

May 14, 2013

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

### **Notice Regarding Reduction of Common Stock, Capital Reserve and Legal Reserve, and Appropriation of Surpluses**

Sharp Corporation ("Sharp") announced that Sharp has passed a resolution at its board of directors meeting held today to submit a proposal on reduction of common stock, capital reserve and legal reserve, and on appropriation of surpluses as set forth below to the 119th Ordinary General Meeting of Shareholders to be held on June 25, 2013 (the "Ordinary General Meeting of Shareholders").

#### **1. Purpose of Reduction of Common Stock, Capital Reserve and Legal Reserve, and Appropriation of Surpluses**

As announced in the Summary of Consolidated Financial Statements for the Year ended March 31, 2013, Sharp recorded a ¥525,030,530,462 loss of retained earnings carried forward for the year ended March 2013. In order to regain financial strength at an early stage, and to prepare for mobile and flexible implementation of future capital policy, by covering the deficit, Sharp will reduce common stock, capital reserve and legal reserve pursuant to the provisions of Article 447, Paragraph 1 and Article 448, Paragraph 1, of the Companies Act, and will then appropriate the surpluses pursuant to the provision of Article 452 of the Companies Act.

In addition, since these actions are accounting transfers within the "Net Assets section" in the balance sheet of Sharp, they will not change Sharp's net assets, and will not affect the total number of issued shares and the number of shares owned by each shareholder, etc.

#### **2. Details of Reduction of Common Stock**

Sharp will reduce common stock by ¥162,336,938,238 out of the amount of common stock as of March 31, 2013, of ¥212,336,938,238, and will transfer the entire amount of the reduction of common stock to other capital surplus.

#### **3. Details of Reduction of Capital Reserve and Legal Reserve**

##### **(1) Capital Reserve**

Sharp will reduce capital reserve by ¥256,576,762,667 out of the amount of capital reserve as of March 31, 2013, of ¥269,076,762,667, and will transfer the entire amount of the reduction of capital reserve to other capital surplus.

##### **(2) Legal Reserve**

Sharp will reduce the entire amount of legal reserve ¥26,115,000,000 as of March 31, 2013, and will transfer the entire amount of the reduction of legal reserve to retained earnings carried forward.

#### 4. Details of Appropriation of Surpluses

Following transfers of the common stock and capital reserve described above, Sharp will reduce other capital surplus by ¥414,448,530,462 out of other capital surplus of ¥426,015,533,792, reserve for severance payment of ¥1,756,000,000, and general reserve of ¥76,950,000,000, and will transfer them to retained earnings carried forward to cover the deficit.

(1) Item and amount of surpluses to be reduced

Other Capital Surplus:	¥414,448,530,462
Reserve for Severance Payment:	¥1,756,000,000
General Reserve:	¥76,950,000,000

(2) Item and amount of surplus to be increased

Retained Earnings Carried Forward:	¥493,154,530,462
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#### 5. Schedule

May 14, 2013 (Tue.)	Resolution of the board of directors meeting
May 27, 2013 (Mon.)	Initial date of public notice for creditors to make objections (scheduled)
June 25, 2013 (Tue.)	Resolution of the Ordinary General Meeting of Shareholders (scheduled)
June 27, 2013 (Thur.)	Final due date for creditors to make objections (scheduled)
June 28, 2013 (Fri.)	Effective date (scheduled)

#### 6. Future Outlook

Regarding the reduction of common stock, capital reserve and legal reserve, and appropriation of surpluses, since these actions are accounting transfers within the "Net Assets section" in the balance sheet of Sharp, they will not change Sharp's net assets, and will not affect the business results of Sharp.

#### (Reference)

Common stock, capital surplus (capital reserve and other capital surplus), and retained earnings (legal reserve and other retained earnings (various reserves, etc., general reserve and retained earnings carried forward)) after the effectuation of the actions stated in 2. through 4. above.

Common Stock	¥50,000,000,000
Capital Surplus	¥24,067,003,330
Capital Reserve	¥12,500,000,000
Other Capital Surplus	¥11,567,003,330
Retained Earnings	¥0
Legal Reserve	¥0
Other Retained Earnings	¥0
Various reserves, etc.	¥5,761,000,000
General reserve	¥0
Retained earnings carried forward	¥(5,761,000,000)

End