

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

Completion of Payment for the Issue of New Shares by Third Party Allotment

As mentioned in the announcement dated December 4, 2012 (the "Announcement"), "Notice Regarding the Execution of Capital/Business Alliance Agreement with Qualcomm (US Company) for the Joint Development of Next Generation MEMS Display and the Issue of New Shares by Third Party Allotment", Sharp Corporation ("Sharp") and Qualcomm Incorporated ("Qualcomm") have agreed that the issue of new shares by third party allotment will be conducted in two rounds: the first stage (the "First Third Party Allotment Capital Increase") and the second stage (the "Second Third Party Allotment Capital Increase").

Sharp hereby announces that, as of today, the payment for the First Third Party Allotment Capital Increase has been completed.

1. Outline of Issue of New Shares by the First Third Party Allotment Capital Increase

- (1) Number of new shares to be issued: 30,120,000 shares
- (2) Issue price: 164 yen per share
- (3) Amount of funds to be raised: 4,939,680,000 yen
- (4) Amount of increase in capital: 2,469,840,000 yen
- (5) Amount of increase in capital reserve: 2,469,840,000 yen
- (6) Method of offering/allotment: Third party allotment
(Allottee and number of shares to be allotted: 30,120,000 shares to Qualcomm)
- (7) Subscription payment date: December 27, 2012

2. Transit of Number of Issued Shares and Capital by the First Third Party Allotment Capital Increase

- Number of issued shares before the capital increase: 1,110,699,887 shares
(Amount of capital before the capital increase: 204,675,518,238 yen)
- Number of increased shares by the capital increase: 30,120,000 shares
(Amount of increased capital by the capital increase: 2,469,840,000 yen)
- Number of issued shares after the capital increase: 1,140,819,887 shares
(Amount of capital after the capital increase: 207,145,358,238 yen)

For the details of the Second Third Party Allotment Capital Increase, please refer to the attached Announcement.

December 4, 2012

Company Name Sharp Corporation
Representative Director & President
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Notice Regarding the Execution of Capital/Business Alliance Agreement with Qualcomm (US Company) for the Joint Development of Next Generation MEMS Display and the Issue of New Shares by Third Party Allotment

- Please be informed that Sharp Corporation (the "Company") has passed a resolution at its board of directors meeting held on December 4, 2012 to enter into with Pixtronix, Inc. ("Pixtronix"), a wholly-owned subsidiary of Qualcomm Incorporated ("Qualcomm"), an expanded joint development agreement concerning the business alliance for the joint development of next generation MEMS (Micro Electro Mechanical System) display and a capital alliance agreement between Sharp and Qualcomm (collectively, the "Joint Development/ Capital Alliance Agreements") and, in two rounds, to issue new shares by third party allotment with Qualcomm as the allottee at the first stage (the "First Third Party Allotment Capital Increase") and another issue of new shares, subject to certain closing conditions, at the second stage (the "Second Third Party Allotment Capital Increase", together with the First Third Party Allotment, the "Third Party Allotment Capital Increase") pursuant to the Joint Development/ Capital Alliance Agreements.

I. Outline of the Joint Development/ Capital Alliance Agreements

1. Purpose and Background of the Joint Development/ Capital Alliance Agreements

The Company has adopted, as its future growth strategies, the basic concept of "using the Company's various technologies, device development capabilities, product planning abilities, sales channels and other strengths to develop products that have unique superiority, impress customers and become a 'Lifestyle Creating Company' that proposes new living styles".

The Company especially focuses on its small- and medium-size liquid crystal display business as its future growth engine, and will use its IGZO liquid crystal display technology (which has competitive advantage over other technology) as the core element of its business in developing new products and expanding its customer base, as well as maintain the Company's advantageous position among its competitors in terms of technology by developing a new type of display before the others, with the aim of enhancing its revenue and improving its profitability.

The Company has been holding discussions with Qualcomm, the world leader in 3G, 4G and next-generation wireless technologies, to consider an alliance with Qualcomm. Pixtronix's MEMS display technology is suitable as the next generation display in that it would have significant low-power consumption features, excellent color reproduction functions, a wide view and high-speed response compared with the existing liquid crystal display and organic light emitting display. As such, the Company has decided to enter into a business alliance agreement to jointly develop 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 Pixtronix's MEMS display technology with the Company's IGZO-TFT technology. Furthermore, in order to ensure the implementation of the business alliance agreement, the Company entered into with Qualcomm a capital alliance agreement under which Qualcomm makes a capital contribution in the Company in the amount of up to approximately 9.9 billion yen (equivalent of 120 million US dollar exchanged based on the exchange rate as of December 3, 2012) so as to establish a relationship of trust between the Company and Qualcomm. The Company has decided to enter into the Joint Development/ Capital Alliance Agreements with the view that such alliance agreements would enable the Company to acquire and maintain an advantageous position in the display market and would also contribute to the Company's capital policy, which would result in increasing the corporate value of the Company.

2. Terms and conditions, etc. of the Joint Development/ Capital Alliance Agreements

The terms and conditions of the Joint Development/ Capital Alliance Agreements are described below.

(1) Technology development of the Next-Generation MEMS Display

- The Company and Qualcomm shall integrate the Company's IGZO-TFT technology with Pixtronix's MEMS display technology to jointly develop the Next-Generation MEMS Display for mobile equipment that achieves an improved level of high-definition images and low-power consumption. In developing the Next-Generation MEMS Display, a pilot line will be established at the liquid crystal panel factory of the Company's subsidiary located in Yonago, Tottori Prefecture ("Sharp Yonago") to conduct research/development related to commercialization.
- The Company shall provide the personnel and business assets that are necessary for the pilot line which is established at Sharp Yonago for the research/development

related to such commercialization in a continuous manner throughout the entire joint development period.

- This joint development for commercialization of MEMS displays will be conducted in two stages. In the first stage, the Company shall commence the research/development work and capital investments for the development of the Next-Generation MEMS Display. Then, when the development work related to the commercialization technology of the Next-Generation MEMS Display in the first stage has cleared 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 satisfaction by the Company of having reported (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 "Balance of Cash" as of March 31, 2013 (in case the payment is made before March 31, 2013, having promise to be successful these conditions), collectively, the "Major Conditions Precedent to Additional Investment"), the Company shall file the Registration Statement Amendment (as defined below). Then, on condition that the Registration Statement Amendment becomes effective by the last day of the above-mentioned subscription payment period, the parties will conduct the Second Third Party Allotment Capital Increase and enter the second stage of developing the technology for commercialization. If the Major Conditions Precedent to Additional Investment are not satisfied by the payment date for the Second Third Party Allotment Capital Increase, it will not be conducted because the funds for the second stage development are no longer necessary. As such, with respect to demand and necessity of the Second Third Party Allotment would depend on the progress of the joint development for the Next-Generation MEMS Display. Given this, upon the discussion between the parties, with respect to the payment date of the Second Third Party Allotment has been set for March 29, 2013 after considering the maximum period when it is expected to complete the first stage of the joint development and entry into the second stage. In addition, if it is difficult to meet the Major Conditions Precedent to Additional Investment by the payment date of the Second Third Party Allotment Capital Increase, the parties may agree to place a three-month moratorium on moving to the second stage of the joint development and postpone to June 30, 2013.

(2) Sales structure after the completion of the development of the commercialization technology

- After the achievement of the above-mentioned technology development and commercialization of the Next-Generation MEMS Display, the manufacture and sales arrangement will be determined based on the discussion between the parties.

(3) Capital increase by third party allotment

- The Company may issue up to 2 tranches of new shares to Qualcomm, with the first being the issue of 30,120,000 shares (which shall be the number of shares equivalent to 2.64% of the total number of issued shares and 2.68% of all of the voting rights after such issue) under a capital increase by third party allotment whose subscription payment date is December 27, 2012 as the First Third Party Allotment Capital Increase, and, subject to satisfaction of the Major Conditions Precedent to Additional Investment, the Second Third Party Allotment Capital Increase will be made on March 29, 2013. The Company will conduct the first stage development as described above by the First Third Party Allotment Capital Increase and will conduct the second stage development by Third Party Allotment Capital Increase. Please refer to Section II. (Issue of New Shares by Third Party Allotment) for details on the Third Party Allotment Capital Increase.
- Under the Joint Development/ Capital Alliance Agreements, Qualcomm is not granted any right against the Company to nominate or dispatch directors or any other special right, etc. relating to the management of the Company, and at present, the Company is not expecting to accept any director from the allottee (Qualcomm) under the Joint Development/ Capital Alliance Agreements. The Second Third Party Allotment Capital Increase is conditional upon the determination of the number of shares to be issued, the filing of the revised securities registration statement for the Second Third Party Allotment Capital Increase (the “Revised SRS for the Second Third Party Allotment Capital Increase”) with the Ministry of Finance (the “MoF”) and the declaration of the effectiveness of the Revised SRS for the Second Third Party Allotment Capital Increase by the MoF.

(4) Other conditions

- The Company makes its best effort to continue the joint development and commercialization, even if the Second Third Party Allotment Capital Increase have not occurred due to the reasons such as the failure of the Major Conditions Precedent to Additional Investment.

3. Outline of Counterparty of the Joint Development/ Capital Alliance Agreements

(1) Corporate outline of the allottee

(1) Name	Qualcomm Incorporated
(2) Location	5775 Morehouse Drive, San Diego, CA 92121, U.S.A.
(3) Name/title of representative	Chairman and Chief Executive Officer Paul E. Jacobs

(4) Business	World's largest fabless semiconductor producer and the largest provider of wireless chipset and software technology, which powers the majority of all 3G devices commercially available today; and maintains a vibrant licensing business.
(5) Amount of capital	170,600 USD (as of September 30, 2012). (Capital reserve of USD11,956 million)
(6) Date of incorporation	July 01, 1985.
(7) Total number of issued shares	1,704,029,150 shares (as of November 5, 2012)
(8) Fiscal year	Fiscal year ends at September 30 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	Vanguard Group, Inc. 4.38% Fidelity Management & Research Company 4.33% State Street Corp Global Advisors (US) 3.95% BlackRock Institutional Trust Company, N.A. 3.68% T. Rowe Price Associates, Inc. 2.93%
(13) Relationship between the parties	
Capital ties	There are no capital ties between the Company and the relevant company (Qualcomm) which should be noted herein. There are also 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 2010/9/30	Ended 2011/9/30	Ended 2012/9/30
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)
Current net assets (on a consolidated basis) per share	USD12.70 (JPY1,058)	USD16.27 (JPY1,248)	USD19.73 (JPY1,531)
Sales (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 profit (on a consolidated basis)	USD3,727 mil (JPY310,534 mil)	USD5,026 mil (JPY385,494 mil)	USD5,682 mil (JPY440,781 mil)
Current net profit (on a consolidated basis)	USD3,247 mil (JPY270,540 mil)	USD4,260 mil (JPY326,742 mil)	USD6,109 mil (JPY473,906 mil)
Current net profit (on a consolidated basis) per share	USD1.98 (JPY165)	USD2.57 (JPY197)	USD3.59 (JPY278)
Dividend per share	USD0.72 (JPY60)	USD0.81 (JPY62)	USD0.93 (JPY72)

- (Note) 1. 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.
2. 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 the best of the 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.

3. As set out in Section II. 1. (Outline of the offering), the Company has entered into a joint development agreement for the joint development of the Next-Generation MEMS Display with Qualcomm's wholly-owned subsidiary Pixtronix as well as a capital/business alliance agreement related to such joint development, and intends to implement such joint development.

(2) Corporate outline of Pixtronix

(1) Name	Pixtronix, Inc.
(2) Location	5775 Morehouse Drive, San Diego, CA 92121 U.S.A.
(3) Name/title of representative	President Gregory Heinzinger
(4) Business	Development and licensing of MEMS display technologies
(5) Amount of capital	Not available to the public
(6) Date of incorporation	2005
(7) Major shareholders	Qualcomm Incorporated
(8) Relationship between the parties	
Capital ties	There are no capital ties between the Company and the relevant company (Pixtronix, Inc.) which should be noted herein. There are also no capital ties between any affiliated person or affiliated company of the Company and any affiliated person or affiliated company of the relevant company (Pixtronix, Inc.).
Personnel ties	There are no personnel ties between the Company and the relevant company (Pixtronix, Inc.) 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 (Pixtronix, Inc.).
Business ties	Company and Pixtronix have entered into a joint development agreement for development of MEMS displays using Pixtronix technologies dated September 2011
Whether or not a "related person"	The relevant company (Pixtronix, Inc.) does not correspond to a "related person" of the Company. Furthermore, none of the affiliated persons or affiliated companies of the relevant company (Pixtronix, Inc.) corresponds to a "related person" of the Company.

4. Time schedule regarding the Joint Development/ Capital Alliance Agreements

- (1) Date of board of directors resolution for the Joint Development/ Capital Alliance Agreements: December 4, 2012
- (2) Date of execution of the Joint Development/ Capital Alliance Agreements: December 4, 2012

II. Issue of New Shares by Third Party Allotment

1. Outline of the offering

The Third Party Allotment Capital Increase will consist of the First Third Party Allotment Capital Increase (i.e. a capital increase of 30,120,000 shares by third party allotment whose subscription payment date is December 27, 2012) and the potential Second Third Party Allotment Capital Increase (i.e. a capital increase by third party allotment whose subscription payment date is March 29, 2013), as described in Section I. (Outline of the Joint Development/ Subscription Agreement). Please find below the outline of the First Third Party Allotment Capital Increase and the Second Third Party Allotment Capital Increase, respectively.

First Third Party Allotment Capital Increase:

(1) Subscription payment date	December 27 , 2012 (Thursday)
(2) Number of new shares to be issued	30,120,000 shares
(3) Issue price	164 yen per share (please refer to the Note below)
(4) Amount of funds to be raised	4,939,680,000 yen
(5) Method of offering or allotment / Expected allottee	Third party allotment 30,120,000 shares to Qualcomm
(6) Other	* It is conditional upon the securities registration statement for the First Third Party Allotment Capital Increase (as required under the Financial Instruments and Exchange Law) becoming effective.

(Note) "Issue price" means the "subscription payment amount" under the Companies Act.

Second Third Party Allotment Capital Increase:

(1) Subscription payment date	March 29, 2013 (Friday)
(2) Number of new shares to be issued	TBD (please refer to the Note 1 below)
(3) Issue price	TBD (please refer to the Note 2 below)

(4) Amount of funds to be raised	TBD (please refer to the Note 3 below)
(5) Method of issue or allotment/ Expected allottee)	Third party allotment All shares to be issued shall be allotted to Qualcomm
(6) Other	<ul style="list-style-type: none"> * It is conditional upon the securities registration statement for the Second Third Party Allotment Capital Increase and Amendment to the securities registration statement (as required under the Financial Instruments and Exchange Law) becoming effective. * The terms and conditions of the Second Third Party Allotment Capital Increase were determined by the resolution passed at the Company's board of directors held on December 4, 2012, but the number of shares to be issued was not determined and, as such, with respect to the Second Third Party Allotment Capital Increase, the "board resolution to determine matters regarding the issue of shares" as required under Article 199, Paragraph 1 of the Companies Act has not been fully obtained. Such board resolution required under Article 199, Paragraph 1 of the Companies Act will be obtained for the Second Third Party Allotment Capital Increase as soon as the number of shares to be issued becomes clear. * Under the Subscription Agreement, Qualcomm is obligated to make the subscription payment by the payment date, only if the Conditions for Additional Subscription were satisfied. If any of the Conditions for Additional Subscription are not satisfied and it is being clear that there is no prospect for a successful development of the Next-Generation MEMS Display, the Second Third Party Allotment Capital Increase will not be conducted. For details, please refer to the sections below.

Note 1. "Number of new shares to be issued" shall be calculated by dividing the Japanese Yen equivalent of USD 60 million (based on the exchange rate as at the time the issue price is determined, with any fraction of less than one whole yen rounded down to the nearest whole yen) (the "Estimated Total Issue Price"), by the "issue price" per share (please refer to Note 2 below for the meaning of the "issue price"). A fraction of less than one whole yen shall be rounded down to the nearest whole yen.

Note 2. "Issue price" was determined as follows at the board of directors meeting held on December 4, 2012.

The "issue price" shall be equivalent to the simple average (with any fraction of less than one whole yen rounded up to the nearest whole yen) of the closing price of the Company's shares traded on the Tokyo Stock Exchange for 20 business days up to 2 business days before the day when the Major Conditions Precedent to Additional Investment are satisfied, which shall be no later than March 29, 2013 (the "Major Conditions Precedent Satisfaction Date").

Note 3. "Amount of funds to be raised" is calculated by multiplying the "number of new shares to be issued" by the "issue price"

The decision to have the board of directors pass a resolution for both the First Third Party Allotment Capital Increase and the Second Third Party Allotment Capital Increase but set a different date/period for the subscription payment was made for the following reasons.

First of all, the main reason is that, since the Next-Generation MEMS Display would use new technology, the parties are intending to accomplish development and commercialization through two stages in accordance with the Joint Development/ Capital Alliance Agreements entered into with Qualcomm. To be more precise, under the Joint Development/ Capital Alliance Agreements entered into with Qualcomm, in the first stage, after gathering the necessary technology from both sides, the capital investments and development work for the Next-Generation MEMS Display will be commenced, and it will then be checked/confirmed to see whether the commercialization of the Next-Generation MEMS Display is feasible. Then, after the capital investments and the development work in the first stage reach the level satisfactory to the Major Conditions Precedent to Additional Investment, the parties agree that Qualcomm may provide the Company with additional money under the Second Third Party Allotment Capital Increase, for it will become necessary to raise the funds necessary to enable the parties to enter the second stage, in which further development of, and the development related to the commercialization, of the Next-Generation MEMS Display will be conducted. The potential Second Third Party Allotment Capital Increase will be conducted subject to the satisfaction of the Major Conditions Precedent to Additional Investment. On the other hand, if any of the Major Conditions Precedent to Additional Investment has not been satisfied (for example, it being clear that there is no prospect for a successful research/development of the Next Generation Display), there will be no need to raise funds for the second stage and, as such, the Second Third Party Allotment Capital Increase will not be conducted.

As described above, it is necessary to inject capital in two stages for the joint development/commercialization of the Next-Generation MEMS Display under the Joint Development/ Capital Alliance Agreements and, as such, the Company passed a resolution at its board of directors held on the same date as the date of this notice for the issuance of new shares under the First Third Party Allotment Capital Increase and the conditions of the issuance of new shares under the Second Third Party Allotment Capital Increase. By conducting the Third Party Allotment Capital Increase in two stages for the joint development of the Next-Generation MEMS Display, Qualcomm will be able to mitigate the risks involved in investing in the development of the Next-Generation MEMS Display on the arrangement for additional funds to be provided when it becomes clear that there are prospects for achieving the commercialization of the Next-Generation MEMS Display. Also, the Company thinks it would desirable to agree the arrangement for such additional funds which will be necessary when the Next-Generation MEMS Display is commercialized at this stage and therefore, the Company entered into the Joint Development/ Capital Alliance Agreements providing two separate third party allotments.

2. Purpose and background of the offering

The Company, however, is placed in an environment which has become even more harsh due to the strong yen and the enhanced price competition in the liquid crystal industry, which is the

Company's main line of business. Under such harsh business environment, as a part of the Company's business structure reform plan, the Company is making efforts to improve its revenue through the expansion of IGZO liquid crystal display products and the expansion of its customer base for the growing mobile equipment display market, by positioning its medium scale/ small scale liquid crystal display business as its future "growth engine". However, there are harsh competitions in terms of technology development and pricing in the mobile equipment display market, and the Company must continue to develop new and advanced technology in order to maintain its advantageous position in the market.

We expect that, 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. Accordingly, the Company and Qualcomm agreed to enter 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, as described in Section I. (Outline of the Joint Development/ Capital Alliance Agreements).

The Company believes that this project will enable an efficient achievement of the development and commercialization of the MEMS display, which has both the features of MEMS display (good color reproduction and low power) and the features of IGZO-TFT (high-speed response and low power consumption), so as to ensure an advantageous position as regards quality 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, and concluded that both the Company and Qualcomm would greatly benefit from entering into the Joint Development/ Capital Alliance Agreements and to have Qualcomm become an alliance partner of the Company and, for the purpose of facilitating the joint development with Pixtronix, decided to have the Company conduct the Third Party Allotment Capital Increase with Qualcomm, a wholly-owning parent company of Pixtronix, as the allottee.

Please note that, with respect to the financial results for the second quarter of the fiscal year ending March 31, 2013 (which was publicly announced on November 1, 2012), the Company accounted for a large amount of operational loss and quarterly net loss in the same way as the immediately preceding fiscal year, and also accounted for negative figures for its cash flow. Due to such circumstances, there exist conditions which might raise uncertainties about the Company being an assumed going concern. But the Company has been dealing with the situation through its efforts to increase its future business profits by taking various business management measures including the optimization of inventory, sale of assets and restraints on capital investments. In addition, the Company has arranged for necessary support from the financial institutions and has

also established a monitoring system/structure to manage the progress of such measures. The Company believes that such measures alone would have the effect of resolving such uncertainties about the Company being an assumed going concern, but has concluded that the Relevant Agreements would also contribute to the Company's capital policy by enabling an increase in capital.

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

(1) Amount of the funds to be raised

First Third Party Allotment Capital Increase

(1) Total subscription payment amount	4,939,680,000 yen
(2) Estimated amount of issue-related costs	228,000,000 yen
(3) Estimated net amount	4,711,680,000 yen

- (Note)
1. The estimated amount of issue-related costs is exclusive of consumption tax, etc.
 2. The breakdown of the estimated amount of issue-related costs is: registration costs (approximately 35 million yen); attorney and other advisor fees (approximately 165 million yen); securities exchange listing related costs (approximately 8 million yen) and other costs (approximately 20 million yen).

Second Third Party Allotment Capital Increase

(1) Total subscription payment amount	TBD (Note 3)
(2) Estimated amount of issue-related costs	207,000,000 yen
(3) Estimated net amount	TBD (Note 4)

- (Note)
1. The estimated amount of issue-related costs is exclusive of consumption tax, etc.
 2. The breakdown of the estimated amount of issue-related costs is: registration costs (approximately 35 million yen); attorney and other advisor fees (approximately 144 million yen); securities exchange listing related costs (approximately 8 million yen) and other costs (approximately 20 million yen).
 3. This will be calculated by multiplying the issue price set out in Section I. (Outline of the offering – Second Third Party Allotment Capital Increase) by the number of shares to be issued. The total subscription payment amount is expected to be close to the Estimated Total Issue Price.
 4. This will be the total subscription payment amount less the estimated amount of issue-related costs.

(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.

With respect to 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"), the Company stated that the funds raised are expected to be used to make investments in relation to the upgrading/streamlining of the manufacturing facilities for liquid crystal products related to mobile equipment and the adoption of new technology for liquid crystal display, but the funds to be raised by the First Third Party Allotment Capital Increase and the Second Third Party Allotment Capital Increase are expected to be used for the joint development and commercialization of the Next-Generation MEMS Display to be jointly developed with Qualcomm, as set out below, and will therefore be used for purposes which are completely different from the purpose of use of the funds for the 2012/3/27 Resolved Third Party Allotment Capital Increase. Furthermore, the investments (capital contributions) to be made by Qualcomm under the Joint Development/ Capital Alliance Agreements will contribute to the Company's capital policy, but the main purpose is to establish the system/structure for the technology development and commercialization of the Next-Generation MEMS Display, and will not be positioned as a new investment policy to replace that for the 2012/3/27 Resolved Third Party Allotment Capital Increase.

- (i) Detailed purpose of use of the funds to be raised by the First Third Party Allotment Capital Increase, the amount of such funds and the timing of use of such funds

Detailed purpose of use	Amount	Timing of use
Costs and expenses for the development of the Next-Generation MEMS Display (Note 1)	3,300 million yen	December 2012 to March 2013
Equipment investment for the development of the Next-Generation MEMS Display (Note 1)	1,400 million yen	December 2012 to March 2013

(Note) 1. In developing the Next-Generation MEMS Display, the Company is expecting to establish a pilot line at Sharp Yonago's second generation liquid crystal panel factory to conduct research and development related to commercialization technology, and the above-mentioned net amount is expected to be used for the necessary capital investments related thereto.

- (ii) Detailed purpose of use of the funds to be raised by the Second Third Party Allotment Capital Increase, the amount of such funds and the timing of use of such funds

Detailed purpose of use	Amount	Timing of use
Costs and expenses for the commercialization of the Next-Generation MEMS Display (Note 1)	1,000 million yen	April 2013 to September 2014
Equipment investment for the commercialization of the Next-Generation MEMS Display (Note 1)	3,800 million yen	April 2013 to September 2014

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- (Note)
1. If it becomes clear that there are prospects for the achievement of commercialization in the initial stage of the development of the Next-Generation MEMS Display conducted by using the funds raised in the First Third Party Allotment Capital Increase, the Company will, with the aim of developing the Next-Generation MEMS Display and the technology related to the commercialization thereof and the above-mentioned net amount is expected to be used for the necessary costs related there to.
 2. As described in Section 1. (Outline of the offering), the Second Third Party Allotment Capital Increase will not be conducted if the Major Conditions Precedent to Additional Investment are not satisfied and there are clearly no prospects for a successful research/development of the Next-Generation MEMS Display, because in that case the funds set forth above will not be necessary. In such case there will be no development work to develop the Next-Generation MEMS Display or develop the technology related to the commercialization thereof.
 3. The Third Party Allotment Capital Increase will not be conducted unless the Registration Statement Amendment becomes effective after the number of shares to be issued has been determined, and so the above is merely what is expected as of the date of this notice.

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 low power consumption) 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 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

The subscription payment amount of 164 yen for the First Third Party Allotment Capital Increase was determined based on the simple average (a fraction of less than one yen shall be rounded down) of the closing price of the Company's shares traded on the Tokyo Stock Exchange for 20 trading days up to November 30, 2012 which is 2 business days preceding the date of the board resolution.

The simple average of the closing price for 20 trading days up to 2 business days preceding the date of the board resolution was used as the basis of calculation for the following reason. That is, the Company's stock price has been significantly low comparing to the price before six months ago and even further due to the poor business results and the downward

adjustments made to the full fiscal year plan, the Company considers that taking an average of more than or equal to the 6 month or such long-term period is not appropriate. The company considers that taking an average of closing price of reasonably short period is more appropriate than taking the price of the immediately preceding date of board resolution due to the high volatility of the Company's current stock price.

The subscription payment amount of 164 yen is calculated with the following adjustments:

- a 4.65% discount on the closing price (172 yen) of the Company's shares on December 3, 2012, which is the business day immediately preceding the date of the board resolution for the Third Party Allotment Capital Increase;
- a 0.12% discount on the average closing price (164 yen, round off to the closest whole number) of the Company's shares during a period of 1 month up to such immediately preceding business day;
- a 6.68% discount on the average closing price (175 yen, round off to the closest whole number) of the Company's shares during a period of 3 months up to such immediately preceding business day; and
- a 32.64% discount on the average closing price (242 yen, round off to the closest whole number) 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).

Subscription payment amount for the Second Third Party Allotment Capital Increase has decided to be determined based on the simple average (a fraction of less than one yen shall be rounded down) 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 Satisfaction Date.

The reason why the subscription amount is decided with reference to the simple average (a fraction of less than one yen shall be rounded down) 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 day is that the company believes it is not appropriate to decide the Subscription payment

amount for the Second Third Party Allotment Capital Increase at this stage due to a long period from the payment date of the Second Third Party Allotment Capital Increase, therefore, the Company decided to refer to the average price level of relatively short period of time for the Subscription payment amount for the Second Third Party Allotment Capital Increase.

Since the subscription payment amount for the Second Third Party Allotment Capital Increase is undetermined at this point, the decision of whether or not constituting an "advantageous placement" for the Second Third Party Allotment Capital Increase will be judged at the time of the subscription payment amount to be confirmed, and the decision and opinion will be disclosed accordingly.

- (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 Third Party Allotment Capital Increase (30,120,000 shares) makes up for 2.71% of 1,110,699,887 shares, which is the total number of the issued common shares of the Company as of September 30, 2012 (2.75% based on the total number of voting rights (1,095,302)).

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 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 First Third Party Allotment Capital Increase are reasonable.

With respect to the issue as to whether or not the number of shares to be issued and the scale of dilution of shares for the Second Third Party Allotment Capital Increase are reasonable, since the subscription payment amount (which serves as the basis for considering this point) is undetermined at this point, the Company will make its judgment at the time the subscription payment amount is confirmed, and the decision and opinion will be disclosed accordingly.

6. Reason of selection of the allottee

- (1) Outline of an Allottee

Please refer to Section I. (Outline of the Joint Development / Capital Alliance Agreements) for the corporate outline of Qualcomm as an allottee.

- (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 Joint Development/ Capital Alliance Agreements 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 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 and the terms and conditions of the sale, and if the Company designates the 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 First Third Party Allotment Capital Increase or the Second Third Party Allotment Capital Increase, respectively, 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.

- (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 financial statements for the most recent fiscal year ended September 30, 2012. According to Qualcomm's consolidated financial statements dated September 30, 2012, the total assets are USD43,012 million, the net assets are USD33,545

million and the cash/deposits and cash equivalents are USD3,807 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 Third Party Allotment Capital Increase.

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

Major shareholders and their respective shareholding ratio after the First Third Party Allotment Capital Increase

Before offering (as of September 30, 2012)		After offering	
Nippon Life Insurance Company	5.01%	Nippon Life Insurance Company	4.88%
Meiji Yasuda Life Insurance Company	4.12%	Meiji Yasuda Life Insurance Company	4.01%
Mizuho Corporate Bank, Ltd.	3.77%	Mizuho Corporate Bank, Ltd.	3.67%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3.75%	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3.65%
Mitsui Sumitomo Insurance Co., Ltd.	2.76%	Mitsui Sumitomo Insurance Co., Ltd.	2.69%
Japan Trustee Services Bank, Ltd. (Trust Account)	2.55%	Qualcomm Incorporated	2.64%
Sharp employee stock ownership plan	2.52%	Japan Trustee Services Bank, Ltd. (Trust Account)	2.48%
Sompo Japan Insurance Inc.	1.94%	Sharp employee stock ownership plan	2.45%
The Master Trust Bank of Japan, Ltd. (Trust Account)	1.83%	Sompo Japan Insurance Inc.	1.88%
SSBT OD05 OMNIBUS ACCOUNT – TREATY CLIENTS (Standing Agent: HSBC Tokyo)	1.82%	The Master Trust Bank of Japan, Ltd. (Trust Account)	1.79%

(Note) The "after offering" shareholder ratio is based on the shareholder register as of September 30, 2012, and reflects the changes to be made as a result of the First Third Party Allotment Capital Increase, on the assumption that no subscription payment is made for the shares (to be) newly issued under the 2012/3/27 Resolved Third Party Allotment Capital Increase.

Major shareholders and their respective shareholding ratio after the Second Third Party Allotment Capital Increase

With respect to the major shareholders and their respective shareholding ratio after the Second Third Party Allotment Capital Increase, since the number of shares to be issued has not been determined as of the date of this notice, such information will be disclosed after the number of shares to be issued has been determined.

8. Future outlook

The Joint Development/ Capital Alliance Agreements will only have a minor effect on the Company's business results (on a consolidated basis) for the fiscal year ending March 31, 2013.

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

The 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".

It cannot be determined whether or not the Second Third Party Allotment Capital Increase would 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", since the number of shares to be issued for the Second Third Party Allotment Capital Increase has not been determined yet.

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, 2010	Ended March 31, 2011	Ended March 31, 2012
Sales	JPY2,755,948 mil	JPY3,021,973 mil	JPY2,455,850 mil
Operating profit/loss	JPY51,903 mil	JPY78,896 mil	- JPY37,552 mil
Ordinary profit/loss	JPY30,995 mil	JPY59,124 mil	- JPY65,437 mil
Current net profit/loss	JPY4,397 mil	JPY19,401, mil	- JPY376,076 mil
Current net profit/loss per share	JPY4.00	JPY17.63	- JPY341.78
Dividend per share	JPY17.00	JPY17.00	JPY10.00
Net assets per share	JPY949.19	JPY932.46	JPY568.83

(2) Current status regarding number of issued shares and number of potential shares (as of December 4, 2012)

	Number of shares	Percentage of the total number of issued common shares as against the total number of issued shares
Number of issued shares	1,110,699,887	100.0%
Number of potential shares at the current conversion price (exercise price)	79,018,964	7.1%
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, 2010	Ended March 31, 2011	Ended March 31, 2012
Opening price	799 yen	1,172 yen	824 yen
High price	1,253 yen	1,260 yen	842 yen
Low price	771 yen	626 yen	467 yen
Closing price	1,169 yen	825 yen	604 yen

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

(ii) Status regarding the past 6 months

	June	July	August	September	October	November
Opening price	407 yen	408 yen	262 yen	190 yen	195 yen	167 yen
High price	460 yen	409 yen	280 yen	220 yen	198 yen	181 yen
Low price	377 yen	247 yen	164 yen	182 yen	142 yen	147 yen
Closing price	402 yen	270 yen	198 yen	193 yen	172 yen	172 yen

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

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

	As of December 3, 2012
Opening price	170 yen
High price	173 yen
Low price	170 yen
Closing price	172 yen

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

The 2012/3/27 Resolved Third Party Allotment Capital Increase (subscription payment period: May 31, 2012 to March 26, 2013) was publicly announced on March 27, 2012, but no subscription payment has been made yet, and the Company is still holding discussions with the allottee.

The general terms and conditions of offering for the 2012/3/27 Resolved Third Party Allotment Capital Increase at the time of such public announcement are as follows:

Subscription payment period:	May 31, 2012 to March 26, 2013
Amount of funds to be raised:	66,466,950,000 yen (Estimated net amount after deduction)
Issue price:	550 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	121,649,000 shares

offering:	
Total number of issued shares after the offering:	1,232,348,887 shares
Expected allottees:	Hon Hai Precision Industry Co., Ltd. 50,000,000 FOXCONN TECHNOLOGY Co., Ltd. 8,029,000 FOXCONN (FAR EAST) Limited 31,143,000 Q-Run Holdings Limited 32,477,000
Initial purpose of use of the funds as intended at the time of issue:	Investments in the upgrading/ streamlining of liquid crystal products production facilities related to mobile equipment and the adoption of new technology for liquid crystal display.
Timing of use of funds as intended at the time of issue:	May 2012 to April 2014
Current status regarding appropriation:	N/A

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

First Third Party Allotment Capital Increase

- (1) Number of shares offered: 30,120,000 shares
- (2) Subscription payment amount: 164 yen per share
- (3) Total subscription payment amount: 4,939,680,000 yen
- (4) Amount of increase in capital: 2,469,840,000 yen
- (5) Amount of increase in capital reserve: 2,469,840,000 yen
- (6) Method of offering/allotment (allottee and number of shares to be allotted): Third party allotment (30,120,000 shares to Qualcomm).
- (7) Subscription payment date: December 27, 2012
- (8) Other * It is conditional upon the securities registration statement for the First Third Party Allotment Capital Increase (as required under the Financial Instruments and Exchange Law) becoming effective.

Second Third Party Allotment Capital Increase

- (1) Number of shares offered: TBD (Note 1)
- (2) Subscription payment amount: TBD (Note 2)
- (3) Total subscription payment amount: TBD (Note 3)
- (4) Amount of increase in capital: TBD (Note 4)
- (5) Amount of increase in capital reserve: TBD (Note 5)

- (6) Method of offering/allotment (allottee and number of shares to be allotted): Third party allotment (All of the shares issued will be allotted to Qualcomm).
- (7) Subscription payment date: March 29, 2013
- (8) Other
- * It is conditional upon the securities registration statement for the Second Third Party Allotment Capital Increase and the Revised SRS for the Second Third Party Allotment Capital Increase (as required under the Financial Instruments and Exchange Law) becoming effective.
 - * The terms and conditions of the Second Third Party Allotment Capital Increase were determined by the resolution passed at the Company's board of directors held on December 4, 2012, but the number of shares to be issued was not determined and, as such, with respect to the Second Third Party Allotment Capital Increase, the "board resolution to determine matters regarding the issue of shares" as required under Article 199, Paragraph 1 of the Companies Act has not been fully obtained. Such board resolution required under Article 199, Paragraph 1 of the Companies Act will be obtained for the Second Third Party Allotment Capital Increase as soon as the number of shares to be issued becomes clear.
 - * Under the Relevant Agreements, Qualcomm is obligated to make the subscription payment by the payment date, only if all of the Major Conditions Precedent to Additional Investment are satisfied. If any of the Major Conditions Precedent to Additional Investment is not satisfied and there are clearly no prospects for a successful research/development of the Next-Generation MEMS Display, the Second Third Party Allotment Capital Increase will not be conducted.

(Note) 1. "Number of shares offered" will be calculated by dividing the Estimated Total Issue Price by the "issue price" per share (Please refer to Note 2 below for the meaning of the "issue price"). A fraction of less than one whole yen shall be rounded down to the nearest whole yen. In addition, if the number of shares to be issued under the Second Third Party Allotment Capital Increase together with the number of the issued under the First Third Party Allotment Capital Increase exceeds 10% of the total number of the outstanding shares of the Company, the Company will discuss with the allottee.

2. The subscription payment amount is equal to the issue price and the issue price was determined as follows at the board of directors meeting held on December 4, 2012.

The "issue price" shall be equivalent to the simple average (with any fraction of less than one whole yen rounded down to the nearest whole yen) of the closing price of the Company's shares traded on the Tokyo Stock Exchange for 20 business days up to 2 business days before the Major Conditions Precedent Satisfaction Date.

3. This will be calculated by multiplying the subscription payment amount (Note 2) by the number of shares offered (Note 1).
4. This will be calculated by multiplying the total subscription payment amount (Note 3) by 2 (with any fraction of less than one whole yen rounded up to the nearest whole yen).
5. This will be calculated by deducting the amount of increase in capital (Note 4) from the total subscription payment amount (Note 3).