

November 1, 2016

[Translation]

Company Name: Sharp Corporation
Representative: J.W. Tai
President & Chief Executive Officer
(Code No. 6753)

**Notice Regarding an Absorption-Type Merger (Simplified Merger and Short Form Merger)
with a Wholly-Owned Subsidiary**

Sharp Corporation (“Sharp”) announces that it has resolved at the Board of Directors meeting held today to perform an absorption-type merger with its wholly-owned subsidiary, Sharp Manufacturing Systems Corporation (“SMS”), (the “Merger”), and entered into a merger agreement to effect the Merger.

Some disclosure items and details have been omitted because the Merger will be performed as an absorption-type merger with a consolidated subsidiary that is wholly owned by Sharp.

1. Purpose of the Merger

Under the new management system established in August of this year, Sharp held up its policy of “One SHARP” aiming to heighten its overall strength by all of its businesses cooperating with each other, and declared its management policy to the effect that Sharp satisfies the expectations of various stakeholders through expanding its business. Furthermore, Sharp established a new corporate motto, “Be Original.,” to which Sharp gives the meaning to the effect that it provides each customer with products and services overflowing with Sharp’s originality, inheriting its founding spirit of “Sincerity and Creativity”.

In addition, Sharp has been looking into various measures including measures to improve management efficiency, aspiring to strengthen the earning power of each business to achieve a surplus as soon as possible in order to ensure stable growth.

Under these circumstances, Sharp considered various options concerning SMS, which is operating the various businesses as a subsidiary of Sharp such as production equipment; control devices; and equipment related to the medical profession. After various considerations, Sharp decided that promoting efficient operations through the transfer of all of SMS’s business to Sharp, the integration and optimal alignment of its management resources, and the establishment of a structure to promptly respond to customers’ requests would contribute to enhancing the corporate value of the Sharp group. Consequently, today Sharp decided to perform the absorption-type merger with SMS and entered into a merger agreement with SMS.

2. Summary of the Merger

(1) Schedule of the Merger

The Board of Directors meeting to resolve the Merger: November 1, 2016
Conclusion date of the merger agreement: November 1, 2016
Effective date of the Merger: January 1, 2017

Note: The Merger falls under a simplified merger for Sharp as provided in Article 796, paragraph 2 of the Companies Act and a short form merger for SMS as provided in Article 784, paragraph 1 of

the same act; therefore, Sharp and SMS plan to perform the Merger without the approval of a general meeting of shareholders in relation to the merger agreement.

- (2) Merger method
The method of the Merger is an absorption-type merger with Sharp as the surviving company, and SMS will be dissolved.
- (3) Content of allocation pertaining to the Merger
There will be no delivery of money, etc. in lieu of SMS's shares due to the Merger because the Merger will be an absorption-type merger with Sharp's wholly owned subsidiary, nor will Sharp issue new shares nor increase its capital.
- (4) Treatment of stock acquisition rights and bonds with stock acquisition rights of the disappearing company
Not applicable.

3. Outline of the companies involved in the Merger (as of September 30, 2016)

	Surviving Company	Disappearing Company
(1) Name	Sharp Corporation	Sharp Manufacturing Systems Corporation
(2) Details of Business	Mainly manufacturing and sale of telecommunications equipment, electric and electronic application, and electronic components	Manufacture and sale of control devices (PLC, RFID systems, LCD control terminals); automated production systems; cleaning devices for industrial and medical applications, etc.
(3) Date of Establishment	May 2, 1935	March 2, 1970
(4) Location	1 Takumi-cho, Sakai-ku, Sakai City	4-1-33, Atobe-honmachi, Yao City, Osaka
(5) Name and Title of Representative	J.W. Tai, President & Chief Executive Officer	Toyoaki Nanba, President
(6) Capital	5,000,000,000 yen	483,840,000 yen
(7) Number of Issued Shares	4,994,729,220 shares	1,057,925 shares
(8) Fiscal Year End	March 31	March 31
(9) Major Shareholder and Shareholding Ratio	Hon Hai Precision Industry Co., Ltd. 26.3% Foxconn (Far East) Limited 18.3% Foxconn Technology Pte. Ltd. 12.9% SIO International Holdings Limited 8.4%	Sharp Corporation 100%
(10) Financial Conditions and Operating Results for the Most Recent Fiscal Year		
Fiscal Year Ended	Fiscal year ended March 2016 (consolidated)	Fiscal year ended March 2016 (non-consolidated)
Net Assets	-31,211 million yen	1,382 million yen
Total Assets	1,570,672 million yen	6,224 million yen
Net Assets per Share	-161.79 yen	1,307.18 yen
Proceeds of Sale	2,461,589 million yen	11,318 million yen
Operating Income or Operating Loss (-)	-161,967 million yen	472 million yen
Ordinary Profit or Ordinary Loss (-)	-192,460 million yen	430 million yen
Net Income or Net Loss (-) (Attributable to Owners of Parent)	-255,972 million yen	-123 million yen
Net Income or Net Loss (-) per Share	-154.64 yen	-116.94 yen

4. Status after the Merger

No changes will be made to the name, location, name and title of the representative, details of business, capital, and fiscal year end of Sharp, which is the surviving company of the absorption-type merger, due to the Merger.

5. Future outlook

The impact of the Merger on Sharp's results will be minor as the Merger is a merger with a wholly-owned subsidiary.

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