

July 31, 2015

Dear SEC, SLA, and SMA Employees,

Sharp Corporation (SC) in Japan announced earlier today that the board of directors passed a resolution to form a business alliance with Hisense HK, a Chinese television manufacturer, for the LCD television business that SEC operates in the Americas. This agreement does not include SEC's audio, home appliances, as well as SIICA's entire product portfolio of business solutions (photocopiers/MFPs and information displays for commercial applications), energy solutions, or devices businesses.

As you know, Sharp was a pioneer in introducing AQUOS LCD TVs in the Americas back in 2001. The last several years, however, have seen intense competition that has resulted in unsustainable losses. Without a path to profitability on our own, Sharp declared back in May the possibility of entering into a business alliance for the TV business in the Americas.

According to the terms of the deal, which is at its core a brand licensing alliance, Sharp is granting Hisense HK the right to use the Sharp, AQUOS, and Quattron brands on LCD consumer televisions offered by Hisense HK in the Americas (United States, Canada, Mexico and Latin America, excluding Brazil). The transaction which has been publicly announced as having a value of \$23.7 million and includes the sale of Sharp's SEMEX factory is expected to be concluded in early January 2016.

Leveraging Hisense's highly competitive manufacturing processes and Sharp's distinguished brand image, Hisense will bring to market next year a line-up of Sharp branded LCD TVs, built to Sharp's exacting quality standard, and offering premium technology and design at strong consumer values.

Through the remainder of the 2015 calendar year, SEC will continue to manufacture and sell our current line-up of AQUOS TVs until the end of the year and support dealer sell-thru into Q1 of 2016. Not only is it important that we enable our channel partners to realize a full product lifecycle on these models and promote a smooth transition to next year's lineup of Sharp branded TVs marketed by Hisense HK, our brand name will be associated with these activities. We have also taken care in the agreement to protect the quality and other attributes associated with the Sharp brand as Hisense HK makes use of it.

Sales of our consumer LCD TVs are handled by our Sharp Electronics Marketing Company of America (SEMCA) business group. Jim Sanduski, President – SEMCA, communicated with that group's personnel earlier today about the agreement with Hisense HK and how staffing is likely to be affected. Regrettably, SEMCA headcount will be reduced. However, we are committed to making every effort to place as many individuals as possible within other Sharp business operations.

These are difficult business decisions, but they must be made. Despite great efforts, we were not meeting our profit projections in the North American LCD-TV market in which there is extraordinarily intense competition. For everyone and, especially those affected by today's announcement, please accept my humble thanks and deepest appreciation for your years of dedicated service to Sharp.

Ultimately, SEC maintains a strong lineup of product/service categories within SEMCA, SIICA, and SMA. In addition, Sharp Laboratories of America (SLA) is actively engaged in working with SEC to incubate new product and service concepts. We remain confident that we are positioned for success in the Americas region.

Toshihiko Fujimoto
Regional Chief Officer for North & South America, Sharp Corporation
Chairman & CEO, Sharp Electronics Corporation