

November 2, 2016

[Translation]

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

Notice Regarding Changes to Subsidiary (Sub-subsidiary) (Share Transfer)

Sharp Corporation (“Sharp”) announces that it determined today to transfer to NTT DATA Corporation (“NTT Data”) a part of the shares of Sharp’s sub-subsidiary, Sharp Business Computer Software Inc. (“SBC”), which is owned indirectly by Sharp through its subsidiary, Sharp Business Solutions Corporation (“SBS”), and to form an alliance with NTT Data regarding the operation of SBC.

Sharp also announces that this share transfer will cause a change in its subsidiary (sub-subsidiary).

1. Reason for the share transfer

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.,” which means to Sharp 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 a stable growth trajectory.

Under these circumstances, Sharp determined that it would be appropriate for Sharp to transfer 80% of the shares of SBC, which develops software embedded in the products of the Sharp group including smartphones and operates a business including dispatching human resources to the Sharp group, owned by SBS to NTT Data and to operate SBC jointly with NTT Data.

NTT Data is a top-class system developer and builder in the fields such as IoT and automotive software in the domestic IT industry. Leveraging its overall strength through SBC will help Sharp to reinforce its IoT related businesses, and Sharp aims to enhance the value of the group.

2. Outline of the subsidiary

(i)	Name	Sharp Business Solutions Corporation
(ii)	Location	1-9-2 Nakase, Mihama-ku, Chiba City
(iii)	Name and Title of	Kimihito Yamasaki, President and Representative Director

	Representative	
(iv)	Details of Business	Sales business of system devices, professional-use displays, printers and copiers, and office supplies, among others; total solutions business including consulting and system planning, development, construction, and support; and support service business of system devices, professional-use displays, and printers and copiers, among others.
(v)	Capital	1,638 million yen

3. Outline of the subsidiary (sub-subsidiary) to be changed and details of the alliance

(1) Outline of the subsidiary (sub-subsidiary) to be changed

(i)	Name	Sharp Business Computer Software Inc. (Its name is scheduled to change to “NTT Data SBC Corporation” (tentative) after the share transfer.)		
(ii)	Location	Second Nomura Building 6F, 2-1-1 Bingo-cho, Chuo-ku, Osaka City		
(iii)	Name and Title of Representative	Yasushi Nakamori, President and Representative Director		
(iv)	Details of Business	Business related to enterprise system development, embedded system development, communication and creative service, software evaluation and testing, and employment development		
(v)	Capital	100 million yen		
(vi)	Date of Establishment	December 16, 1979		
(vii)	Fiscal Year End	March 31		
(viii)	Investment Ratio	SBS: 100%		
(ix)	Relationship between the Listed Company and the Relevant Company			
	Capital Relationship	SBS, Sharp’s 100%-owned subsidiary, holds 100% of the relevant company’s shares.		
	Personnel Relationship	Sharp has dispatched four directors and one auditor to the relevant company.		
	Transactional Relationship	Sharp consigns development of software to the relevant company and accepts dispatched employees.		
	Status as a Related Party	The relevant company is a sub-subsidiary of Sharp. Therefore, the relevant company falls under the category of a related party of Sharp. No related person or related company of the relevant company falls under the category of a related party of Sharp.		
(x)	Operating Results and Financial Conditions of the Relevant Company for Previous Three Fiscal Years			
	Fiscal Year Ended	Fiscal year ended March 2014	Fiscal year ended March 2015	Fiscal year ended March 2016
	Net Assets	5,335 million yen	2,165 million yen	2,364 million yen
	Total Assets	9,273 million yen	6,641 million yen	5,243 million yen
	Net Assets per Share	87,290 yen	35,430 yen	37,678 yen
	Proceeds of Sale	13,434 million yen	11,376 million yen	10,067 million yen
	Operating Income	979 million yen	952 million yen	725 million yen
	Ordinary Income	1,012 million yen	990 million yen	747 million yen
	Net Income	532 million yen	581 million yen	417 million yen
	Net Income per Share	8,712 yen	9,517 yen	6,838 yen
	Dividend per Share	6,097 yen	62,024 yen	3,419 yen

(2) Details of the alliance

Sharp and NTT Data are to jointly operate SBC and conduct businesses such as planning, developing and selling various embedded software.

4. Outline of the other party to the share transfer

(i)	Name	NTT DATA Corporation		
(ii)	Location	3-3-3 Toyosu, Koto-ku, Tokyo		
(iii)	Name and Title of Representative	Toshio Iwamoto, President and CEO		
(iv)	Details of Business	System integration business, network system service business, and any other related business		
(v)	Capital	142,520 million yen		
(vi)	Date of Establishment	May 23, 1988		
(vii)	Large Shareholder and Shareholding Ratio	Nippon Telegraph and Telephone Corporation: 54.19%		
(viii)	Relationship between the Listed Company and the Relevant Company			
	Capital Relationship	There is no capital relationship that needs to be stated between Sharp and the relevant company. There is no capital relationship that needs to be stated between a related person or a related company of Sharp and those of the relevant company.		
	Personnel Relationship	There is no personnel relationship that needs to be stated between Sharp and the relevant company. There is no personnel relationship that needs to be stated between a related person or a related company of Sharp and those of the relevant company.		
	Transactional Relationship	There is no transactional relationship that needs to be stated between Sharp and the relevant company. There is no transactional relationship that needs to be stated between a related person or a related company of Sharp and those of the relevant company.		
	Status as a Related Party	The relevant company or any related person or related company of the relevant company does not fall under the category of a related party of Sharp.		
(ix)	Consolidated Results of Operation and Consolidated Financial Conditions of the Relevant Company for Previous Three Fiscal Years			
	Fiscal Year Ended	Fiscal year ended March 2014	Fiscal year ended March 2015	Fiscal year ended March 2016
	Consolidated Net Assets	709,818 million yen	806,205 million yen	773,670 million yen
	Consolidated Total Assets	1,689,940 million yen	1,822,837 million yen	1,860,319 million yen
	Consolidated Net Assets per Share	2,412.92 yen	2,757.55 yen	2,641.39 yen
	Consolidated Proceeds of Sale	1,343,772 million yen	1,511,812 million yen	1,614,897 million yen
	Consolidated Operating Income	62,583 million yen	84,013 million yen	100,885 million yen
	Consolidated Ordinary Income	62,153 million yen	77,909 million yen	98,158 million yen

Net Income Attributable to Owners of Parent	23,287 million yen	32,144 million yen	63,373 million yen
Consolidated Net Income per Share	83.02 yen	114.60 yen	225.93 yen
Dividend per Share	60.00 yen	60.00 yen	70.00 yen

5. Number of transferred shares, transfer price, and the number of shares held and ratio of voting rights before and after the transfer

- (1) Number of shares held before the change 61,120 shares (ratio of voting rights of SBS: 100%)
- (2) Number of shares to be transferred 48,896 shares
- (3) Transfer price 2,445 million yen
- (4) Number of shares to be held after the change 12,224 shares (ratio of voting rights of SBS: 20%)

6. Schedule

- (1) Date of decision and conclusion of the agreement November 2, 2016
- (2) Date of share transfer January 1, 2017 (to be fixed)

7. Future outlook

It is expected that a gain of 1,909 million yen from the share transfer will be posted in the consolidated account for the financial year ending March 2017.

End