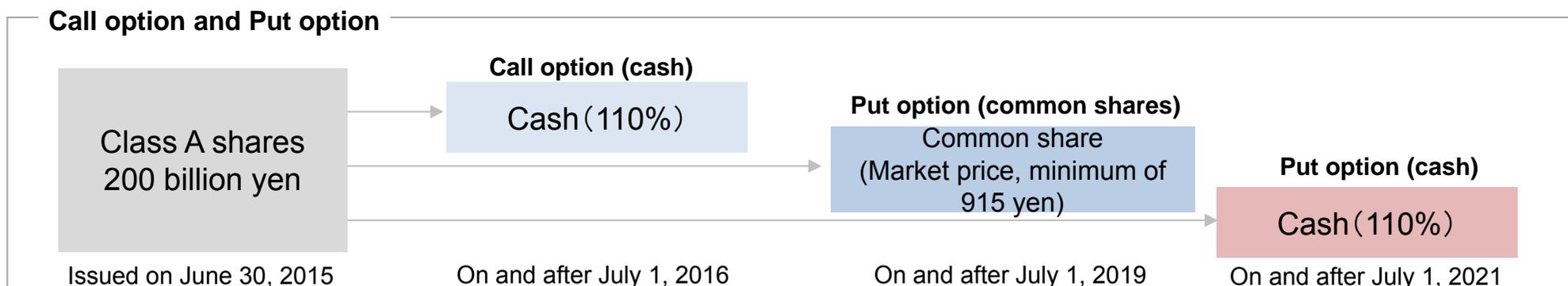
Schedule

Timing (to be fixed)	Procedures
June 5, 2018	Resolution by Sharp's Board of Directors concerning the Plan and the Acquisition of Class A Shares based on the Plan Submission of a shelf registration statement for the issuance of new shares
June 13, 2018	Effective date of shelf registration statement
From the scheduled effective date of the shelf registration to the day that is one year from such scheduled effective date (from June 13, 2018 to June 12, 2019)	<ul style="list-style-type: none">• Resolution by Sharp's Board of Directors concerning the Capital Increase• Payment concerning the Capital Increase• Implementation of the Acquisition of Class A Shares

Overview of Class Shares (1) Class A Shares

Overview of Class A shares

Number of shares issued	200,000 shares
Issued price	1,000,000 yen per share
Amount paid in	200 billion yen
Payment date	June 30, 2015
Purchasers	Mizuho Bank, Ltd.: 100,000 shares (100 billion yen) MUFG Bank, Ltd.: 100,000 shares (100 billion yen)
Preferred dividend rate	Japanese Yen TIBOR(6 months)+2.5% (cumulative, non-participating)
Call option with cash as the consideration	On and after July 1, 2016, the preferred shares may be acquired for an amount equal to the paid-in amount of the Class A shares multiplied by 110%, plus accumulated unpaid dividends and daily prorated unpaid preferred dividends
Put option with common shares as the consideration	Exercise period: On and after July 1, 2019 Initial acquisition price: The greater of 915 yen and the average VWAP on 30 consecutive trading days prior to July 1, 2019 Revision of acquisition price: On January 1, 2020, and every six months thereafter, the acquisition price is revised to an amount equal to 95% of the average VWAP on 30 consecutive trading days prior to the revision date, with a minimum price equal to the greater of 50% of the initial acquisition price and 915 yen, and a maximum price equal to 150% of the initial acquisition price.
Put option with cash as the consideration	On and after July 1, 2021, possible to request an acquisition for the amount below An amount equal to the paid-in amount of the Class A shares multiplied by 110%, plus accumulated unpaid dividends and daily prorated unpaid preferred dividends



Overview of Class Shares (2) Class C Shares

Overview of Class C shares

Number of shares issued	1,136,363 shares ※
Issued price	88,000 yen per share ※
Amount paid in	About 100 billion yen
Payment date	August 12, 2016
Purchaser	Hon Hai Precision Industry Co., Ltd. (1,136,363 shares ※) → Transferred to ES Platform LP, a holding company composed of executives and employees of Hon Hai Group, on January 30, 2018
Dividends from surplus	Pari Passu with common shares. The dividend per Class C Share is equal to the dividend per common share multiplied by the conversion ratio of 100
Call option with common shares as the consideration	On and after July 1, 2017, Sharp may acquire all or some of the Class C shares in exchange for delivery of the number of common shares calculated by multiplying the number of Class C shares by the conversion ratio of 100 If Sharp acquires some of the Class C shares, it may decide to acquire the Class C shares on a pro rata basis or other reasonable method to be separately determined by the Board of Directors
Restrictions on transfer	Require the approval of Sharp's Board of Directors
Voting rights	None

※After the consolidation of shares on October 1, 2017

Overview of Class Shares (3) Status of Class A / C Shareholding

Holding status of Class A / C shareholding

Overview of class shares					Redemption / Policy for shareholding		
Class	Issued price	Total number issued	Payment date	Purchasers	Status	Total number of remaining shares	Redemption date (planned)
Class A Share	200 billion yen	200,000 shares	June 30, 2015	Mizuho Bank, Ltd. : 100 billion yen / 100,000 share MUFG Bank, Ltd. : 100 billion yen / 100,000 share	Acquired by Sharp (planned)	0 share (planned)	June 13, 2018 ~ June 12, 2019 (planned)
Class C Share	About 100 billion yen	1,136,363 shares ※1	August 12, 2016	Hon Hai Precision Industry Co., Ltd. (original purchaser)	Holding	1,136,363 shares	-
			January 30, 2018	ES Platform LP ※2 (transferred)			

※1 After the consolidation of shares on October 1, 2017

※2 ES Platform LP is a limited liability company composed of executives and employees of the Hon Hai Group

In order for ES to implement an incentive program within ES for Hon Hai Group executives and employees, ES has requested that Sharp exercises a call option with common shares as the consideration, for approximately 30% of the Class C shares currently held by ES and issues common shares in exchange for such Class C shares, and Sharp plans to accept this request.

On the other hand, as of today, Sharp has not decided whether or not the exercise of the call option will be conducted for the remaining approximately 70% of Class C shares.

Continuation of the Strong Business Relationship with Hon Hai Group

Status of shareholding of Hon Hai Group (On March 31, 2018)

Shareholders	Total number of shareholding (thousands)	Shareholding ratios to total number of issued shares (%)
HON HAI PRECISION INDUSTRY CO., LTD.	130,000	26.07
FOXCONN (FAR EAST) LIMITED	91,555	18.36
FOXCONN TECHNOLOGY PTE. LTD.	64,640	12.96
SIO INTERNATIONAL HOLDINGS LIMITED	36,600	7.34

In the case where Sharp implements the Capital Increase, although the Hon Hai Group's ownership is expected to decrease due to dilution, Sharp does not believe this will have a significant impact on the strong business relationship it has maintained with the Hon Hai Group since April 2, 2016.

Disclaimer

This presentation contains certain statements about the future plans, strategies, and performance of Sharp Corporation and its consolidated subsidiaries (the “Company” or “Sharp”). Statements not based on historical or present facts are assumptions and estimates based on information available at the time. Future plans, strategies, and performance are subject to known and unknown risks, uncertainties, and other factors. Actual performance, business activities, and financial position may differ materially from the assumptions and estimates provided herein due to risks, uncertainties, and other factors. Sharp is under no obligation to update these forward-looking statements in light of new information, future events, or other factors. Risks, uncertainties, and other matters that could affect actual results include, but are not limited to, the following factors:

- (1) The economic conditions in which Sharp operates
- (2) Sudden, rapid fluctuations in demand for Sharp products and services, as well as intensified price competition
- (3) Exchange rate fluctuations (particularly between the yen and the U.S. dollar, the euro, and other currencies)
- (4) Regulations, including trade restrictions with 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.

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