September 26, 2014


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| Company name: | Sharp Corporation |
| Name of representative: | Kozo Takahashi<br>President & Director<br>(Code: 6753) |


**Notice of extraordinary losses due to structural reforms of the Consumer Electronics business in Europe**

Sharp Corporation ("Sharp") today announced that it has signed binding agreements with Slovakian company, Universal Media Corporation /Slovakia/ s.r.o. ("UMC") and Turkish company, VESTEL TİCARET A.Ş. ("Vestel"), a sales company of Vestel Elektronik Sanayi ve Ticaret A.S. to begin alliances respectively on Sharp's audio visual and white goods businesses in Europe[1]. The signatures follow a resolution at a Sharp board of directors' meeting earlier today.

As a result, Sharp anticipates extraordinary losses will be incurred, as detailed below.

1. Background to the alliances

Since the global financial crisis initiated by Lehman Brothers' collapse in September 2008, Sharp's consumer electronics business in Europe, centred on LCD TV suffered severe losses. Sharp has undertaken a number of measures to effect a turn-around, increasing the efficiency of our sales organization and reducing expenses, while introducing Sharp's one-of-a-kind products, such as the world's first four-primary-color LCD TV AQUOS Quattron series and big screen TVs of 60" and above. However, with profitability under continuing pressure, due to increasingly severe price competition in a maturing market, Sharp has moved to prioritize the improvement of profitability of its European LCD TV business in line with medium-Term Management Plan, published in May, 2013.

As a result, Sharp is entering into a brand licensing agreement with UMC for its LCD TV business, forming part of the audio visual business in Europe[1], and will transfer control of Sales and Marketing for its white goods business in Europe to Vestel. It is expected that the business structural reform costs related to optimizing the workforce and transformation to the new value chain will be incurred in or after the second quarter of this fiscal year ending March 2015.

Sharp will strive for the re-growth of its business in Europe through the implementation of the business structural reforms. Moving forward, the combination of Sharp's strong brand

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[1] Italy and Russia are not included in these agreements, and Sharp will continue its operations as currently in both.

[1] UK, Netherlands and France are also currently out of scope.

with the strength of both UMC’s and Vestel’s distribution networks will enable Sharp to improve the profitability of its consumer electronics business. Sharp will meanwhile continue to operate and further increase the profitability of its European B2B businesses including the document business with a focus on digital multi-function-printers and its solution businesses, the business solution business with a focus on information displays, and the energy solution business with a focus on engineering, procurement, construction for large-scale photovoltaic power plants, and electronic devices business.

2. Summary of the business structural reforms

(1) Terms of the alliances

The LCD TV business, forming part of the audio visual business in Europe, will be changed into a brand licensing business by granting a license to UMC’s LCD TV business in Europe. In particular, Sharp will be licensing the Sharp brand for the LCD TVs that are sold by UMC in Europe. In addition, Sharp agreed to discuss towards the possible sale of SMPL (Sharp Manufacturing Poland Sp. zo.o.), Sharp’s manufacturing base in Poland for LCD TVs, to UMC. As part of the licensing of the Sharp brand, Sharp will support the design and development of UMC’s LCD TVs. Regarding audio equipment, UMC will conduct the business in Europe, to market Sharp-branded audio-visual products manufactured by Sharp’s manufacturing base in Malaysia, SOEM (S&O Electronics (Malaysia) Sdn.Bhd.).

The white goods business in Europe will be transferred to Vestel. Vestel will sell Sharp-brand white goods (excluding air conditioners), such as refrigerators and microwave ovens, manufactured by SATL (Sharp Appliances (Thailand) Ltd.), Sharp’s consumer appliance manufacturing base in Thailand, and SSEC (Shanghai Sharp Electronics Co., Ltd.), Sharp’s consumer appliance manufacturing base in Shanghai, China. Sharp will also license its brand to Vestel for Vestel-manufactured volume zone home appliances, such as refrigerators, washing machines and kitchen appliances such as dishwashers and electric ovens, in order to expand the Sharp-brand home appliance line-up, and Vestel will sell such goods.

Going forward, the terms of the business alliances will be finalized in the third quarter of the fiscal year ending March 2015, and the businesses based on a new value chain expected to commence on January 1, 2015 at the earliest.

(2) Overview of the alliance partners

1) UMC

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| 1. Name | Universal Media Corporation /Slovakia/ s.r.o. |
| 2. Address | Mickiewiczova 7104/14, 811 07 Bratislava 1, Slovakia Republic |
| 3. Name and title of representative | Aslan Khabliev, CEO |
| 4. Description of business | Manufacturing, sale, and after-sales service of LCD television in Europe |
| 5. Capital | EUR 1,660 thousand (approx. JPY 200 million) |
| 6. Consolidated net assets | EUR 13,605 thousand (approx. JPY 1,700 million) |
| 7. Consolidated total assets | EUR 88,362 thousand (approx. JPY 11,300 million) |
| 8. Date of incorporation | December 10, 2003 |

(Note) Items 5 through 7 above are figures as of June 30, 2013 (figures for the fiscal year ending June 2013 are listed because the audit for the fiscal year ending June 2014 has not yet been completed). The yen amounts have been converted at an exchange rate of EUR 1 = JPY 128.56.

2) Vestel

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| 1. Name | VESTEL TİCARET A.Ş. |
| 2. Address | Levent 199, Buyukdere Cad. No:199 34394 Sisli, İstanbul, Turkey |
| 3. Name and title of representative | AHMET NAZİF ZORLU, CHAIRMAN |
| 4. Description of business | Sale and export of electrical products |
| 5. Capital | TRY 214 million (approx. JPY 10,400 million) |
| 6. Net assets | TRY 316 million (approx. JPY 15,400 million) |
| 7. Total assets | TRY 2,785 million (approx. JPY 136,400 million) |
| 8. Date of incorporation | October 5, 1987 |

(Note) Items 5 through 7 above are figures as of December 31, 2013. The yen amounts have been converted at an exchange rate of TRY 1 = JPY 48.9830.

(Reference) Overview of Vestel's parent company

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| 1. Name | Vestel Elektronik Sanayi ve Ticaret A.Ş. |
| 2. Address | Levent 199, Buyukdere Cad. No:199 34394 Sisli, Istanbul, Turkey |
| 3. Name and title of representative | Enis Turan Erdoğan, CEO |
| 4. Description of business | Manufacturing and sale of consumer electronics and IT equipment |
| 5. Capital | TRY 335 million (approx. JPY 16,100 million) |
| 6. Consolidated net assets | TRY 1,361 million (approx. JPY 65,500 million) |
| 7. Consolidated total assets | TRY 5,914 million (approx. JPY 285,000 million) |
| 8. Date of incorporation | March 4, 1983 |

(Note) Items 5 through 7 above are figures as of March 31, 2014. The yen amounts have been converted at an exchange rate of TRY 1 = JPY 48.2093.

3. Overview of extraordinary losses

With regard to the costs associated with the business structural reforms, extraordinary losses of approximately JPY 6,399 million are expected to be posted in the second quarter of the fiscal year ending March 2015, as a part of the cost for optimizing the workforce and the cost associated with the transformation to the new value chain. We are also expecting similar extraordinary losses to be incurred in third quarter of the fiscal year ending March 2015, but we will make a prompt announcement following the finalization of the terms of the business alliances in the third quarter of the fiscal year ending March 2015.

4. Impact on business performance

With regard to the impact that the business structural reforms will have on business performance, despite the extraordinary losses expected in the second quarter of the fiscal year ending March 2015 as stated above, the consolidated earnings forecasts for the cumulative second quarter of the fiscal year ending March 2015 which were announced on May 12, 2014, will not be revised at the current time due to an extraordinary gain of JPY 19,234 million posted on the first quarter of the fiscal year ending March 2015, and an extraordinary gain expected from sales of securities. Also the full financial year consolidated earnings forecast ending March 2015 will not be revised at the current time because extraordinary gains from the sale of fixed assets are expected to be posted in or after the third quarter of the fiscal year ending March 2015.

We will promptly make an announcement if there is a need to revise the consolidated earnings forecasts.