

March 22, 2013

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

Notice Regarding the Outcome of the Discussions Involving the Second Third Party Allotment Capital Increase with Qualcomm as the Allottee (Notice regarding the Issue of New Shares by the Second Third Party Allotment Capital Increase with a New Subscription Payment Date)

Sharp Corporation (the "Company") has stated in its press release dated December 4, 2012 (the "12/4 Press Release") that the Company has passed a resolution at its board of directors meeting held on December 4, 2012 (the "12/4 Board Meeting") to enter into with Pixtronix, Inc. ("Pixtronix"), a wholly-owned subsidiary of Qualcomm Incorporated ("Qualcomm"), a joint development agreement (the "Joint Development Agreement") concerning the business alliance for the joint development of next generation MEMS (Micro Electro Mechanical System) display and enter into a capital alliance agreement (the "Capital Alliance Agreement") with Qualcomm (collectively, the "Joint Development/ Capital Alliance Agreements") and to issue new shares in two rounds by third party allotment with Qualcomm as the allottee, the first with a subscription payment date of December 27, 2012 (the "First Third Party Allotment Capital Increase") and the second with a subscription payment date of March 29, 2013 (the "Former Second Third Party Allotment Capital Increase") pursuant to the Joint Development/ Capital Alliance Agreements. The Company, however, made another press release on March 18, 2013, in which it stated that the Company will not be able to receive the subscription payment by the designated subscription payment date for the Former Second Third Party Allotment Capital Increase.

The Company hereby notifies that, pursuant to the Joint Development/ Capital Alliance Agreements and following discussions with Qualcomm, the Company has passed a resolution at its board of directors meeting held today (the "Board Meeting") to newly conduct, in lieu of the Former Second Third Party Allotment Capital Increase, a third party allotment capital increase for which the tentative subscription payment date is June 28, 2013 (please note that the actual subscription payment date may be a date which is earlier than such tentative date, as described below) and for which the other terms and conditions are the same as those for the Former Second Third Party Allotment Capital Increase (the "Second Third Party Allotment Capital Increase").

1. Outline of the offering

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 the IGZO liquid crystal display technology (which is used in its small-and-medium-sized LCD business) as the core element of its business in developing new products ahead of its competitors so as to maintain the Company's advantageous position among its competitors in terms of technology, which would enable the Company to expand its line of products and customer base, resulting in an increase in revenue.

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

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

For the purpose of raising the additional funds necessary to move on to the second stage of the joint development project, it had been initially resolved at the 12/4 Board Meeting to conduct the Former Second Third Party Allotment Capital Increase and the Company had also filed the securities registration statement as required for the Former Second Third Party Allotment Capital Increase. Since then, both parties have been working on the joint development process and are now continuing their discussions aimed at confirming the fulfillment of the relevant conditions, but given that both parties have concluded that there may not be enough time to make a careful

decision based on accurate and highly-reliable information and condition in respect of the confirmation of the fulfillment of the Major Conditions Precedent to Additional Investment, it has been decided that the Former Second Third Party Allotment Capital Increase with the subscription payment date being March 29, 2013 should be cancelled, and the relevant securities registration statement was cancelled accordingly on March 22, 2013.

The Joint Development/ Capital Alliance Agreements provide that, if it becomes difficult to fulfill the Major Conditions Precedent to Additional Investment by March 29, 2013, the timing of the commencement of the second stage of the joint development project will be extended by three months to June 30, 2013 and, therefore, the parties held discussions pursuant to such provision and reached an agreement to conduct the Second Third Party Allotment Capital Increase, in lieu of the Former Second Third Party Allotment Capital Increase, as a means of raising the funds necessary for the second stage of the joint development project contemplated in the Joint Development/ Capital Alliance Agreements. As regards the Second Third Party Allotment Capital Increase, it will be conducted on condition that, as set out above and pursuant to the Joint Development/ Capital Alliance Agreements, the Registration Statement Amendment is filed after the confirmation of the fulfillment of the Major Conditions Precedent to Additional Investment, and the Registration Statement Amendment becomes effective by the subscription payment date set out below. If any of the Major Conditions Precedent to Additional Investment is not fulfilled, the Second Third Party Allotment Capital Increase may not take place.

Second Third Party Allotment Capital Increase:

(1) Subscription payment date	June 28, 2013 (Friday) (Note 1)
(2) Number of new shares to be issued	TBD (Note 2 and 3)
(3) Issue price	TBD (Note 4)
(4) Amount of funds to be raised	TBD (Note 5)
(5) Method of offering 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 the 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 Board Meeting, but the number of shares to be issued and the subscription payment date were 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 and the subscription payment date becomes fixed upon the fulfillment of the Major Conditions Precedent to Additional Investment. * Under the Joint Development/ Capital Alliance Agreements, Qualcomm is obligated to make the subscription payment by the subscription payment date, only if the Conditions Precedent to Additional Investment are satisfied by the subscription payment date. If any of the Conditions Precedent to Additional Investment is not satisfied, the Second Third Party Allotment Capital Increase will not be conducted. For details, please refer to the sections below.
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Note 1. The tentative subscription payment date has been determined as set out above. The actual subscription payment date will be determined on the date when, after the fulfillment of the Major Conditions Precedent to Additional Investment, the board of directors of the Company determines the number of new shares to be issued and the issue price in accordance with the calculation formula set forth in Notes 3 and 4 below (the "Final Terms Determination Date"). In this respect, as stated above, although the parties are still continuing their discussions regarding the fulfillment of the Major Conditions Precedent to Additional Investment, it is not clear to the parties at this stage when the Major Conditions Precedent to Additional Investment would be fulfilled. Accordingly, the parties have decided, after taking into account the outcome of the discussion between the parties, that the tentative subscription payment date would be June 28, 2013, which is the last business day of the grace period for moving on to the second state of the joint development project as set forth in the Joint Development/ Capital Alliance Agreements (June 29, 2013 and June 30, 2013 are non-business days for financial institutions in Japan and are therefore excluded, since financial institutions do not accept subscription payments on non-business days). Notwithstanding such tentative subscription payment date, if the fulfillment of the Major Conditions Precedent to Additional Investment is confirmed prior to such tentative subscription payment date, the Registration Statement Amendment will be filed as soon as possible, and the Second Third Party Allotment Capital Increase will be conducted promptly after the Registration Statement Amendment becomes effective. We prepared the following chart setting out the subscription payment date, which varies according to the timing of the Final Terms

Determination Date (starting with the date on the top, by which we believe the parties would be able to confirm the relevant matters regarding the Conditions Precedent to Major Additional Investment in the manner reasonably satisfactory to the parties based on accurate and highly-reliable information and condition).

Final Terms Determination Date	Subscription Payment Date
March 23, 2013 to March 25, 2013	April 10, 2013
March 26, 2013	April 11, 2013
March 27, 2013	April 12, 2013
March 28, 2013 and March 29, 2013	April 15, 2013
March 30, 2013 to April 1, 2013	April 17, 2013
April 2, 2013	April 18, 2013
April 3, 2013	April 19, 2013
April 4, 2013 and April 5, 2013	April 22, 2013
April 6, 2013 to April 8, 2013	April 24, 2013
April 9, 2013	April 25, 2013
April 10, 2013	April 26, 2013
April 11, 2013 and April 12, 2013	April 30, 2013
April 13, 2013 to April 15, 2013	May 1, 2013
April 16, 2013	May 2, 2013
April 17, 2013 to April 19, 2013	May 7, 2013
April 20, 2013 to April 22, 2013	May 8, 2013
April 23, 2013	May 9, 2013
April 24, 2013	May 10, 2013
April 25, 2013 and April 26, 2013	May 13, 2013
April 27, 2013 to April 30, 2013	May 16, 2013
May 1, 2013	May 17, 2013
May 2, 2013	May 20, 2013
May 3, 2013 to May 7, 2013	May 23, 2013
May 8, 2013	May 24, 2013
May 9, 2013 and May 10, 2013	May 27, 2013
May 11, 2013 to May 13, 2013	May 29, 2013
May 14, 2013	May 30, 2013
May 15, 2013	May 31, 2013
May 16, 2013 and May 17, 2013	June 3, 2013
May 18, 2013 to May 20, 2013	June 5, 2013
May 21, 2013	June 6, 2013
May 22, 2013	June 7, 2013
May 23, 2013 and May 24, 2013	June 10, 2013
May 25, 2013 to May 27, 2013	June 12, 2013
May 28, 2013	June 13, 2013
May 29, 2013	June 14, 2013
May 30, 2013 and May 31, 2013	June 17, 2013
June 1, 2013 to June 3, 2013	June 19, 2013
June 4, 2013	June 20, 2013
June 5, 2013	June 21, 2013

June 6, 2013 and June 7, 2013	June 24, 2013
June 8, 2013 to June 10, 2013	June 26, 2013
June 11, 2013	June 27, 2013
June 12, 2013	June 28, 2013

The Second Third Party Allotment Capital Increase will be conducted only if the Conditions Precedent to Additional Investment remain fulfilled as of the subscription payment date.

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

Note 3. "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 4 below for the meaning of the "issue price"). A fraction of less than 1,000 shares shall be rounded down to the nearest sum. This is the same calculation formula as that used for the Former Second Third Party Allotment Capital Increase.

Note 4. "Issue price" was determined as follows at the Board Meeting.

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 (the "Major Conditions Precedent Satisfaction Date"). This is the same calculation formula as that used for the Former Second Third Party Allotment Capital Increase.

Note 5. "Amount of funds to be raised" is calculated by multiplying the "number of new shares to be issued" by the "issue price".

With respect to the outline of the First Third Party Allotment Capital Increase, please refer to Section 10 (4) "Status regarding equity finance in the past three years" .

2. Purpose and background of the offering

The Company is placed in an environment which has become even more harsh due to the strong yen and the enhanced price competition in the LCD 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 LCD 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.) continues to expand, a higher level of visibility and lower power consumption will be required for the displays to be used for such equipment. Accordingly, as previously announced in the 12/4 Press Release, the Company has 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.

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

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

On the other hand, as regards the existence of certain conditions which might raise uncertainties about the Company being an assumed going concern in the financial results for the second quarter of the fiscal year ending March 31, 2013 (which was announced on November 1, 2012) and the third quarter of the same fiscal year (which was announced on February 1, 2013), the Company believes that, by implementing measures to reinforce business foundation, it believes that these conditions will not cast a material uncertainty about Sharp's ability to continue as a going concern. Given the fact that the equity capital ratio has declined to 9.6% (as of December 31, 2012), the Company believes that the Third Party Allotment Capital Increase would contribute to the Company's capital policy to improve its financial standing. With respect to the Company's future capital policy, the Company will also consider what kind of measures should be taken in light of the Company's financial condition, and make efforts to improve the corporate value of the Company.

Please also note that the Company has been implementing reform measures in a continuous manner especially for the purpose of strengthening and stabilizing the Company's earning power for the LCD business as a part of the newly-adopted business structure reform. Such reform measures include the First Third Party Allotment Capital Increase and the Second Third Party

Allotment Capital Increase as well as the Company's efforts to achieve the capital increase by third party allotment with Hon Hai Precision Industry Co., Ltd. as the allottee, aimed at strengthening and stabilizing the Company's earning power under a comprehensive alliance with Hon Hai Precision Industry Co., Ltd., which was publicly announced on March 27, 2012 (the "2012/3/27 Resolved Third Party Allotment Capital Increase"), and the capital increase by third party allotment with Samsung Electronics Japan Co., Ltd. (which is the Japanese entity established by Samsung Electronics Co., Ltd. ("Samsung Electronics")) as the allottee, aimed at strengthening and stabilizing the Company's earning power through the achievement of a stable and assured supply of LCD panel products to Samsung Electronics, which was publicly announced on March 6, 2013 (the "2013/3/6 Resolved Third Party Allotment Capital Increase"). As regards the 2012/3/27 Resolved Third Party Allotment Capital Increase, the subscription payment date (March 26, 2013) is closing in, but the parties have not yet concluded their discussions regarding the implementation of the subscription payment.

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

(1) Amount of the funds to be raised

(1) Total subscription payment amount	TBD (Note 1)
(2) Estimated amount of issue-related costs	TBD (Note 2)
(3) Estimated net amount	TBD (Note 3)

- (Note)
1. 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.
 2. The issue-related costs include registration costs, attorney and other advisor fees, securities exchange listing related costs and other costs, but the estimated amount thereof is "TBD" because the total subscription payment amount has not been determined yet.
 3. 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. The relevant funds will be held in a bank account, etc. until the time of use/appropriation.

Detailed purpose of use	Amount	Timing of use
Costs and expenses for the commercialization of the Next-Generation MEMS Display (Note 1)	TBD	June 2013 to December 2014
Equipment investment for the commercialization of the Next-Generation MEMS Display (Note 1)	TBD	June 2013 to December 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, the Company will establish production lines and other production facilities necessary for the commercialization of the Next-Generation MEMS Display, and the above-mentioned net amount is expected to be used for the necessary costs related thereto.
 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 Second Third Party Allotment Capital Increase will not be conducted unless the amendment to the securities registration statement is filed and 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. Each of the above amounts is "TBD" since the issue price has not been determined yet, but after the fulfillment of the Major Conditions Precedent to Additional Investment has been confirmed and the total issue price has been determined, the full amount thereof will be appropriated to each purpose of use set out above.

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

As a part of such efforts, the Company is planning to make investments, etc. relating to the adoption of new technology for the streamlining of its manufacturing facilities aimed at enabling the Company to handle by itself the process of manufacturing LCD products for mobile equipment and for the achievement of high-resolution pixel density for LCDs. A resolution was passed for the 2012/3/27 Resolved Third Party Allotment Capital Increase and the 2013/3/6 Resolved Third Party Allotment Capital Increase, respectively, for the purpose of raising the funds necessary to implement such plan.

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

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

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

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

5. Reasonableness of the terms and conditions of issue

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

It was resolved at the Board Meeting that the subscription payment amount for the Second Third Party Allotment Capital Increase will be determined based on the simple average (with any fraction of less than one whole yen shall be rounded up) of the closing price of the Company's shares traded on the Tokyo Stock Exchange for 20 trading days up to 2 business days before the Major Conditions Precedent to Additional Investment Fulfillment Date. This is the same calculation formula as that used for the Former Second Third Party Allotment Capital Increase.

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

As regards the matter of whether or not the subscription payment amount would constitute an "advantageous placement, such matter shall be determined when the subscription payment amount becomes fixed, since the issue price, which serves as the basis for considering such issue, has not yet been fixed as of the date of this press release.

- (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 which were allotted to the allottee in the First 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 March 21, 2013 less the number of common shares of the Company issued by the First Third Party Allotment Capital Increase (30,120,000 shares) (2.75% based on the total number of voting rights (1,095,302 – Please refer to the Note below)).

However, as stated in Section 2 (Purpose and background of the offering) and Section 3(2) (Purpose of use of the funds to be raised), the funds to be raised by the First 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. Please note that 187,573,000 shares (which is the sum of the 121,649,000 common shares of the Company to be allotted to Hoi Hai Precision Industry Co., Ltd. etc. in the 2012/3/27 Resolved Third Party Allotment Capital Increase, the 30,120,000 common shares of the Company which were allotted to Qualcomm in the First Third Party Allotment Capital Increase and the 35,804,000 common shares of the Company to be allotted to Samsung Electronics Japan in the 2013/3/6 Resolved Third Party Allotment Capital Increase) is equivalent to 16.89% of 1,110,699,887 shares (which is the total number of issued common shares of the Company as of March 21, 2013 (1,140,819,887 shares) less the 30,120,000 common shares of the Company which were issued in the First Third Party Allotment Capital Increase (17.3% based on the total number of voting rights (1,095,302 – Please refer to the Note below)).

(Note) The total number of voting rights is equivalent to the total number of issued shares (1,140,819,887 shares) less the number of shares less than one whole unit according to the shareholder register as of September 30, 2012 (4,939,887 shares), the number of treasury shares other than the shares less than one whole unit (10,383,000 shares) and the number of mutually-held shares (75,000 shares) less the number of common shares of the Company which were issued in the First Third Party Allotment Capital Increase (30,120,000 shares).

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

(1) Name	Qualcomm Incorporated
(2) Location	5775 Morehouse Drive, San Diego, CA 92121, U.S.A.
(3) Name/title of representative	Chairman of the Board and Chief Executive Officer Paul E. Jacobs
(4) Business	Development and sale of base-band chip sets for various mobile communication systems or terminals using CDMA technology and licensing to CDMA technology.
(5) Amount of capital	US\$171,600 (as of December 30, 2012). (Capital reserve of US\$12,282 million)
(6) Date of incorporation	July 1, 1985.
(7) Total number of issued shares	1,718,129,898 shares (as of January 28, 2013)
(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, as of Dec. 31, 2012	BlackRock Advisors, LLC: 6.12% The Vanguard Group, Inc.: 4.35% State Street Global Advisors (SSgA): 4.00% Fidelity Management & Research Company: 3.41% T. Rowe Price Associates, Inc.: 2.77%
(13) Relationship between the parties	

Capital ties	The relevant company (Qualcomm) owns 30,120,000 common shares of the Company (shareholding of 2.64% as against the total number of issued shares as of December 31, 2012 (1,140,819,887 shares)). There are no capital ties between any affiliated person or affiliated company of the Company and any affiliated person or affiliated company of the relevant company (Qualcomm).
Personnel ties	There are no personnel ties between the Company and the relevant company (Qualcomm) which should be noted herein. There are also no personnel ties between any affiliated person or affiliated company of the Company and any affiliated person or affiliated company of the relevant company (Qualcomm).
Business ties	The Company has business ties with the allottee (Qualcomm) in relation to the sale and purchase of chip sets and licensing of Qualcomm's for mobile phones (smart phones).
Whether or not a "related person"	The relevant company (Qualcomm) does not correspond to a "related person" of the Company. Furthermore, none of the affiliated persons or affiliated companies of the relevant company (Qualcomm) corresponds to a "related person" of the Company.

(14) Business results and financial condition for the past three years

Fiscal year	Ended Sep 30, 2010	Ended Sep 30, 2011	Ended Sep 30, 2012
Net assets (on a consolidated basis)	USD20,858 mil (JPY1,737,889 mil)	USD26,972 mil (JPY2,068,752 mil)	USD33,545 million (JPY2,602,253 mil)
Total assets (on a consolidated basis)	USD30,572 mil (JPY2,547,259 mil)	USD36,422 mil (JPY2,793,567 mil)	USD43,012 million (JPY3,336,656 mil)
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)
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- (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 previously announced in the 12/4 Press Release, the Company has entered into the Joint Development Agreement for the joint development of the Next-Generation MEMS Display with Qualcomm's wholly-owned subsidiary Pixtronix.

(2) Reason for selecting the expected allottee

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

(3) Expected allottee's shareholding policy

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

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

Qualcomm, the expected allottee, has also agreed in the Joint Development/ Capital Alliance Agreements that, if it wishes to transfer to any third party its shares in the Company from the first anniversary to the second anniversary of the First Third Party

Allotment Capital Increase or the Second Third Party Allotment Capital Increase, as appropriate, it shall, for any sale on the market, be subject to certain restrictions regarding the trading volume, and shall, for any sale off the market, give a 30 days prior notice to the Company and hold discussions with the Company for a certain period of time to determine the transferee that meets certain conditions and the terms and conditions of the sale, and if the Company designates a transferee, sell the shares to such designated transferee.

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

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

The Company has reviewed the financial statements disclosed by Qualcomm, the expected allottee, including Qualcomm's most recent financial statements for the first quarter of the fiscal year ending September 30, 2013. According to Qualcomm's consolidated financial statements dated December 30, 2012, the total assets are USD44,841 million and the net assets are USD35,354 million, including cash and cash equivalents of USD4,293 million.

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

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

As regards the major shareholders and their respective shareholding ratio after the Second Third Party Allotment Capital Increase, such information will be disclosed when the number of shares to be newly issued becomes definite, since such number has not been determined yet.

8. Future outlook

The Second Third Party Allotment Capital Increase will only have a minor effect on the Company's business results (on a consolidated basis) for the fiscal year ending March 31, 2013. With respect to the anticipated effect on the Company's business results (on a consolidated basis) for the fiscal year ending March 31, 2014, the relevant information will be disclosed as a part of the Company's estimated business results for that fiscal year. The Company will promptly make

any disclosure that becomes necessary in relation to the Second Third Party Allotment Capital Increase.

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

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 March 21, 2013)

	Number of shares	Percentage of the total number of issued common shares as against the total number of issued shares
Number of issued shares	1,140,819,887 shares	100.00%
Number of potential shares at the current conversion price (exercise price)	79,018,964 shares	6.9%
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

	Oct	Nov	Dec	Jan	Feb	Mar
Opening price	195 yen	167 yen	170 yen	310 yen	326 yen	295 yen
High price	198 yen	181 yen	372 yen	352 yen	357 yen	356 yen
Low price	142 yen	142 yen	170 yen	281 yen	286 yen	294 yen
Closing price	172 yen	172 yen	303 yen	311 yen	294 yen	308 yen

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

(Note 2) The stock prices for March are the stock prices as of March 21 2013.

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

	As of March 21, 2013
Opening price	309 yen
High price	310 yen
Low price	306 yen
Closing price	308 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 Company also made a public announcement of the 2013/3/6 Resolved Third Party Allotment Capital Increase (subscription payment date: March 28, 2013), but no subscription payment has been made yet.

Please note that the subscription payment has been completed for the First Third Party Allotment Capital Increase.

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

<2012/3/27 Resolved Third Party Allotment Capital Increase>

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 offering:	121,649,000 shares
Total number of issued shares after the offering:	1,232,348,887 shares
Expected allottees:	Hon Hai Precision Industry, Co., Ltd. 50,000,000 shares FOXCONN TECHNOLOGY Co., Ltd. 8,029,000 shares FOXCONN (FAR EAST) Limited 31,143,000 shares Q-Run Holdings Limited 32,477,000 shares
Initial purpose of use of the funds as intended at the time of issue:	Investments in the upgrading/ streamlining of LCD 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

<First Third Party Allotment Capital Increase>

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

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

Subscription payment date:	March 28, 2013
Amount of funds to be raised:	10,134,160,000 yen (Estimated net amount after deduction)
Issue price:	290 yen per share
Total number of issued shares at the time of the offering:	1,140,819,887 shares
Number of shares to be issued by the offering:	35,804,000 shares
Total number of issued shares after the offering:	1,176,623,887 shares
Expected allottee:	Samsung Electronics Japan Co., Ltd. 35,804,000 shares
Initial purpose of use of the funds as intended at the time of issue:	Adoption of new technology to achieve high-resolution and investments, etc. for the streamlining of LCD manufacturing facilities relating to mobile equipment such as tablet terminals and high-resolution laptops.
Timing of use of funds as intended at the time of issue:	April 2013 to March 2015
Current status regarding appropriation:	N/A

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

- | | |
|--|--|
| (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: | June 28, 2013 (Note 6) |
| (8) Other | * It is conditional upon the securities registration statement for the Second Third Party Allotment Capital Increase and the amendment to the securities registration statement for the Second Third Party Allotment Capital Increase (as required under the Financial Instruments and Exchange Law) becoming effective.
* The terms and conditions of the Second Third |

Party Allotment Capital Increase were determined by the resolution passed at the Board Meeting, but the number of shares to be issued and the subscription payment date were 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 and the subscription payment date become fixed after the Major Conditions Precedent to Additional Investment are fulfilled.

- * Under the Joint Development/ Capital Alliance Agreements, Qualcomm is obligated to make the subscription payment by the subscription 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 1,000 shares shall be rounded down to the nearest sum. 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. This is the same calculation formula as that used for the Former Second Third Party Allotment Capital Increase.
2. The subscription payment amount is equal to the issue price and the issue price was determined as follows at the Board Meeting.

The "subscription payment amount" 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. This is the same calculation formula as that used for the Former Second Third Party Allotment Capital Increase.
 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 dividing 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).

6. With respect to the subscription payment date, please refer to the chart in Note 1 in the "Second Third Party Allotment Capital Increase" section of "1. Outline of the offering" above.

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