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**REFERENCE INFORMATION REGARDING PROPOSALS OF  
THE 121ST ORDINARY GENERAL MEETING OF SHAREHOLDERS  
(SEPARATE VOLUME)**

**Proposal No. 1: Partial Amendment of Articles of Incorporation**

**Proposal No. 2: The issuance of Class A Shares and Class B Shares by third party  
allotment**

**SHARP CORPORATION**

## **Proposal No. 1: Partial Amendment of Articles of Incorporation**

### 1. Reasons for the Amendment

(1) According to the actual business circumstances of Sharp and its subsidiaries, in order to clarify the contents of business and be prepared for business deployment, the articles of incorporation will include the following additional provisions to the business purposes, and change the numbering in accordance with the increased provisions. (Proposed amendment of Article 3) :

- Manufacture and sale of display devices other than liquid crystal such as MEMS Displays  
※ (Item 8)
- Business in relation to re-construction of various machines and appliances (Item 11)
- Electricity retail business (Item 12)
- Production and sale of agricultural produce (Item 13)
- Manufacture and sale of chemical products (Item 14)
- Business in relation to design and operation of a factory with respect to production, etc. of manufacture of various machines and appliances and agricultural produce (Item 15)
- Telecommunications business such as mobile virtual network operations (Item 16)  
※ MEMS: Micro Electro Mechanical Systems

(2) In order to allow the Class A Shares and the Class B Shares (“Class Shares”) to be issued, new provisions in relation to Class A Shares and Class B Shares, i.e. increasing the Class A Shares and the Class B Shares as new types of shares will be added to the articles of incorporation. The articles of incorporation will increase the total number of authorized common shares and the class shares in preparation for the issuance of common shares by exercising the put options of the Class A Shares and Class B Shares. Please see Proposal No. 2 regarding the reasons for issuance of Class Shares. (Proposed amendment of Article 6, Article 6-2, Article 6-3, Article 8 and Article 17-2)

(3) According to "the Act to Partially Amend the Companies Act" (Act No. 90 of 2014), as the scope of eligible officers who are entitled to execute contracts limiting liability has been changed, taking into account the possibility of electing various directors and corporate auditors in the future, the articles of incorporation will change so that a director who is not an executive director and a corporate auditor who is not an outside corporate auditor may execute contracts limiting liability. (Proposed amendment of Article 26 Paragraph 2, and Article 35 Paragraph 2)

This change to the articles of incorporation was agreed by all of the corporate auditors.

Upon approval of this proposal, Sharp will enter into liability limitation agreements with all of the corporate auditors (including the members who have already entered into liability limitation agreements) which limit their liability for damage to the extent the law.

## 2. Details of Amendment

Details of the proposed amendments are as below.

(Amendments are underlined.)

Current Articles of Incorporation	Proposed Amendment
<p>(Object) Article 3 The object of the Company shall be to engage in the following businesses:</p> <ol style="list-style-type: none"> <li>1. Manufacture and sale of communications machinery and equipment.</li> <li>2. Manufacture and sale of electrical machinery and equipment.</li> <li>3. Manufacture and sale of electronic applications machinery and equipment.</li> <li>4. Manufacture and sale of medical machinery and equipment.</li> <li>5. Manufacture and sale of measuring machinery and equipment.</li> <li>6. Manufacture and sale of building-related or residential facilities such as air conditioners and kitchen units, etc.</li> <li>7. Manufacture and sale of other machinery and equipment.</li> <li>8. Manufacture and sale of <u>semiconductor elements, liquid crystal displays</u>, solar batteries and other apparatus or parts incidental or relating to the machinery and equipment mentioned in the preceding items.</li> <li>9. Design and execution and contracting for construction work of installation of the machinery and equipment mentioned in the preceding items, etc. or of the manufacturing facilities thereof and for general engineering work.</li> <li>10. Production and sale of software.</li> <li>11. Sale, promotion of purchase by installment, lease and import and export of the machinery and equipment mentioned in the preceding items, automobiles and automobile utensils, etc.</li> <li>12. Electric power generation and electricity supply business.</li> </ol> <p>(New) (New) (New)</p> <ol style="list-style-type: none"> <li>13. Information communication service, information processing service and information</li> </ol>	<p>(Object) Article 3 The object of the Company shall be to engage in the following businesses:</p> <ol style="list-style-type: none"> <li>1.</li> <li>2.</li> <li>3.</li> <li>4.</li> <li>5.</li> <li>6.</li> <li>7.</li> <li>8. Manufacture and sale of <u>liquid crystal and other displays, semiconductor elements</u>, solar batteries and other apparatus or parts incidental or relating to the machinery and equipment mentioned in the preceding items.</li> <li>9.</li> <li>10.</li> <li>11. Sale, promotion of purchase by installment, lease and import and export of the machinery and equipment mentioned in the preceding items, automobiles and automobile utensils, etc. <u>and sale of used articles.</u></li> <li>12. Electric power generation and electricity supply <u>and retail</u> business.</li> <li>13. <u>Production and sale of agricultural produce.</u></li> <li>14. <u>Manufacture and sale of chemical products.</u></li> <li>15. <u>Engineering business relating to the preceding items.</u></li> <li>16. <u>Telecommunications</u> business, information communication service, information processing</li> </ol> <p>(No amendment)</p> <p>(No amendment)</p>

Current Articles of Incorporation	Proposed Amendment
<p>providing service.</p> <p>14. Guarantee, loan and factoring businesses.</p> <p>15. Solicitation of life insurance and non-life insurance agency business.</p> <p>16. General travel business.</p> <p>17. Worker dispatch business.</p> <p>18. All businesses and activities incidental or relating to any of the foregoing items.</p> <p>(Total Number of Authorized Shares) Article 6 The total number of shares to be issued by the Company shall be <u>2.5</u> billion shares.</p> <p>(New)</p>	<p>service and information providing service.</p> <p>17. } 18. } 19. } (No amendment) 20. } 21. }</p> <p>(Total Number of Authorized Shares) Article 6 The total number of shares to be issued by the Company shall be <u>5</u> billion shares, and the total number of shares of each class to be issued by the Company shall be as follows. <u>common shares 5 billion shares</u> <u>Class A shares 200,000 shares</u> <u>Class B shares 25,000 shares</u></p> <p>(Class A shares) <u>Article 6-2</u> <u>The details of the Class A Shares issued by the Company shall be prescribed in from next paragraph to paragraph 11.</u> <u>(2) Dividends from surplus</u> 1. <u>Class A Preferred Dividends</u> <u>If the Company is to pay a dividend from surplus using the record date belonging to a business year, it shall pay the dividend to shareholders who hold Class A Shares (the "Class A Shareholders") and registered pledgees of the Class A Shares (together with the Class A Shareholders, "Class A Shareholders, Etc.") entered or recorded in the final shareholders register as at the record date (the "Record Date for Dividends" in this Article) by the monetary amount of dividend from surplus provided for in Item 2 below per the Class A Share (the amount paid by such dividend per share of Class A Shares is referred to as the "Class A Preferred Dividend") in accordance with the payment priority provided for in Paragraph 11 Item 1. A fraction of less than one yen that arises in the amount calculated by multiplying the Class A Preferred Dividend by the number of the Class A Shares owned by each Class A Shareholders, Etc. is to be rounded down.</u></p>

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	<p data-bbox="805 212 1433 241"><u>2. Class A Preferred Dividend Amounts</u></p> <p data-bbox="869 250 1433 600"><u>Class A Preferred Dividend Amounts will be the amount calculated by multiplying 1,000,000 yen (the "Equivalent Amount to the Amount to be Paid in" in this Article) by a semiannual rate for each fiscal year calculated by the following formula (the "Annual Rate of Class A Preferred Dividend") (the division will be made last by calculating two decimal places and rounding to the first decimal place).</u></p> <p data-bbox="869 654 1433 721"><u>Annual rate of Class A Preferred Dividend = Japanese yen TIBOR (6 months) + 2.5%</u></p> <p data-bbox="869 775 1433 1715"><u>"Japanese yen TIBOR (6 months)" means figures published by the JBA TIBOR Administration as the Japanese yen Tokyo Inter Bank Offered Rate (Japanese yen TIBOR) for 6 months at 11:00am on the first date of each business half-year (however, if such date falls on a bank holiday, the date shall be moved to the immediately preceding business day) (the "Determination Date for Annual Rate of Class A Preferred Dividend") or figures that are recognized to be equivalent to this. If Japanese yen TIBOR (6 months) are not published on the date and time, figures published by the Intercontinental Exchange (ICE) as the London Interbank Offered Rate (Euro yen LIBOR 6 months (based on 360 days)) presented on Reuters page 3750 at 11:00am (London time) on the Determination Date for Annual Rate of Class A Preferred Dividend (if such date falls on a bank holiday in London, the date shall be moved to the immediately preceding bank business day in London) or figures that are recognized to be equivalent to this are used instead of Japanese yen TIBOR (6 months).</u></p> <p data-bbox="869 1724 1433 2072"><u>For the calculation of Class A Preferred Dividends, amounts will be calculated on a daily prorated basis assuming a year to be 365 days (however, if the business year contains a leap day, the year is 366 days) for the actual number of days from the first day of the business year (however, if the Record Date for Dividends belongs to a business year ending at the end of March, 2016, it will be June 30, 2015 (including</u></p>

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	<p><u>that day)) to which the Record Date for Dividends belongs to such Record Date for Dividends (including that day). However, if dividends from surplus were paid to Class A Shareholders, Etc. using a record date prior to the Record Date for Dividends during a business year to which the Record Date for Dividends belongs, amounts to be paid as the Class A Preferred Dividend of the Record Date for Dividends will be reduced by the total amount of the Class A Preferred Dividend made at each of such payments.</u></p> <p>3. <u>Nonparticipation clause</u>  <u>The Company will not pay dividends from surplus exceeding the Class A Preferred Dividend and an Amount Equal to Class A Accumulated Unpaid Dividends (defined in the following item) to Class A Shareholders, Etc. However, dividends from surplus stipulated in Article 758, Item 8(b), and Article 760, Item 7(b) of the Companies Act which are paid in absorption-type split procedures or dividends from surplus provided by in Article 763, Paragraph 1, Item 12(b) or Article 765, Paragraph 1, Item 8(b) in the same act which are paid in incorporation-type split procedures are not applied.</u></p> <p>4. <u>Accumulation clause</u>  <u>If the total amount of dividends from surplus paid to the Class A Shareholders, Etc. per share (excluding dividends of Amounts Equal to Class A Accumulated Unpaid Dividends (defined below) which are carried over for Class A Preferred Dividends relating to business year(s) prior to the business year in accordance with this Item 4) using record date(s) of a business year does not reach the amount of Class A Preferred Dividend relating to the business year (the amount of the Class A Preferred Dividend shall be calculated in accordance with Item 2 above assuming that dividends from surplus are paid by using the end of the business year as the record date, however, the proviso to Item 2above does not apply to this calculation), the shortfall amount shall be carried over into business years subsequent to the business year (the "Business Year Having Shortfall Amount" in this Item 4).</u></p>

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	<p><u>In this case, the amount to be carried over is increased by adding the amount calculated by compound interest rate for each year (in case of the first year, for the period from the following day (including that day) of the Annual Meeting of Shareholders for the Business Year Having Shortfall Amount (defined below) to the last day (including that day) of the subsequent business year of the Business Year Having Shortfall Amount) based on the Annual Rate for the Class A Preferred Dividend regarding each business half year in or after the subsequent business year of the Business Year Having Shortfall Amount during the period from the day following the annual meeting of shareholders (including that day) for the Business Year Having Shortfall Amount (the "Annual Meeting of Shareholders for the Business Year Having Shortfall Amount" in this Item 4) to the date (including that day) when the carried over amount is paid to the Class A Shareholders, Etc. This calculation is made on a daily prorated basis assuming a year to be 365 days (however, if the business year contains a leap day, the year is 366 days), and the division will be made last by calculating two decimal places and rounding to the first decimal place. The amount carried over in accordance with this item (the "Amount Equal to Class A Accumulated Unpaid Dividends") will be paid as dividend to Class A Shareholders, Etc. in accordance with the payment priority provided for in Paragraph 11 Item 1.</u></p> <p><u>(3) Distribution of residual assets</u></p> <p><u>1. Distribution of residual assets</u></p> <p><u>If the Company is to distribute residual assets, it shall pay to the Class A Shareholders, Etc. per Class A Share, in accordance with the payment priority provided for in Paragraph 11 Item 2, the amount is paid by adding the Amount Equal to Class A Accumulated Unpaid Dividends and daily prorated unpaid preferred dividend stipulated in Item 3 below to the Equivalent Amount to the Amount to be Paid in (the "Class A Residual Assets Distribution Amount"). However, in this Item 1, if the date when residual assets are distributed (the "Distribution Date" in this Article.) falls during the period from the day</u></p>

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	<p><u>following the Record Date for the Dividend (including that day) to the day when the dividends from surplus is paid by using the Record Date for the Dividend as a record date, the Amount Equal to Class A Accumulated Unpaid Dividends will be calculated assuming the dividends from surplus are not paid by using the Record Date for the Dividend as a record date. A fraction of less than one yen that arises in the amount calculated by multiplying the Class A Residual Assets Distribution Amount by the number of the Class A Shares owned by each Class A Shareholders, Etc. is to be rounded down.</u></p> <p><u>2. Nonparticipation clause</u>  <u>No distribution of residual assets will be made to the Class A Shareholders, Etc. other than as provided for in Item 1 above.</u></p> <p><u>3. Daily prorated unpaid preferred dividend amount</u>  <u>The daily prorated unpaid preferred dividend amount per share for the Class A Share will be an amount equivalent to the Class A Preferred Dividend calculated in accordance with Paragraph 2 Item 2 above assuming the Class A Preferred Dividend is paid by using the Distribution Date as the record date in a business year to which the Distribution Date belongs (the daily prorated unpaid preferred dividend amount per share of the Class A Share is referred to as the "Daily Prorated Unpaid Preferred Dividend Amount" in this Article).</u></p> <p><u>(4) Voting rights</u>  <u>Class A Shareholders do not have voting rights at general meetings of shareholders unless otherwise provided for in laws</u></p> <p><u>(5) Put option the consideration for which is common shares</u></p> <p><u>1. Common Share-Consideration Put Option</u>  <u>Class A Shareholders are entitled to request the Company any time on or after July 1, 2019 to acquire all or some of the Class A Shares held by the Class A Shareholders in exchange for delivery of the number of common shares provided for in Item 2 below (the "Common Shares to be Issued for Acquisition Request" in this Article; that request, the "Common Share-Consideration Acquisition Request" in this</u></p>

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	<p><u>Article). If a Common Share-Consideration Acquisition Request is made, the Company shall deliver to the requesting Class A Shareholder the Common Shares to be Issued for Acquisition Request to the extent permissible under law and regulations in exchange for the Company's acquiring the Class A Shares subject to the Common Share-Consideration Acquisition Request.</u></p> <p>2. <u>Number of common shares to be delivered in exchange for acquisition of Class A Shares</u>  <u>The number of common shares to be delivered in exchange for acquisition of Class A Shares is the number calculated by multiplying the number of Class A Shares subject to the Common Share-Consideration Acquisition Request by the Class A Residual Assets Distribution Amount and dividing that product by the acquisition price provided for in Items 3 through 6 below. In this Item 2, the Amount Equal to Class A Accumulated Unpaid Dividends and the Daily Prorated Unpaid Preferred Dividend Amount is to be calculated by reading "day when distribution of residual assets is made" and "Distribution Date" in the calculation of the Amount Equal to Class A Accumulated Unpaid Dividends and Daily Prorated Unpaid Preferred Dividend Amount as the "day when the Common Share-Consideration Acquisition Request took effect," respectively. Any fraction of a share that arises in the total number of common shares to be delivered in exchange for acquisition of the Class A Shares subject to the Common Share-Consideration Acquisition Request are to be rounded down, and if that happens, there will be no payment of money as provided for in Article 167, Paragraph 3, of the Companies Act.</u></p> <p>3. <u>Initial acquisition price</u>  <u>The average value (calculated to the second decimal place and then rounded to the first decimal place, the same applies hereafter) of the Volume Weighted Average Price (the "VWAP") in ordinary trading of the Company's common shares publicly announced on the Tokyo Stock Exchange, Inc. (the "TSE") in 30 consecutive Trading Days prior to July 1, 2019. However, if the Initial Acquisition Price falls below 100 yen</u></p>

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	<p>(subject to the adjustment of Item 6 below, "Initial Minimum Acquisition Price" in this Article), then the initial acquisition price will be the Initial Minimum Acquisition Price. If during the period of these 30 Trading Days an event provided for in Item 5 below occurs, then the average VWAP above will be adjusted to a value that the Company judges appropriate in accordance with Item 5 below. "Trading Day" means a day on which ordinary trade in the Company's common shares is conducted on the TSE, and it does not include days where there is no VWAP announcement (the same applies hereafter).</p> <p>4. <u>Revising the acquisition price</u></p> <p>On January 1, 2020 and the six month anniversary thereafter (or the following Trading Day if the day is not a Trading Day, the "Acquisition Price Revision Date" in this Article), the acquisition price will be revised to an amount equal to 95% (calculated to the second decimal place and then rounded to the first decimal place) of the average VWAP (if an event provided for in Item 5 below occurs during the Acquisition Price Calculation Period (defined below), then the average VWAP will be adjusted to a value that the Company judges appropriate in accordance with Item 5 below) in ordinary trading of the Company's common shares publicly announced on the TSE in 30 consecutive Trading Days prior to each Acquisition Price Revision Date (in this Item 4, the "Acquisition Price Calculation Period") (hereafter such revised acquisition price, the "Revised Acquisition Price" in this Article) and the Revised Acquisition Price shall apply from the same day. However, if the Revised Acquisition Price falls below an amount equal to 50% of the initial acquisition price (calculated to the second decimal place and then rounded to the first decimal place) (subject to the adjustment of Item 6 below) or the Initial Minimum Acquisition Price, whichever higher (the "Minimum Acquisition Price" in this Article), then the Revised Acquisition Price will be the Minimum Acquisition Price. If the Revised Acquisition Price exceeds an amount equal to 150% of the</p>

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	<p><u>initial acquisition price (calculated to the second decimal place and then rounded to the first decimal place) (subject to the adjustment in the Item 6 below, the "Maximum Acquisition Price" in this Article), then the Revised Acquisition Price will be the Maximum Acquisition Price.</u></p> <p><u>5. Adjustment of the acquisition price</u></p> <p><u>a If any of the events set out below occurs, the acquisition price will be adjusted as set out below.</u></p> <p><u>(i) If the common shares of the Company are subject to a share split or gratis allotment, the acquisition price will be adjusted in accordance with the formula set out below. In the case of a gratis allotment of the Company's common shares, "number of issued common shares before split" and "number of issued common shares after split" in the following formula are to be read as "number of issued common shares before gratis allotment (excluding, however, common shares held by the Company at that time)" and "number of issued common shares after gratis allotment (excluding, however, common shares held by the Company at that time)," respectively.</u></p> $\frac{\text{Acquisition price after adjustment}}{\text{Acquisition price before adjustment}} = \frac{\text{Number of issued common shares before split}}{\text{Number of issued common shares after split}}$ <p><u>The acquisition price after adjustment will apply starting on the day after the record date for the share split or the day after the day when the gratis allotment takes effect (or, if provision has been made for a record date for the gratis allotment, then the following day of the record date).</u></p> <p><u>(ii) If the common shares of the</u></p>

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	<p data-bbox="995 215 1430 439"><u>Company are subject to a share consolidation, the acquisition price will be adjusted in accordance with the following formula from the day when the share consolidation takes effect.</u></p> $  \frac{\text{Acquisition price after adjustment}}{\text{Acquisition price before adjustment}} = \frac{\text{Acquisition price before adjustment}}{\text{Acquisition price before adjustment}} \times \frac{\text{Number of issued common shares before consolidation}}{\text{Number of issued common shares after consolidation}}  $ <p data-bbox="995 801 1430 949"><u>The acquisition price after adjustment will apply on the day or after the day when the share consolidation takes effect.</u></p> <p data-bbox="935 965 1430 2063"><u>(iii) If the Company issues common shares, or disposes of common shares held by the Company, at an amount to be paid in that falls below the market price per common share provided for in d below (excluding in the case of a gratis allotment, the case of an acquisition of shares or share acquisition rights (which includes share acquisition rights attached to bonds with share acquisition rights; the same applies in this Item 5) to be acquired in exchange for the delivery of ordinary shares, the case of an exercise of share acquisition rights the underlying shares of which are common shares, or the case of an issuance of common shares because of a merger, share exchange, or corporate split), then the acquisition price will be adjusted in accordance with formula set out below ("Acquisition Price Adjustment Formula" in this Article.). If property other than money is made the object of contribution, "Amount to be paid in per share" in the Acquisition Price Adjustment Formula will be decided</u></p>

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	<p>according to proper evaluation value of the property. The acquisition price after adjustment will apply starting on the day after the payment date (or, if a payment period has been provided for, then the last day of the payment period or, if a record date relating to an allotment to shareholders has been provided for, the day after the record date (the "Shareholder Allotment Date" in this Article.). In the case that the Company disposes of common shares that it holds, "number of common shares to be newly issued" and "number of common shares held by the Company" in the following formula are to be read as "number of common shares held by the Company to be disposed of" and "number of common shares held by the Company before the disposition", respectively.</p> $\frac{\text{Acquisition price after adjustment} \times \text{Acquisition price before adjustment}}{\frac{\text{Number of issued common shares of common shares held by the Company}}{\text{Number of issued common shares} - \text{Number of shares held by the Company}} + \text{Number of common shares to be newly issued}}$ <p>(iv) If the Company issues or disposes of shares that entitle their holder to receive delivery of common shares at an acquisition price per common share that falls below the market price per common share provided for in Item d below by causing the Company to acquire or being</p>

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	<p><u>acquired by the Company (this includes the case of a gratis allotment of shares), then on the payment date for the shares (or, if a payment period has been provided for, on the last day of that payment period; the same applies throughout this section (iv)) or the Company undertakes a gratis allotment of shares, then on the day when the allotment takes effect (or, if a record date relating to the gratis allotment of shares has been provided for, then that record date; the same applies throughout this section (iv)) or there is a Shareholder Allotment Date, then on that date all of the shares issued or disposed of will be deemed to have been delivered, and the amount to be calculated as the "amount to be paid in per share" in the Acquisition Price Adjustment Formula using that amount will be the acquisition price after adjustment. The acquisition price after adjustment will apply starting on the day after the payment date, or in the case of a gratis allotment of shares, on the day after the day when the allotment takes effect, or in the case there is a Shareholder Allotment Date, on the day after that date. Notwithstanding the above, if the consideration of common shares to be issued has not been determined by the point in time mentioned above, the acquisition price after adjustment will be calculated by assuming that all shares issued or disposed of were acquired or disposed of under the condition of the point in time mentioned above when the consideration is determined and that consideration will be applied from the following day after it was determined.</u></p> <p><u>(v) If the Company issues share acquisition rights that, by being exercised or by being acquired by the</u></p>

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	<p><u>Company, entitle their holder to receive delivery of common shares at a price whereby the aggregate of the amount to be paid in for the share acquisition rights per common share and the assets to be contributed (if property other than money is made the object of contribution, such property shall be properly evaluated, and this applies throughout this section (v)) on exercise of the share acquisition rights falls below the market price per common share provided for in Item d below (this includes the case of a gratis allotment of share acquisition rights), then on the allotment date for the share acquisition rights or if the Company undertakes a gratis allotment of share acquisition rights, then on the day when the allotment takes effect (or, if a record date has been provided for, then that record date; this applies throughout this section (v)) on exercise of the share acquisition rights if there is a Shareholder Allotment Date, then on that date all of the share acquisition rights issued will be deemed to have been exercised or acquired on the initial terms and common shares will be deemed to have been delivered, and the amount to be calculated as the "amount to be paid in per share" in the Acquisition Price Adjustment Formula using the aggregate of the amount to be paid in for the share acquisition rights per common share of the assets to be contributed on exercise of the share acquisition rights will be the acquisition price after adjustment. The acquisition price after adjustment will apply starting on the day after the allotment date for the share acquisition rights, or in the case of a gratis allotment of share acquisition rights, on the day</u></p>

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	<p><u>after the day when the allotment takes effect, or in the case there is a Shareholder Allotment Date, on the day after that date. Notwithstanding the above, if the consideration of common shares to be issued on the acquisition or the exercise has not been determined at the point in time mentioned above, the acquisition price after adjustment will be calculated by assuming that all share acquisition rights issued were exercised or acquired under the condition of the point in time when the consideration was determined and that consideration will be applied from the following day after it was determined. However, the adjustment of the acquisition price under this section (v) does not apply to share acquisition rights issued as stock options to directors, auditors, and employees of the Company or its subsidiaries the underlying shares of which are common shares.</u></p> <p><u>b In addition to the events provided for in Item a above, if any of the events provided for in (i) through (iii) below occurs, the Company shall appropriately adjust the acquisition price after giving prior written notice to the Class A Shareholders, Etc. to that effect and of the reasons for the event, the acquisition price after adjustment, the day when the adjusted acquisition price applies, and any other necessary matters.</u></p> <p><u>(i) Adjustment to the acquisition price becomes necessary because of a merger, share exchange, acquisition of all issued shares of another company through a share exchange, share transfer, absorption-type split, succession to all or some of the rights and obligations held by another company in relation to that company's business through an absorption-type split, or incorporation-type split.</u></p> <p><u>(ii) Two or more events necessitating an</u></p>

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	<p><u>adjustment to the acquisition price occur in connection with each other and in calculating the acquisition price after adjustment because of one of the events, it becomes necessary to consider the effect of the other event on the market price that ought to be used in that calculation.</u></p> <p><u>(iii) It otherwise becomes necessary to adjust the acquisition price because of the occurrence of an event that changes or has the possibility of changing the number of issued common shares (excluding, however, the number of common shares held by Company).</u></p> <p><u>c If a calculation becomes necessary in adjusting the acquisition price, the calculation is to be made to the second decimal place and then rounded to the first decimal place.</u></p> <p><u>d The market price per common share to be used in the Acquisition Price Adjustment Formula is the average VWAP of the Company's common shares in ordinary trading publicly announced on the TSE over the period of 30 consecutive Trading Days preceding the day when the adjusted acquisition price is to apply.</u></p> <p><u>e If as a result of a calculation made in adjusting the acquisition price the difference between the adjusted acquisition price and the pre-adjustment acquisition price is less than 1 yen, no adjustment to the acquisition price will be made. However, adjustment determined to be unnecessary in this Item e will be carried forward to be considered for the calculation of the adjustment in the future.</u></p> <p><u>6. Adjustment of Maximum Acquisition Price, Minimum Acquisition Price and Initial Minimum Acquisition Price When adjusting the acquisition price in accordance with the stipulation in Item 5 above , the Maximum Acquisition Price, the Minimum Acquisition Price and the Initial Minimum Acquisition Price will be adjusted by applying the stipulation in Item 5 above after</u></p>

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	<p><u>reading the "acquisition price" as "Maximum Acquisition Price." "Minimum Acquisition Price" or the "Initial Minimum Acquisition Price."</u></p> <p><u>7. Place at which Common Share-Consideration Acquisition Request are accepted</u>  <u>Place of business of Shareholder Registry Administrator: 1-2-1, Yaesu, Chuo ku, Tokyo Mizuho Trust &amp; Banking Co., Ltd., Stock Transfer Agency Department of the Head Office</u></p> <p><u>8. Place at which Common Share-Consideration Acquisition Request takes effect</u>  <u>Common Share-Consideration Acquisition Request takes effect when Common Share-Consideration Acquisition Request form reaches the place at which Common Share-Consideration Acquisition Requests are accepted set out in Item 7 above or on the desired date indicated on the form, whichever is later.</u></p> <p><u>9. Delivery method of common shares</u>  <u>After an acquisition request for the Common Share-Consideration has taken effect, the Company shall deliver common shares to the Class A Shareholder who made the Common Share-Consideration Acquisition Request by recording an increase in transfer shares in the shares-held column of the transfer account book of Japan Securities Depository Center, Incorporated, or an account management institution, as designated by the Class A Shareholder.</u></p> <p><u>(6) Put option the consideration for which is cash</u></p> <p><u>1. Put Option the consideration for which is cash</u>  <u>Each Class A Shareholder is entitled to request that the Company at any time on or after July 1, 2021 acquire all or a part of Class A Shares (the "Redemption Request" in this Article) held by the shareholder, the effective date of which shall be the 1st of every month (the following day if that day is not a business day) (the "Redemption Request Date" in this Article), by notifying the Company in writing 60 Trading Days in advance of the Redemption Request Date (which shall be irrevocable; the "Prior Notice for Redemption Request" in this Article) in exchange for a cash payment only if (a) the distributable amount</u></p>

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	<p><u>(meaning the distributable amount provided for in Article 461, Paragraph 2 of the Companies Act) on the Redemption Request Date (the "Redeemable Amount" in this Article) minus (b) the product of all Class B Shares issued on the Redemption Request Date (defined below) (excluding shares held by the Company) and the Class B Residual Assets Distribution Amount (defined in next Article Paragraph 3 Item 1) is a positive amount, and the Company shall, to the extent permissible under laws and regulations, deliver to the Class A Shareholder, in exchange for acquisition of Class A Shares, the amount calculated by multiplying the number of Class A Shares related to the Redemption Request by (i) an amount by multiplying the Equivalent Amount to the Amount to be Paid in per Class A Share by 110% and (ii) the total amount of the Amount Equal to Class A Accumulated Unpaid Dividends and Daily Prorated Unpaid Preferred Dividend. In this Item 1, the Amount Equal to Class A Accumulated Unpaid Dividends and the Daily Prorated Unpaid Preferred Dividend Amount is to be calculated by reading "day when distribution of residual assets is made" and "Distribution Date" in the calculation of the Amount Equal to Class A Accumulated Unpaid Dividends and Daily Prorated Unpaid Preferred Dividend Amount as the "Redemption Request Date," respectively. However, if the cash amount to be paid in exchange for the Class A Shares subject to the Redemption Request made on a Redemption Request Date exceeds the Redeemable Amount on such Redemption Request Date, then the Company shall acquire the Class A Shares by a prorated method according to the number of Class A Shares subject to the Redemption Request within a range where the payment amount does not exceed the Redeemable Amount, and the Class A Shares that are not so acquired in accordance with such method will be deemed not to have been subject to the Redemption Request.</u></p> <p><u>2. The place at which Redemption Requests are accepted</u>  <u>Place of business of Shareholder Registry Administrator: 1-2-1, Yaesu, Chuo-ku, Tokyo</u></p>

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	<p><u>Mizuho Trust &amp; Banking Co., Ltd., Stock Transfer Agency Department of the Head Office</u></p> <p><u>3. Redemption Request takes effect</u></p> <p><u>Prior Notice for Redemption Request takes effect when a form required for the Prior Notice for Redemption Request reaches the place at which Redemption Requests are accepted set out in Item 2 above. Redemption Request takes effect on a date related to the Prior Notice for Redemption Request.</u></p> <p><u>(7) Call option the consideration for which is cash</u></p> <p><u>As long as no issued Class B Shares (excluding shares held by the Company) exist, on and after July 1, 2016 when the Cash Consideration Redemption Date (defined below) starts, the Company may, by giving a written notice (which shall be irrevocable) to Class A Shareholders, Etc. at least 60 Trading Days in advance of the Cash Consideration Redemption Date, acquire all the Class A Shares in exchange for cash (the "Cash Consideration Redemption" in this Article) to the extent permissible under law and regulations on the coming of the day to be separately determined by the Board of Directors meeting (the "Cash Consideration Redemption Date" in this Article) and the Company shall deliver to the Class A Shareholder in exchange for Class A Shares related to the Cash-Consideration Redemption the amount calculated by multiplying the number of Class A Shares related to the Cash-Consideration Redemption by (i) an amount by multiplying the Equivalent Amount to the Amount to be Paid in per Class A Share by 110% and (ii) the total amount of the Amount Equal to Class A Accumulated Unpaid Dividends and Daily Prorated Unpaid Preferred Dividend. In this Paragraph 7, the Amount Equal to Class A Accumulated Unpaid Dividends and the Daily Prorated Unpaid Preferred Dividend Amount is to be calculated by reading "day when distribution of residual assets is made" and "Distribution Date" in the calculation of the Amount Equal to Class A Accumulated Unpaid Dividends and Daily Prorated Unpaid Preferred Dividend Amount as the "Cash Consideration Redemption Date," respectively. A fraction of less than one yen that arises in the amount to be paid in exchange for acquiring Class A Shares related to the Cash-Consideration Redemption is to be disregarded.</u></p> <p><u>(8) Restrictions on assignment</u></p>

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	<p><u>Any acquisition of Class A Shares by assignment requires the approval of the Company's Board of Directors.</u></p> <p><u>(9) Exclusion of shareholder's rights to be added as a seller for acquisition of treasury stock</u></p> <p><u>If the Company decides to acquire all or a part of the Class A Shares which are owned by the Class A Shareholders by agreement with the Class A Shareholders by resolution of a general meeting of shareholders, the provisions in Article 160, Paragraphs 2 and 3 of the Companies Act will not apply.</u></p> <p><u>(10) Share consolidation, split, and allocation of shares offered for subscription</u></p> <ol style="list-style-type: none"> <li><u>1. The Company will not implement share split or merger in relation to Class A Shares.</u></li> <li><u>2. The Company will not grant a right to Class A Shareholders to receive the allocation of shares offered for subscription or share acquisition rights for shares offered.</u></li> <li><u>3. The Company will not implement an allocation of gratis allotment or gratis allotment of share acquisition rights to Class A Shareholders.</u></li> </ol> <p><u>(11) Priorities</u></p> <ol style="list-style-type: none"> <li><u>1. The payment priority of dividends from surplus for Class A Preferred Dividends, Amount Equal to Class A Accumulated Unpaid Dividends, Class B Preferred Dividends (defined in next Article Paragraph 2 Item 1), Amount Equal to Class B Accumulated Unpaid Dividends (defined in next Article Paragraph 2 Item 4) and that for shareholders who own common shares and registered pledgees of common shares (collectively the "Common Share Holders, Etc.") shall be as follows. Amount Equal to Class B Accumulated Unpaid Dividends are the first priority, Class B Preferred Dividends are the second priority, Amount Equal to Class A Accumulated Unpaid Dividends are the third priority, Class A Preferred Dividends are the fourth priority and dividends from surplus to Common Share Holders, Etc. are the fifth priority.</u></li> <li><u>2. The payment priority of distribution of residual assets related to Class A Shares, Class B Shares and common shares is as follows. The payment priority of distribution of residual assets related to Class B Shares is the first priority distribution</u></li> </ol>

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(New)	<p><u>of residual assets related to Class A Shares is the second priority, and distribution of residual assets related to common shares is the third priority.</u></p> <p>3. <u>If the amount which is to be paid by the Company dividends from surplus or distribution of residual assets is short of necessary amounts to pay dividends from surplus or distribution of residual assets in a certain priority level, dividends from surplus and distribution of residual assets shall be paid by prorated method according to the necessary amounts to pay dividends from surplus or distribution of residual assets for that priority level.</u></p> <p><u>Article 6-3 (Class B shares)</u>  <u>The details of the Class B Shares issued by the Company shall be prescribed from next to paragraph 10.</u></p> <p><u>(2) Dividends from surplus</u></p> <p>1. <u>Class B Preferred Dividends</u>  <u>If the Company is to pay a dividend from surplus using the record date belonging to a business year, it shall pay the dividend to shareholders who hold Class B Shares (the "Class B Shareholders") and registered pledgees of the Class B Shares (together with the Class B Shareholders, "Class B Shareholders, Etc.") entered or recorded in the final shareholders register as at the record date (the "Record Date for Dividends" in this Article) by the monetary amount of dividend from surplus provided for in Item 2 below per the Class B Share (the amount paid by such dividend per share of Class B Shares is referred to as the "Class B Preferred Dividend") in accordance with the payment priority provided for in Paragraph 10 Item 1. A fraction of less than one yen that arises in the amount calculated by multiplying the Class B Preferred Dividend by the number of the Class B Shares owned by each Class B Shareholders, Etc. is to be rounded down.</u></p> <p>2. <u>Class B Preferred Dividend Amounts</u>  <u>Class B Preferred Dividend Amounts will be the amount calculated by multiplying 1,000,000 yen (the "Equivalent Amount to the Amount to be Paid in" in this Article) by 7.0% if the Record Date for Dividends belongs to a business year</u></p>

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	<p><u>ending before the end of March, 2018, and 8.0% if the Record Date for Dividends belongs to a business year starting after April 1, 2018, amounts will be calculated on a daily prorated basis assuming a year to be 365 days (however, if the business year contains a leap day, the year is 366 days) for the actual number of days from the first day of the business year (however, if the Record Date for Dividends belongs to a business year ending at the end of March, 2016, it will be June 30, 2015 (including that day)) to which the Record Date for Dividends belongs to such Record Date for Dividends (including that day) (division will be made last by calculating two decimal places and rounding to the first decimal place). However, if dividends from surplus were paid to Class B Shareholders, Etc. using a record date prior to the Record Date for Dividends during a business year to which the Record Date for Dividends belongs, amounts to be paid as the Class B Preferred Dividend of the Record Date for Dividends will be reduced by the total amount of the Class B Preferred Dividend made at each of such payments.</u></p> <p><u>3. Nonparticipation clause</u>  <u>The Company will not pay dividends from surplus exceeding the Class B Preferred Dividend and an Amount Equal to Class B Accumulated Unpaid Dividends (defined in the following item) to Class B Shareholders, Etc. However, dividends from surplus stipulated in Article 758, Item 8(b) and Article 760, Item 7(b) of the Companies Act which are paid in absorption-type split procedures or dividends from surplus provided by in Article 763, Paragraph 1, Item 12(b) or Article 765, Paragraph 1, Item 8(b) in the same act which are paid in incorporation-type split procedures are not applied.</u></p> <p><u>4. Accumulation clause</u>  <u>If the total amount of dividends from surplus paid to the Class B Shareholders, Etc. per share (excluding dividends of Amounts Equal to Class B Accumulated Unpaid Dividends (defined below) which are carried over for Class B Preferred Dividend relating to business year(s) prior to the business year in accordance with this</u></p>

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	<p><u>Item 4) using record date(s) of a business year does not reach the amount of Class B Preferred Dividend relating to the business year (the amount of the Class B Preferred Dividend shall be calculated in accordance with Item 2 above assuming that dividends from surplus are paid by using the end of the business year as the record date, however, the proviso to Item 2 above does not apply to this calculation), the shortfall amount shall be carried over into business years subsequent to the business year (the "Business Year Having Shortfall Amount" in this Item 4). In this case, the amount to be carried over is increased by adding the amount calculated by compound interest rate for each year (in case of the first year, for the period from the following day (including that day) of the Annual Meeting of Shareholders for the Business Year Having Shortfall Amount (defined below) to the last day (including that day) of the subsequent business year of the Business Year Having Shortfall Amount) based on the annual rate of 7.0% on and after the following day (including that day) of the annual meeting of shareholders for the business year if the business year ends before the end of March, 2018, and based on the annual rate of 8.0% on and after the following day (including that day) of the annual meeting of shareholders for the year if the business year starts after April 1, 2018 regarding each business year in or after the subsequent business year of the Business Year Having Shortfall Amount during the period from the day following the annual meeting of shareholders (including that day) for the Business Year Having Shortfall Amount (the "Annual Meeting of Shareholders for the Business Year Having Shortfall Amount" in this Item 4) to the date (including that day) when the carried over amount is paid to the Class B Shareholders, Etc. This calculation is made on a daily prorated basis assuming a year to be 365 days (however, if the business year contains a leap day, the year is 366 days), and the division will be made last by calculating two decimal places and rounding to the first decimal place. The amount carried over in accordance with this item (the "Amount Equal to Class B</u></p>

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	<p><u>Accumulated Unpaid Dividends") will be paid as dividend to Class B Shareholders, Etc. in accordance with the payment priority provided for in Paragraph 10 Item 1.</u></p> <p><u>(3) Distribution of residual assets</u></p> <p><u>1. Distribution of residual assets</u></p> <p><u>If the Company is to distribute residual assets, it shall pay to the Class B Shareholders, Etc. per Class B Share, in accordance with the payment priority provided for in Paragraph 10 Item 2, the amount is paid by adding the Amount Equal to Class B Accumulated Unpaid Dividends and daily prorated unpaid preferred dividend stipulated in Item 3 below to the Equivalent Amount to the Amount to be Paid in (the "Class B Residual Assets Distribution Amount"). However, in this Item 1, if the date when residual assets are distributed (the "Distribution Date" in this Article) falls during the period from the day following the Record Date for the Dividend (including that day) to the day when the dividends from surplus is paid by using the Record Date for the Dividend as a record date, the Amount Equal to Class B Accumulated Unpaid Dividends will be calculated, assuming the dividends from surplus are not paid by using the Record Date for the Dividend as a record date. A fraction of less than one yen that arises in the amount calculated by multiplying the Class B Residual Assets Distribution Amount by the number of the Class B Shares owned by each Class B Shareholders, Etc. is to be rounded down.</u></p> <p><u>2. Nonparticipation clause</u></p> <p><u>No distribution of residual assets will be made to the Class B Shareholders, Etc. other than as provided for in Item 1 above.</u></p> <p><u>3. Daily prorated unpaid preferred dividend amount</u></p> <p><u>The daily prorated unpaid preferred dividend amount per share for the Class B Share will be an amount equivalent to the Class B Preferred Dividend calculated in accordance with Paragraph 2 Item 2) above assuming the Class B Preferred Dividend is paid by using the Distribution Date as the record date in a business year to which the Distribution Date belongs (the daily prorated unpaid preferred dividend amount</u></p>

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	<p><u>per share of the Class B Share is referred to as the "Daily Prorated Unpaid Preferred Dividend Amount" in this Article).</u></p> <p><u>(4) Voting rights</u>  <u>Class B Shareholders do not have voting rights at general meetings of shareholders unless otherwise provided for in laws.</u></p> <p><u>(5) Put option the consideration for which is common shares</u></p> <p><u>1. Common Share-Consideration Put Option</u>  <u>Class B Shareholders are entitled to request the Company any time on or after July 1, 2015 to acquire all or some of the Class B Shares held by the Class B Shareholders in exchange for delivery of the number of common shares provided for in Item 2 below (the "Common Shares to be Issued for Acquisition Request" in this Article; that request, the "Common Share-Consideration Acquisition Request" in this Article). If a Common Share-Consideration Acquisition Request is made, the Company shall deliver to the requesting Class B Shareholder the Common Shares to be Issued for Acquisition Request to the extent permissible under law and regulations in exchange for the Company's acquiring the Class B Shares subject to the Common Share-Consideration Acquisition Request.</u></p> <p><u>2. Number of common shares to be delivered in exchange for acquisition of Class B Shares</u>  <u>The number of common shares to be delivered in exchange for acquisition of Class B Shares is the number calculated by multiplying the number of Class B Shares subject to the Common Share-Consideration Acquisition Request by (i) the product of the Equivalent Amount to the Amount to be Paid in per Class B Share and the common share-consideration acquisition premium which is stipulated below and (ii) the total amount of the Amount of Class B Accumulated Unpaid Dividends and the Daily Prorated Unpaid Preferred Dividend and dividing that product by the acquisition price provided for in Items 3 through 6 below. In this Item 2, the Amount Equal to Class B Accumulated Unpaid Dividends and the Daily Prorated Unpaid Preferred Dividend Amount is to be calculated by reading</u></p>

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	<p><u>"day when distribution of residual assets is made" and "Distribution Date" in the calculation of the Amount Equal to Class B Accumulated Unpaid Dividends and Daily Prorated Unpaid Preferred Dividend Amount as the "day when the Common Share-Consideration Acquisition Request took effect," respectively. Any fraction of a share that arises in the total number of common shares to be delivered in exchange for acquisition of the Class B Shares subject to the Common Share-Consideration Acquisition Request are to be rounded down, and if that happens, there will be no payment of money as provided for in Article 167, Paragraph 3, of the Companies Act.</u></p> <p><u>The "common share-consideration acquisition premium" means the figures stipulated in the following items depending on whether the date when the Common Share-Consideration Acquisition Request takes effect is included in the following items from a to f or belongs to any of the following periods from a to f.</u></p> <p><u>a From July 1, 2015 to June 30, 2016 : 1.05</u>  <u>b From July 1, 2016 to June 30, 2017 : 1.12</u>  <u>c From July 1, 2017 to June 30, 2018 : 1.19</u>  <u>d From July 1, 2018 to June 30, 2019 : 1.26</u>  <u>e From July 1, 2019 to June 30, 2020 : 1.33</u>  <u>f After July 1, 2020 : 1.40</u></p> <p><u>3. Initial acquisition price</u>  <u>248.3 yen</u></p> <p><u>4. Revising the acquisition price</u>  <u>On September 15, 2015, and the six month anniversary thereafter (or the following Trading Day if the day is not a Trading Day, the "Acquisition Price Revision Date" in this Article), the acquisition price will be revised to an amount equal to 90% (calculated to the second decimal place and then rounded to the first decimal place) of the average VWAP (calculated to the second decimal place and then rounded to the first decimal place; the same applies hereafter; and if an event provided for in Item (5) below occurs during the Acquisition Price Calculation Period (defined below), then the average VWAP will be adjusted to a value that the Company judges appropriate in accordance with Item 5 below) in ordinary</u></p>

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	<p><u>trading of the Company's common shares publicly announced on TSE in 30 consecutive Trading Days prior to each Acquisition Price Revision Date (in this Item 4, the "Acquisition Price Calculation Period") (hereafter such revised acquisition price, the "Revised Acquisition Price" in this Article), and the Revised Acquisition Price shall apply from the same day. However, if the Revised Acquisition Price falls below 100.0 yen (subject to the adjustment of Item (6) below) (the "Minimum Acquisition Price" in this Article), then the Revised Acquisition Price will be the Minimum Acquisition Price. If the Revised Acquisition Price exceeds (i) the Initial Acquisition Price (subject to the adjustment of Item 5 below) before the first Acquisition Price Revision Date, (ii) on and after the first Acquisition Price Revision Date and before the second Acquisition Price Revision Date, the Initial Acquisition Price (subject to the adjustment of Item 5 below) or the average VWAP (if an event provided for in Item (5) below occurs during the Acquisition Price Calculation Period, then the average VWAP will be adjusted to a value that the Company judges appropriate in accordance with Item 5 below) in ordinary trading of the Company's common shares publicly announced on the TSE during the Acquisition Price Calculation Period relating to the first Acquisition Price Revision Date, whichever is lower, and (iii) on and after the second Acquisition Price Revision Date, the Initial Acquisition Price (subject to the adjustment of Item 5 below), the average VWAP (if an event provided for in Item 5 below occurs during the Acquisition Price Calculation Period, then the average VWAP will be adjusted to a value that the Company judges appropriate in accordance with Item 5 below) in ordinary trading of the Company's common shares publicly announced on the TSE during the Acquisition Price Calculation Period relating to the first Acquisition Price Revision Date or the average VWAP (if an event provided for in Item 5 below occurs during the Acquisition Price Calculation Period, then the average VWAP will be adjusted to a value that the Company judges</u></p>

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	<p><u>appropriate in accordance with Item 5 below) in ordinary trading of the Company's common shares publicly announced on the TSE during the Acquisition Price Calculation Period relating to the second Acquisition Price Revision Date, whichever is the lowest (however, not lower than the Minimum Acquisition Price and subject to the adjustment in Item 6 below) (the "Maximum Acquisition Price" in this Article). then the Revised Acquisition Price will be the Maximum Acquisition Price.</u></p> <p>5. <u>Adjustment of the acquisition price</u></p> <p>a <u>If any of the events set out below occurs, the acquisition price will be adjusted as set out below.</u></p> <p>(i) <u>If the common shares of the Company are subject to a share split or gratis allotment, the acquisition price will be adjusted in accordance with the formula set out below. In the case of a gratis allotment of the Company's common shares, "number of issued common shares before split" and "number of issued common shares after split" in the following formula are to be read as "number of issued common shares before gratis allotment (excluding, however, common shares held by the Company at that time)" and "number of issued common shares after gratis allotment (excluding, however, common shares held by the Company at that time)," respectively.</u></p> $\frac{\text{Acquisition price after adjustment}}{\text{Acquisition price before adjustment}} = \frac{\text{Number of issued common shares before split}}{\text{Number of issued common shares after split}}$ <p><u>The acquisition price after adjustment will apply starting on the day after the record date for the share split or the day after the day when the gratis</u></p>

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	<p><u>allotment takes effect (or, if provision has been made for a record date for the gratis allotment, then the following day of the record date).</u></p> <p>(ii) <u>If the common shares of the Company are subject to a share consolidation, the acquisition price will be adjusted in accordance with the following formula from the day when the share consolidation takes effect.</u></p> $\frac{\text{Acquisition price after adjustment}}{\text{Acquisition price before adjustment}} = \frac{\text{Number of issued common shares before consolidation}}{\text{Number of issued common shares after consolidation}}$ <p><u>The acquisition price after adjustment will apply on the day or after the day when the share consolidation takes effect.</u></p> <p>(iii) <u>If the Company issues common shares, or disposes of common shares held by the Company, at an amount to be paid in that falls below the market price per common share provided for in d below (excluding in the case of a gratis allotment, the case of an acquisition of shares or share acquisition rights (which includes share acquisition rights attached to bonds with share acquisition rights; the same applies in this Item 5) to be acquired in exchange for the delivery of ordinary shares, the case of an exercise of share acquisition rights the underlying shares of which are common shares, or the case of an issuance of common shares because of a merger, share exchange, or corporate split), then the acquisition price will be adjusted in accordance with formula set out below ("Acquisition Price Adjustment</u></p>

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	<p>Formula" in this Article). If property other than money is made the object of contribution, "Amount to be paid in per share" in the Acquisition Price Adjustment Formula will be decided according to proper evaluation value of the property. The acquisition price after adjustment will apply starting on the day after the payment date (or, if a payment period has been provided for, then the last day of the payment period or, if a record date relating to an allotment to shareholders has been provided for, the day after the record date (the "Shareholder Allotment Date" in this Article). In the case that the Company disposes of common shares that it holds, "number of common shares to be newly issued" and "number of common shares held by the Company" in the following formula are to be read as "number of common shares held by the Company to be disposed of" and "number of common shares held by the Company before the disposition", respectively.</p> $\frac{\text{Acquisition price after adjustment}}{\text{Acquisition price before adjustment}} = \frac{\text{Acquisition price before adjustment} \times \left( \frac{\text{Number of issued common shares} - \text{Number of common shares held by the Company}}{\text{Number of common shares to be newly issued}} + \frac{\text{Amount to be paid in per share}}{\text{Market price per common share}} \right)}{\text{Acquisition price before adjustment} \times \left( \frac{\text{Number of issued common shares} - \text{Number of common shares held by the Company}}{\text{Number of common shares to be newly issued}} + \frac{\text{Amount to be paid in per share}}{\text{Market price per common share}} \right)}$ <p>(iv) If the Company issues or disposes of shares that entitle their holder to</p>

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	<p><u>receive delivery of common shares at an acquisition price per common share that falls below the market price per common share provided for in Item d below by causing the Company to acquire or being acquired by the Company (this includes the case of a gratis allotment of shares), then on the payment date for the shares (or, if a payment period has been provided for, on the last day of that payment period; the same applies throughout this section (iv)) or the Company undertakes a gratis allotment of shares, then on the day when the allotment takes effect (or, if a record date relating to the gratis allotment of shares has been provided for, then that record date; the same applies throughout this section (iv)) or there is a Shareholder Allotment Date, then on that date all of the shares issued or disposed of will be deemed to have been delivered, and the amount to be calculated as the "amount to be paid in per share" in the Acquisition Price Adjustment Formula using that amount will be the acquisition price after adjustment. The acquisition price after adjustment will apply starting on the day after the payment date, or in the case of a gratis allotment of shares, on the day after the day when the allotment takes effect, or in the case there is a Shareholder Allotment Date, on the day after that date. Notwithstanding the above, if the consideration of common shares to be issued has not been determined by the point in time mentioned above, the acquisition price after adjustment will be calculated by assuming that all shares issued or disposed of were acquired or disposed of under the condition of the point in time mentioned above when the consideration is determined</u></p>

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	<p><u>and that consideration will be applied from the following day after it was determined.</u></p> <p>(v) <u>If the Company issues share acquisition rights that, by being exercised or by being acquired by the Company, entitle their holder to receive delivery of common shares at a price whereby the aggregate of the amount to be paid in for the share acquisition rights per common share and the assets to be contributed (if property other than money is made the object of contribution, such property shall be properly evaluated. This applies throughout this section (v)) on exercise of the share acquisition rights falls below the market price per common share provided for in Item d below (this includes the case of a gratis allotment of share acquisition rights), then on the allotment date for the share acquisition rights or if the Company undertakes a gratis allotment of share acquisition rights, then on the day when the allotment takes effect (or, if a record date has been provided for, then that record date; this applies throughout this section (v)) on exercise of the share acquisition rights if there is a Shareholder Allotment Date, then on that date all of the share acquisition rights issued will be deemed to have been exercised or acquired on the initial terms and common shares will be deemed to have been delivered, and the amount to be calculated as the "amount to be paid in per share" in the Acquisition Price Adjustment Formula using the aggregate of the amount to be paid in for the share acquisition rights per common share of the assets to be contributed on exercise of the share acquisition rights will be the acquisition price</u></p>

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	<p><u>after adjustment. The acquisition price after adjustment will apply starting on the day after the allotment date for the share acquisition rights, or in the case of a gratis allotment of share acquisition rights, on the day after the day when the allotment takes effect, or in the case there is a Shareholder Allotment Date, on the day after that date. Notwithstanding the above, if the consideration of common shares to be issued on the acquisition or the exercise has not been determined at the point in time mentioned above, the acquisition price after adjustment will be calculated by assuming that all share acquisition rights issued were exercised or acquired under the condition of the point in time when the consideration was determined and that consideration will be applied from the following day after it was determined. However, the adjustment of the acquisition price under this section (v) does not apply to share acquisition rights issued as stock options to directors, auditors, and employees of the Company or its subsidiaries the underlying shares of which are common shares.</u></p> <p><u>b In addition to the events provided for in Item a above, if any of the events provided for in (i) through (iii) below occurs, the Company shall appropriately adjust the acquisition price after giving prior written notice to the Class B Shareholders, Etc. to that effect and of the reasons for the event, the acquisition price after adjustment, the day when the adjusted acquisition price applies, and any other necessary matters.</u></p> <p><u>(i) Adjustment to the acquisition price becomes necessary because of a merger, share exchange, acquisition of all issued shares of another company through a share exchange, share transfer, absorption-type split,</u></p>

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	<p><u>succession to all or some of the rights and obligations held by another company in relation to that company's business through an absorption-type split, or incorporation-type split.</u></p> <p><u>(ii) Two or more events necessitating an adjustment to the acquisition price occur in connection with each other and in calculating the acquisition price after adjustment because of one of the events, it becomes necessary to consider the effect of the other event on the market price that ought to be used in that calculation.</u></p> <p><u>(iii) It otherwise becomes necessary to adjust the acquisition price because of the occurrence of an event that changes or has the possibility of changing the number of issued common shares (excluding, however, the number of common shares held by Company).</u></p> <p><u>c If a calculation becomes necessary in adjusting the acquisition price, the calculation is to be made to the second decimal place and then rounded to the first decimal place.</u></p> <p><u>d The market price per common share to be used in the Acquisition Price Adjustment Formula is the average VWAP of the Company's common shares in ordinary trading publicly announced on the TSE over the period of 30 consecutive Trading Days preceding the day when the adjusted acquisition price is to apply.</u></p> <p><u>e If as a result of a calculation made in adjusting the acquisition price the difference between the adjusted acquisition price and the pre-adjustment acquisition price is less than 1 yen, no adjustment to the acquisition price will be made. However, adjustment determined to be unnecessary in this Item e will be carried forward to be considered for the calculation of the adjustment in the future.</u></p> <p><u>6. Adjustment of Maximum Acquisition Price and</u></p>

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	<p><u>Minimum Acquisition Price</u>  <u>When adjusting the acquisition price in accordance with the stipulation in Item 5 above, the Maximum Acquisition Price and the Minimum Acquisition Price will be adjusted by applying the stipulation in Item 5 above after reading the "acquisition price" as "Maximum Acquisition Price" or the "Minimum Acquisition Price."</u></p> <p>7. <u>Place at which Common Share-Consideration Acquisition Request are accepted</u>  <u>Place of business of Shareholder Registry Administrator: 1-2-1, Yaesu, Chuo ku, Tokyo Mizuho Trust &amp; Banking Co., Ltd., Stock Transfer Agency Department of the Head Office</u></p> <p>8. <u>Place at which Common Share-Consideration Acquisition Request takes effect</u>  <u>Common Share-Consideration Acquisition Request takes effect when Common Share-Consideration Acquisition Request form reaches the place at which Common Share-Consideration Acquisition Requests are accepted set out in Item 7 above or on the desired date indicated on the form, whichever is later.</u></p> <p>9. <u>Delivery method of common shares</u>  <u>After an acquisition request for the Common Share-Consideration has taken effect, the Company shall deliver common shares to the Class B Shareholder who made the Common Share-Consideration Acquisition Request by recording an increase in transfer shares in the shares-held column of the transfer account book of Japan Securities Depository Center, Incorporated, or an account management institution, as designated by the Class B Shareholder.</u></p> <p><u>(6) Call option the consideration for which is cash</u>  <u>At any time on and after July 1, 2016, the Company may, by giving a written notice (which shall be irrevocable) to Class B Shareholders, Etc. at least 60 Trading Days in advance of the Cash Consideration Redemption Date, acquire all the Class B Shares in exchange for cash (the "Cash Consideration Redemption" in this Article) to the extent permissible under law and regulations on the coming of the day to be separately determined by the Board of Directors meeting (the "Cash Consideration Redemption Date"</u></p>

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	<p><u>in this Article) and the Company shall deliver to the Class B Shareholder in exchange for Class B Shares related to the Cash-Consideration Redemption the amount calculated by multiplying the number of Class B Shares related to the Cash-Consideration Redemption by (i) an amount by multiplying the Equivalent Amount to the Amount to be Paid in per Class B Share by the redemption coefficient stipulated below and (ii) the total amount of the Amount Equal to Class B Accumulated Unpaid Dividends and Daily Prorated Unpaid Preferred Dividend. In this Paragraph 6, the Amount Equal to Class B Accumulated Unpaid Dividends and the Daily Prorated Unpaid Preferred Dividend Amount is to be calculated by reading "day when distribution of residual assets is made" and "Distribution Date" in the calculation of the Amount Equal to Class B Accumulated Unpaid Dividends and Daily Prorated Unpaid Preferred Dividend Amount as the "Cash Consideration Redemption Date," respectively. A fraction of less than one yen that arises in the amount to be paid in exchange of acquiring Class A Shares related to the Cash-Consideration Redemption is to be disregarded.</u></p> <p><u>The "redemption coefficient" means the figures stipulated in the following items depending on whether the Cash Consideration Redemption Date is included in the following items or belongs to any of the following periods.</u></p> <p><u>1 From July 1, 2016 to June 30, 2017 : 1.12</u></p> <p><u>2 From July 1, 2017 to June 30, 2018 : 1.19</u></p> <p><u>3 From July 1, 2018 to June 30, 2019 : 1.26</u></p> <p><u>4 From July 1, 2019 to June 30, 2020 : 1.33</u></p> <p><u>5 After July 1, 2020 : 1.40</u></p> <p><u>(7) Restrictions on assignment</u></p> <p><u>Any acquisition of Class B Shares by assignment requires the approval of the Company's Board of Directors.</u></p> <p><u>(8) Exclusion of shareholder's rights to be added as a seller for acquisition of treasury stock</u></p> <p><u>If the Company decides to acquire all or a part of the Class B Shares which are owned by the Class B Shareholders by agreement with the Class B Shareholders by resolution of a general meeting of shareholders, the provisions in Article 160, Paragraphs 2 and 3 of the Companies Act will not apply.</u></p> <p><u>(9) Share consolidation, split, and allocation of shares offered for subscription</u></p>

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<p>(Number of Shares in a Unit (<i>Tangen</i>) of Shares) Article 8 The number of shares comprising one unit (<i>tangen</i>) of</p>	<p>1. <u>The Company will not implement share split or merger in relation to Class B Shares.</u></p> <p>2. <u>The Company will not grant a right to Class B Shareholders to receive the allocation of shares offered for subscription or share acquisition rights for shares offered.</u></p> <p>3. <u>The Company will not implement an allocation of gratis allotment or gratis allotment of share acquisition rights to Class B Shareholders.</u></p> <p><u>(10) Priorities</u></p> <p>1. <u>The payment priority of dividends from surplus for Class A Preferred Dividends , Amount Equal to Class A Accumulated Unpaid Dividends , Class B Preferred Dividend, Amount Equal to Class B Accumulated Unpaid Dividends and that for Common Share Holders, Etc. shall be as follows. Amount Equal to Class B Accumulated Unpaid Dividends are the first priority, Class B Preferred Dividends are the second priority, Amount Equal to Class A Accumulated Unpaid Dividends are the third priority, Class A Preferred Dividends are the fourth priority and dividends from surplus to Common Share Holders, Etc. are the fifth priority.</u></p> <p>2. <u>The payment priority of distribution of residual assets related to Class A Shares, Class B Shares and common shares is as follows. The payment priority of distribution of residual assets related to Class B Shares is the first priority distribution of residual assets related to Class A Shares is the second priority, and distribution of residual assets related to common shares is the third priority.</u></p> <p>3. <u>If the amount which is to be paid by the Company dividends from surplus or distribution of residual assets is short of necessary amounts to pay dividends from surplus or distribution of residual assets in a certain priority level, dividends from surplus and distribution of residual assets shall be paid by prorated method according to the necessary amounts to pay dividends from surplus or distribution of residual assets for that priority level.</u></p> <p>(Number of Shares in a Unit (<i>Tangen</i>) of Shares) Article 8 The number of shares comprising one unit (<i>tangen</i>) of</p>

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<p>shares shall be 1,000.</p> <p>(New)</p>	<p>shares shall be 1,000 <u>for common shares, 1 for Class A shares, and 1 for Class B shares.</u></p> <p><u>(General Meeting of Class Shareholders)</u>  <u>Article 17-2</u>  <u>The provisions of Articles 14, 15, and 17 hereof shall apply <i>mutatis mutandis</i> to the General Meeting of Class Shareholders.</u>  <u>(2) The provision of Article 16, Paragraphs 1 and 2 hereof shall apply <i>mutatis mutandis</i> to resolutions of the General Meeting of Class Shareholders to be made pursuant to the provisions of Article 324 Paragraphs 1 and 2 of the Companies Act respectively.</u></p>
<p><u>(Exemption of Directors from Liabilities and Limited Liability Agreement with Outside Directors)</u>  Article 26  Pursuant to Article 426, Paragraph 1 of the Companies Act, the Company, by resolution of the Board of Directors, may exempt Directors (including persons who were Directors) from liabilities for damages of the Company caused by non-performance of their duties to the extent provided in laws and regulations.  (2) The Company may, pursuant to Article 427, Paragraph 1 of the Companies Act, enter into an agreement with <u>Outside</u> Directors which limits the liability for damages of the Company caused by non-performance of their duties. However, the limited amount of liability based on such agreement shall be prescribed by applicable laws and regulations.</p>	<p><u>(Exemption of Directors from Liabilities, Etc.)</u>  Article 26  (No amendment)</p> <p>(2) The Company may, pursuant to Article 427, Paragraph 1 of the Companies Act, enter into an agreement with Directors <u>(excluding Executive Directors, Etc.)</u> which limits the liability for damages of the Company caused by non-performance of their duties. However, the limited amount of liability based on such agreement shall be prescribed by applicable laws and regulations.</p>
<p><u>(Exemption of Audit &amp; Supervisory Board Member from Liabilities and Limited Liability Agreement with Outside Audit &amp; Supervisory Board Member)</u>  Article 35  Pursuant to Article 426, Paragraph 1 of the Companies Act, the Company, by resolution of the Board of Directors, may exempt Audit &amp; Supervisory Board Member (including persons who were Audit &amp; Supervisory Board Member) from liabilities for damages of the Company caused by failure to perform their duties to the extent provided in laws</p>	<p><u>(Exemption of Audit &amp; Supervisory Board Member from Liabilities, Etc.)</u>  Article 35  (No amendment)</p>

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<p>and regulations.</p> <p>(2) The Company may, pursuant to Article 427, Paragraph 1 of the Companies Act, enter into an agreement with <u>Outside</u> Audit &amp; Supervisory Board Member which limits the liability for damages of the Company caused by non-performance of their duties. However, the limited amount of liability based on such agreement shall be prescribed by applicable laws and regulations.</p>	<p>(2) The Company may, pursuant to Article 427, Paragraph 1 of the Companies Act, enter into an agreement with Audit &amp; Supervisory Board Member which limits the liability for damages of the Company caused by non-performance of their duties. However, the limited amount of liability based on such agreement shall be prescribed by applicable laws and regulations.</p>

## **Proposal No. 2 : The issuance of Class A Shares and Class B Shares by third party allotment**

Sharp proposes to issue Class A Shares and Class B Shares by third party allotment pursuant to the provisions of Article 119 of the Companies Act. The reasons for issuance are given in Paragraph 1 and details of the subscription are contained in Paragraph 2.

This proposal is subject to Proposal No. 1 being approved and passed as originally proposed, and the partial amendment of the Articles of Incorporation taking effect.

### **1. Reasons for issuance of the Class A Shares and the Class B Shares by third party allotment**

#### **(1) The purpose and reasons for issuance of the Class Shares**

Sharp has set Medium Term Management Plan 2013 and has carried out toward realizing of "Recovery and Growth" through restructuring of the current business portfolio, improving the profitability of LCD business, expanding overseas businesses focusing on the ASEAN market, reducing fixed costs by introducing all-Sharp cost restructuring innovations, and improving financial position. As a result, Sharp returned to profit in 108,560 million yen of consolidated operating profit and 11,559 million yen of consolidated net income on the year ending March 2014, however, Sharp recorded large deficit on the year ended March 2015, due to lack of correspondence to the deterioration in business environment of LCD TVs in America and energy solution business, as well as lack of foresight in market change, inadequacy to correspond to price decline, and inadequacy in marketing for small- and medium-size LCDs, as well as recording of the allowance for the price difference in long term contract of polysilicon materials used in solar panels, and write-down of the inventories of small- and medium-size LCDs to improve earnings structure. In order to overcome this situation and recover profit, Sharp set the Medium Term Management Plan based on fundamental restructuring ("this Plan").

Sharp is issuing the Class Shares in order to establish a stable revenue bases for Sharp by stabilizing our financial standing and implementing the significant structural reforms with the capital investment by Mizuho Bank Ltd. ("Mizuho Bank") and The Bank of Tokyo-Mitsubishi UFJ, Ltd. ("Bank of Tokyo-Mitsubishi UFJ"), and by investing in growth fields with the funds received from Japan Industrial Solutions Fund I (hereafter in this Proposal, "JIS").

Aiming to stabilize our financial standing, Sharp has examined various options and considered their effects on its existing shareholders, but for the year ended March 31, 2015, its consolidated net assets are 44,515 million yen. In light of its financial circumstances whereby its net assets have significantly decreased, Sharp believes that it is necessary and appropriate to aim to strengthen its own capital by procuring funds that are capital in nature, rather than procuring funds that are liabilities in nature such as borrowing from financial institutions, etc. and issuing bonds, in order to stabilize our financial standing.

Furthermore, with regard to financing methods, in consideration of the management environment surrounding Sharp, its financial position and business performance, and the state of its share price, Sharp decided that a capital increase through a public offering of common shares and a capital increase through a third-party allotment of common shares would be inappropriate because shareholder value would be harmed immediately due to the dilution of common shares. Sharp decided that it is more effective to raise funds by issuing Class Shares in order to constrain a rapid dilution of common shares, procure the necessary funds with certainty, and stabilize its financial standing.

To achieve this, Sharp decided that the best option is to issue Class A Shares to Mizuho Bank and Bank of Tokyo-Mitsubishi UFJ, Sharp's main financial institutions, and to issue Class B Shares to JIS, an investor who understands Sharp's current position, business purpose and management policies after considering the experience of investments in class shares, the characteristics of the investors, and the amount of financing required, etc.

## (2) Reason for selecting allottees

### a. Class A Shares

With regard to Class A Shares, Sharp plans to allocate funds to be paid in by the issuance of Class A Shares to repay interest-bearing debts of Sharp and its subsidiaries owed to Mizuho Bank group and Bank of Tokyo-Mitsubishi UFJ group. As a result, it will be possible to reduce interest-bearing debt of Sharp and to improve its financial standing. Sharp expects further assistance from Mizuho Bank and Bank of Tokyo-Mitsubishi UFJ through the issuance of Class A Shares. For the reasons stated above, Sharp decided to select Mizuho Bank and Bank of Tokyo-Mitsubishi UFJ to be allottees.

### b. Class B Shares

When issuing Class B Shares, Sharp has examined investors who agree with the management policy of Sharp to improve the corporate value in the medium- and long-term as well as with the purpose and design of Class B Shares. As a result, Sharp has decided to issue Class B Shares to JIS who has steady experience of investment in Japan.

Sharp has entered into the agreement with JIS with respect to matters relating to their capital contributions to Sharp including the following items.

#### (a) Matters Sharp must comply with

Sharp pledges to JIS the following matters providing that JIS holds a certain level of number of Class B Shares; (1) to make best reasonable efforts to achieve this Plan, (2) to submit agenda and proposal to appoint two persons named by JIS as part-time outside directors to the general meeting of shareholders and make best reasonable efforts to approve the proposal, (3) to establish and hold jointly with JIS monitoring meetings to confirm and discuss the progress and status of this Plan, (4) Sharp shall basically obtain approval in advance from JIS (such approval shall not unreasonably be refused or withheld) when Sharp or its subsidiaries implement(s) actions which need a special resolution of general meetings of shareholders, including amending the articles of incorporation etc. of Sharp or its subsidiaries, issuing shares, etc., acquiring treasury shares, paying dividends from surplus (only when Sharp pays), disposing of a certain level of major assets, implementing a certain level of organizational restructuring, obtaining a certain level of loan/guaranty, etc., filing insolvency proceedings, or changing this Plan, (5) to report certain matters including the status of compliance to JIS, (6) to make reasonable efforts to generate distributable amounts and funds to pay dividends from surplus for the Class B Shares, and (7) to implement a fundamental improvement of this Plan if Sharp violates financial covenants or is in any material default of liabilities provided for in certain the loan agreements to which Sharp is a party, or Sharp is in material violation of obligations under the subscription agreement executed between Sharp and JIS.

(b) Restriction on exercising put option

JIS cannot exercise put options of the Class B Shares the consideration for which is common shares from the payment date through June 30, 2018 unless a Conversion Restriction Removal Reason occurs. If JIS transfers or disposes of all or a part of the Class B Shares before June 30, 2018, JIS is required to ensure that the purchaser of the shares pledges to Sharp to comply with the obligations regarding the conversion restriction for the put options the consideration for which is common shares.

(c) Conditions precedent to the payment obligation

The conditions precedent for JIS's obligation to pay for the Class B Shares include (i) the Ordinary General Meeting of Shareholders approves the Proposal No.1, No.2, No.3, and the approval of the appointment of two persons named by JIS as outside directors, (ii) Mizuho Bank and Bank of Tokyo-Mitsubishi UFJ complete payments for the Class A Shares, and (iii) consent letters are obtained with respect to reconciliation among financial institutions with which JIS is reasonably satisfied.

(3) Calculation ground for amount to be paid in and its specific contents, and the reasons for referring to the Ordinary General Meeting of Shareholders

In determining the issuing conditions of the Class Shares, Sharp requested that Deloitte Tohmatsu Financial Advisory LLC, Ltd. (the "Deloitte Tohmatsu Financial Advisory"), which is a third party evaluation organ independent of Sharp, analyze the value of the Class Shares to ensure

fairness, and obtained a calculation report for the Class Shares (the "Calculation Report") from Deloitte Tohmatsu Financial Advisory. Under certain assumptions (the dividend rate of the Class Shares, put options the consideration for which is common shares, put options the consideration for which is cash, call options the consideration for which is cash, Sharp's common share price and the fluctuation ratio, etc.), Deloitte Tohmatsu Financial Advisory executed a value analysis of the Class Shares using the binominal tree-model, which is a general value analysis model. The Calculation Report states that the price per Class A Share is from 664 thousand to 847 thousand yen and the price per Class B Share is from 1,182 thousand to 1,279 thousand yen. The details of the value analysis results for the Class Shares are as follows.

(i) The value analysis results of the Class Shares

Class A Shares: Per share: 664 thousand yen to 847 thousand yen

Class B Shares: Per share: 1,182 thousand yen to 1,279 thousand yen

(ii) Overview of numerical values used

Share price: 202 yen (Closing price at TSE on May 13, 2015)

Dividend yield: 0.0% (Calculated based on the most recent dividend result of common shares)

Share price fluctuation rate: 30% (Calculated by seeing share information on most recent day)

Risk free rate: 0.46% (Used the long yield rate of Japanese government bonds)

Sharp determined that the issuance of the Class Shares would not be deemed to be a favorable issuance by comprehensively considering the above evaluation results in the Calculation Report by Deloitte Tohmatsu Financial Advisory, which is a third party evaluation organ independent of Sharp, and decided the issuing conditions for the Class Shares through consultation and negotiation with the planned allottees, taking into account Sharp's business environment and financial condition.

However, as there are no objective market prices for the Class Shares, the evaluation of the Class Shares is very advanced and complex and various ways of thinking are possible with regard to the evaluation of Class Shares, the possibility that the amount for the Class Shares to be paid in under the Companies Act might be favorable for the planned allottees in particular cannot totally be denied. Sharp, therefore, decided to issue the Class Shares on the condition that approval by a special resolution at the general meeting of shareholders be obtained in relation to a favorable issuance based on Article 199, Paragraph 2 of the Companies Act, for the sake of caution.

(4) Grounds on which Sharp determined that the amounts to be issued and the size of the share dilution is reasonable

Sharp is financing the total of 225,000 million yen by issuing 200,000 shares of Class A Shares and 25,000 shares of Class B Shares. Considering that the purpose of issuing the

aforementioned Class Shares and the usage of funds have reasonable natures, Sharp has determined that the amounts of Class Shares to be issued are also reasonable.

Though the Class Shares do not have voting rights at general meetings of shareholders, dilution impact might occur on the existing shareholders due to the exercise of the put option the consideration for which is common shares of Class A Shares and Class B Shares. If put option the consideration for which is common shares is assumed to be exercised regarding the entire Class Shares under the situation where the amount equal to accumulated unpaid dividends and daily prorated unpaid preferred dividend amount of the Class Shares do not exist, the amount of maximum voting right owned by Class A Shares would be 2,000,000 and the amount of maximum voting right owned by Class B Shares would be 350,000, meaning that the ratio of this total voting right accounts for approximately 139.4% of the total voting rights of 1,685,433 which is the total voting rights regarding Sharp's issued common shares based on shareholder register as of March 31, 2015 (the maximum dilution rate of Class A Shares is approximately 118.7% and the maximum dilution rate of Class B Shares is approximately 20.8%).

Although share dilution may occur if Sharp's common shares are issued by exercising the put option of the Class Shares, (i) increase in equity capital by the issuance of the Class Shares contributes to the stability of financing standing, (ii) the Class A Shares are designed that Mizuho Bank and Bank of Tokyo-Mitsubishi UFJ cannot exercise the put option the consideration for which is common shares until June 30, 2019, after 4 years from the payment date, thereby avoiding early dilution of common shares and securing time to enhance corporate value through the implementation of this Plan, and the Class A Shares are also designed not to allow the exercise of put options the consideration for which is common shares that will basically become executable after July 1, 2019 by exercising a call option the consideration of which is cash whenever Sharp decides to do so after July 1, 2016, as long as no issued Class B shares (excluding shares held by Sharp) exist, (iii) an agreement was made in the Class B Shares subscription agreement that JIS will not exercise the put option the consideration for which is common shares until June 30, 2018 (3 years as calculated from the payment date) unless a Conversion Restriction Removal occurs, thereby avoiding early dilution of common shares and securing time to enhance corporate value through the implementation of this Plan, and the Class B Shares are designed not to allow the exercise of put options the consideration for which is common shares that will basically become executable after July 1, 2018 by exercising a call option the consideration of which is cash whenever Sharp decides to do so after July 1, 2016 and (iv) minimum is set for Revised Acquisition Price with regard to the put option for which consideration is common shares attached to the Class Shares and other measures are taken so that impact on the existing shareholders occurred by the dilution becomes as little as possible. Under these points of view, Sharp determines that the size of dilution that may be occurred from the issuance of the Class Shares is reasonable.

## 2. The Subscription Requirements

### (1) Class A Shares

- a. Class of shares  
Class A Shares
- b. Number of shares offered for subscription  
200,000 shares
- c. Amount to be paid in for shares offered for subscription  
1,000,000 yen per share
- d. Common Stock and capital reserve to be increased
  - Capital 100,000,000,000 yen (500,000 yen per share)
  - Capital reserve 100,000,000,000 yen (500,000 yen per share)
- e. Total amount to be paid in  
200,000,000,000 yen
- f. Payment date  
June 30, 2015
- g. Method of issuance  
Allotted by a third-party allotment method as follows:
  - Mizuho Bank, Ltd. 100,000 shares
  - The Bank of Tokyo Mitsubishi UFJ, Ltd. 100,000 shares
- h. Details of Class A Shares  
Please see Proposal No. 1.

(2) Class B Shares

- a. Class of shares  
Class B Shares
- b. Number of shares offered for subscription  
25,000 shares
- c. Amount to be paid in for shares offered for subscription  
1,000,000 yen per share
- d. Common Stock and capital reserve to be increased
  - Capital 12,500,000,000 yen (500,000 yen per share)
  - Capital reserve 12,500,000,000 yen (500,000 yen per share)
- e. Total amount to be paid in  
25,000,000,000 yen
- f. Payment date  
June 30, 2015
- g. Method of issuance  
Allotted 25,000 shares to Japan Industrial Solutions Fund I by a third-party allotment method.
- h. Details of Class B Shares  
Please see Proposal No. 1.