

[Translation]

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For Immediate Release

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**Structural Reform of Toshiba's System LSI Business  
and Discrete Semiconductor Business**

Toshiba Corporation ("the Company"), hereby gives notice of policy decisions, as described below, in respect of the Company's System LSI business and Discrete semiconductor business, part of the Semiconductor business. These decisions are a part of a fundamental restructuring that is being undertaken by the Company.

The Company has taken the decision to withdraw from the CMOS image sensor business, a part of the System LSI business, in line with a strategy for clarifying focus businesses and reducing fixed costs. In this connection, the Company has signed a Letter of Intent with Sony Corporation (Sony) in respect of the transfer of assets related to the 300mm wafer production line at the Company's Oita Operations semiconductor fabrication facility to Sony.

Further to this, the Company has also determined to secure efficient management of the 200mm and 150mm wafer production lines that are also used in the system LSI business by advancing preparations for establishing a new company, which will consolidate Oita Operations and Iwate Toshiba Electronics Co., Ltd. into a single business entity.

In the Discrete semiconductor business, the Company has made the decision to discontinue operation of the White LED unit and to concentrate management resources on power devices.

## 1. Overview and Objectives

### (1) Withdrawal from the CMOS image sensor business in the System LSI business

The Company is concerned to clarify focus business areas in the System LSI business and to reduce fixed costs, and has signed a Letter of Intent on the transfer of part of the assets related to the 300mm wafer production line to Sony. As a result of this move, the Company will withdraw from the CMOS image sensor business. In parallel with this asset transfer, adjustment will be made in respect of the transfer of approximately 1,100 personnel, employees of the Company and affiliate companies engaged at the plant, on the production line, and in the design of the CMOS image sensors, to the Sony Group.

Subject to necessary approvals and authorization from the relevant authorities, the Company will work to complete the asset transfer within fiscal 2015. The CMOS sensor business, a part of the System LSI business, recorded sales on the scale of approximately 30-billion yen (consolidated basis) in FY 2014. Further details of this matter can be found in “Sony and Toshiba Sign Memorandum of Understanding for the Transfer of Certain Semiconductor Fabrication Facilities,” released today.

### (2) Launch of new company for the system LSI business

In the system LSI business, the Company anticipates market growth in such areas as analog integrated circuits and motor control drivers for automotive and other applications. In order to concentrate management resources in business areas where the Company enjoys a technological advantage, preparations are being made to launch a new company that consolidates the Oita Operations and Iwate Toshiba Electronics Co., Ltd., and that will secure efficient integration and management of the 200mm and 150mm wafer production lines. By centralizing foundry demand, primarily for analog products, the new company is expected to improve the rate of operation of the manufacturing lines and to raise cost competitiveness. The Company will move ahead by devising an appropriate integration plan and completing all procedures required for registering the new company, and expects to the new company to start operation on April 1, 2016. The Company will release more details of the new company in due course, once they have been determined.

#### ■ About Toshiba Oita Operations

Address: 3500 Oaza Matsuoka, Oita-city, Oita Prefecture

Established: July 1970

Representative: Shigeya Mori

Employees: 2,400 (as of end of September 2015)

Main products: Analog ICs/ASICs, system LSIs and CMOS image sensors

■ About Iwate Toshiba Electronics Co., Ltd.

Head office address: 6-6 Kitakogyodanchi, Kitakami-city, Iwate Prefecture

Established: January 1973

Representative: Hitonori Abe

Capital: 15 billion yen (100% Toshiba stake)

Employees: 800 (as of end of September 2015)

Main shareholders: Toshiba (100%)

Main products: Analog IC/ASICs and system LSIs

(3) Termination of white LED business in the Discrete semiconductor business

In connection with a fundamental restructuring of the discrete semiconductor business, the Company will discontinue all operations related to the white LED business by the end of 2015, in order to improve profitability and strengthen market competitiveness. This move will position the power semiconductor, optical devices, and small-signal devices businesses, as the main focus in the Discrete business. All three are business areas where the Company anticipates market expansion, and this concentration will support the early achievement of a surplus in the overall Discrete semiconductor business. The Company assesses the costs that will be incurred as a result of this termination at approximately 20 billion yen, excluding the personnel-related measures referred to below.

2. Early retirement incentive program, including personnel relocation and re-employment assistance associated with structural reforms

In parallel with the structural reforms described above, the Company proposes to implement an early retirement incentive program for personnel in the sales and staff departments of the system LSI business, the discrete semiconductor business, and the Semiconductor & Storage Company as a whole. This program will include employment relocation within Semiconductor & Storage Company and assistance with securing alternative employment.

3. Future prospects

The company is now examining details of the impact on its financial results, but they are expected to be negligible. The Company will release its forecast for FY2015 (ending March 2016) as soon as it has been determined.

By deployment of measures described above, the Company expects to reduce fixed costs by approximately 16-billion yen in the system LSI business and by approximately 10-billion yen in the discrete semiconductor business in fiscal 2016, compared with fiscal 2014, and will aim to record an operating surplus for fiscal 2016. The Company will make timely announcement of any matters that need to be made public in respect of the upcoming implementation and progress of these structural reforms.

(Reference)

Consolidated performance in the last fiscal year (fiscal year ending March 31, 2015)

	Net sales	Operating income	Income from continuing operations, before income taxes and non-controlling interests	Net income attributable to shareholders of the Company <sup>[1]</sup>
Consolidated performance during previous fiscal year (Fiscal year ended March 31, 2015)	6,655,894 million yen	170,439 million yen	136,644 million yen	-37,825 million yen

<sup>[1]</sup> “The Company” refers to Toshiba Corporation.