

FOR IMMEDIATE RELEASE

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**Notice on Flood Damage from Heavy Rain in Chennai, South India
and Accounting of Toshiba JSW Power Systems**

TOKYO – On December 11, 2015, Toshiba Corporation (TOKYO: 6502) released an announcement, “Impact on Business Performances Caused by Heavy Rains Attacked Chennai in Southern India,” reporting flooding of the Chennai factory, a production site for super-critical steam turbines and generators, operated by Toshiba JSW Power Systems Private Ltd. (Toshiba JSW), a Toshiba Group company. The flooding was caused by heavy rains that fell on Chennai and its surrounding region in Tamil Nadu, South India, from mid-November to the beginning of December last year, which forced the factory to suspend operation in mid-November.

The floods have now receded, and every effort is being made by Toshiba JSW to pump water from the factory and to secure an early return to normal operation. Some production lines are restarting as they are restored to operation. The impacts of the flood damage and suspension of factory operation on Toshiba’s consolidated financial results for FY2015 are detailed below.

Toshiba expects that it will have to take certain accounting measures in respect of Toshiba JSW’s profit deterioration and the impacts of the flood damage. The company will announce these and the amount of the impact in its full-year results for FY2015.

1. Approximate scale and cost of damages caused by flooding

At peak, the flood waters at Toshiba JSW’s Chennai factory were 1.6m deep outside the facility and 1.3m deep on the factory floor, and affected most of the factory’s production equipment and work in progress on turbines and generators. Currently available information and reasonable assumptions allow Toshiba to estimate recovery costs, including repair of equipment and recovery of work in progress, at approximately 7 billion yen (approx. 3.8 billion rupees). Toshiba JSW expects the majority of the damages to be met by insurance covering the damaged equipment and work in progress. The final amount of the insurance payment is as yet undetermined.

2. Deterioration of profitability at Toshiba JSW

The business environment in which Toshiba JSW operates is increasingly severe, and its profitability is rapidly deteriorating as a result of intensified competition, cost increases from sharp increases in components prices, and other factors, in addition to the losses resulting from the flood damage. In these circumstances, Toshiba has judged that there are signs of impairment of fixed assets, such as equipment installed at Toshiba JSW, and is now conducting impairment testing. This is being done to Indian accounting standards, with local professionals. The results of the testing will be used by accountants to conduct a further detailed investigation and through financial audit, so as to determine any need for finding of impairment and in what amount. Regardless of declaring an impairment loss or not, Toshiba currently sees the possibility that Toshiba JSW will fall into capital deficit by the end of FY2015. In relation to this, Toshiba is now considering a capital increase to secure business continuation.

3. Accounting for Toshiba's non-consolidated financial results for the 3Q of FY2015

In light of the foregoing, Toshiba recognizes that the value of its holding in Toshiba JSW has significantly deteriorated. Accordingly, Toshiba has allocated approximately 40 billion yen to write-down its holding in the company and to make provision for losses in its non-consolidated financial results for the 3Q of FY2015.

4. Impacts on Toshiba's consolidated financial results for 3Q of FY2015

Since provisions recognized in Toshiba's non-consolidated financial results will be eliminated from Toshiba's consolidated results, there will be no impact on Toshiba's consolidated results for 3Q of FY2015. In addition, regardless of the result of the above mentioned impairment testing, Toshiba's impairment testing of fixed assets of its overall Thermal & Hydro Power Systems business, which includes Toshiba JSW, for its consolidated financial results, recognizes the business as substantially profitable, including in respect of anticipated future cash flows. As a result, no indication of impairment is recognized for the overall business, and Toshiba has not recorded an operating loss related to Toshiba JSW.

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