

[Translation]  
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For Immediate Release

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Japan  
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**Notice of Conclusion of Absorption-type Company Split (Simplified Absorption-type Company Split) Agreement in Respect of Structural Reform of System LSI Business**

Toshiba Corporation (“the Company”) announced on December 4, 2015, in respect of the structural reform of the Company’s System LSI business, that it would transfer a certain part of the System LSI business at the Company’s Oita Operations to the Company’s wholly-owned subsidiary, Iwate Toshiba Electronics Co., Ltd. (“Iwashiba”), by a company split (“the Company Split”).

As the Company and Iwashiba have today concluded an Absorption-type Company Split Agreement (“Company Split Agreement”) related to the Company Split, with an effective date of April 1, 2016, the Company wishes to provide information on the changes and on matters which remained undecided. In the following, underlined sections indicate matters that were undecided and the changes.

In addition, since this transaction is a simplified absorption-type company split in which the wholly owned subsidiary will become the succeeding company, some disclosure items and details are omitted.

1. Purpose of the Company Split

By consolidating the System LSI business that uses the 200mm and 150mm wafer production lines at Oita Operations into Iwashiba’s System LSI business as a single business entity, the Company will concentrate management resources in business areas where the Company anticipates market growth and enjoys technological advantages, such as analog integrated circuits and motor control drivers for automotive and other applications, and will secure efficient integration and management of the 200mm and 150mm wafer production lines.

2. Overview of the Company Split

(1) Schedule

Date of contract	<u>February 2, 2016</u>
Effective date	<u>April 1, 2016</u>

Note: The Company Split falls into the category of a simplified absorption-type company split defined in the Paragraph 2 of Article 784 of the Companies Act. Therefore, the Company will not hold a general meeting of shareholders for the approval related to the contract for the absorption-type company split.

(2) Method of the Company Split

The absorption-type company split method is used, in which Toshiba initiates the Company Split and Iwashiba is the succeeding company.

(3) Allocation associated with the Company Split

Iwashiba will issue 42million shares of common stock and allot all of them to Toshiba in exchange for succession rights and obligations.

(4) Handling of share option and bonds with share option associated with the Company Split

Toshiba does not issue any share option or bonds with share option.

(5) Increase or decrease in capital stock due to the Company Split

The Company Split will neither increase nor decrease the amount of Toshiba's capital stock.

(6) Rights and obligations to be transferred to the succeeding company

Iwashiba will succeed to the assets, claims, obligations and contractual status, etc. that belong only to the "Transferred Business." The term "Transferred Business" is defined in 4(1) of this notice).

Notwithstanding the above, Iwashiba will not, through the Company Split, succeed to employment agreements of employees engaged in the Transferred Business or to any rights and obligations accompanying those agreements. Those employees will, basically, be transferred to the new manufacturing company or transferred through personnel relocation within the Company, etc.

(7) Probability of fulfillment of obligations

It is understood that Iwashiba will be able to fulfill its all obligations that have a maturity date on and after the effective date for the Company Split.

3. Overview of Participants in the Company Split.

	Splitting Company	Succeeding Company
(1) Name	Toshiba Corporation	Iwate Toshiba Electronics Co., Ltd.
(2) Address	1-1 Shibaura 1-chome, Minato-ku, Tokyo	6-6, Kita Kogyo-Danchi, Kitakami-City, Iwate
(3) Name and Tile of Representatives	Masashi Muromachi, Representative Executive	Hitonori Abe, President and Chief

	Officer, President and Chief Executive Officer	Executive Officer
(4) Business Outline	Businesses in Energy & Infrastructure, Community Solutions, Healthcare Systems & Services, Electronic Devices & Components, and Lifestyles Products & Services	Manufacture, contract manufacturing of System LSIs including analog IC, ASIC and others
(5) Capital Stock	439,901million yen	15,000 million yen
(6) Establishment	June 25, 1904	January 20, 1973
(7) No. of Outstanding Shares	4,237,602,026 shares	30,000,000 shares
(8) Fiscal Term	March 31	March 31
(9) No. of Employees	198,741 (consolidated)	810 (single company)
(10) Main Financing Bank	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Sumitomo Mitsui Banking Corporation
(11) Major Shareholders and Shareholding Ratio	<u>JP Morgan Chase Bank</u> <u>380055 4.44%</u> The Master Trust Bank of Japan, Limited (trust account) <u>3.86%</u> Toshiba Stock Purchase Plan <u>2.86%</u> Japan Trustee Services Bank, Limited (trust account) <u>2.83%</u> The Dai-ichi Life Insurance Company, Limited 2.72%	Toshiba Corporation 100%
(12) Financial Condition and Operating Performance in Preceding Fiscal Year (Fiscal year ended March 31, 2015)		
Net Assets (Equity)	1,565,357million yen (consolidated)	9,563 million yen (single company)
Total Assets	6,334,778 million yen (consolidated)	29,094 million yen (single company)
Shareholder's Equity per Share	256.01 yen (consolidated)	318.77 yen (single-company)
Net Sales	6,655,894 million yen (consolidated)	27,847 million yen (single company)
Operating Income	170,439 million yen	534 million yen

	(consolidated)	(single company)
Recurring Profit	---	762 million yen (single company)
Net Income (Loss)	-37,825 million yen (consolidated)	599 million yen (single company)
Net Income (Loss) per Share	-8.93 yen (consolidated)	19.97 yen (single company)

Notes:

- No. of Employees and Major Shareholders and Shareholding Ratio are as of March 31, 2015.
- The major shareholders and shareholdings ratios are as of September 30, 2015.
- Financial Condition and Operating Performance in Preceding Fiscal Year (excluding operating income) are based on US GAAP.
- Overview of Business Unit to be Split

(1) Business of Business Unit to be Split

Manufacture and contract manufacturing of System LSIs, including analog ICs mainly with Toshiba's Oita Operations' 200mm and 150mm wafer production lines, and other service businesses.

(2) Financial Performance of Business to be Split (non-consolidated)

The business division to be split is the manufacturing section, which does not engage in marketing activities, and thus, there are no sales activities that generate financial results.

(3) Items and Book Value Related to Assets and Liabilities to be Split and Transferred (non-consolidated)

<u>Assets</u>		<u>Liabilities</u>	
<u>Items</u>	<u>Book Value (billion)</u>	<u>Items</u>	<u>Book Value (billion)</u>
<u>Current Assets</u>	<u>14.0</u>	<u>Current Assets</u>	<u>0</u>
<u>Fixed Assets</u>	<u>7.0</u>	<u>Fixed Assets</u>	<u>0</u>
<u>Total</u>	<u>21.0</u>	<u>Total</u>	<u>0</u>

Note: Items and the book value of the above are estimates based on the amount as of December 31, 2015. As a result, the items and the book value to be split may vary.

5. Condition of Splitting Company after the Company Split

The name, address, name and title of representative, business outline, capital stock, and fiscal term of the splitting company will not change

6. Condition of Succeeding Company after the Company Split

On October 28, 2015, the Company has announced establishment of a new company for its System LSI business. This new company is a manufacturing company that has Iwashiba as the succeeding company. The company will secure efficient integration and management of the 200mm and 150mm wafer production lines, and concentrate management resources in business areas where the Company enjoys technological advantages and where the Company anticipates market growth, such as analog integrated circuits and motor control drivers for automotive and other applications. In addition, by

centralizing foundry demand, the new company is expected to improve the rate of operation of the manufacturing lines and to raise cost competitiveness.

Name	<u>Japan Semiconductor (Provisional)</u>
Address	<u>6-6, Kita Kogyo-Danchi, Kitakami-City, Iwate</u>
Name and Title of Representative	<u>Kazuya Mori, President &amp; Chief Executive Officer (Planned)</u>
Business Outline	Manufacture, contract manufacturing of System LSIs, including analog IC, ASIC and others
Capital Stock	<u>15,000 million yen</u>
Fiscal Term	March 31

#### 7. Future Outlook

The Company Split is a company split in which Toshiba's wholly-owned subsidiary is the succeeding company, and therefore there will be no impact on Toshiba's consolidated financial performance. For items that are undetermined at this timing, the Company will make announcements when they are determined.

#### Reference:

Consolidated Financial Results Forecast for FY2015 (announced on Dec. 21, 2015) and Preceding Fiscal Year

	Forecast for FY2015 (ending March 31, 2016)	Results for FY2014 (ended March 31, 2015)
Net Sales	6,200,000 million yen	6,655,894million yen
Operating Income	-340,000 million yen	170,439million yen
Income (Loss) before Income Taxes and Noncontrolling Interests	-300,000 million yen	136,644 million yen
Net Income (Loss) Attributable to Shareholders of the Company	-550,000 million yen	-37,825 million yen

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