

February 19, 2016
Toshiba Corporation

Notice of Conclusion of Absorption-type Company Split Agreement in Respect of Structural Reform of PC Business

TOKYO-Toshiba Corporation (TOKYO: 6502) announced on December 21, 2015 that, as part of the structural reform of Toshiba's PC business, it would transfer the business to Toshiba's wholly-owned subsidiary, Toshiba Information Equipments Co., Ltd. ("TIE"), by means of a company split ("the Company Split")

Toshiba and TIE have today concluded an Absorption-type Company Split Agreement ("Company Split Agreement") to implement the Company Split, with an effective date of April 1, 2016, and Toshiba wishes to provide information on the changes made and on matters that remained undecided. In the following, underlined sections indicate matters that were undecided and/or changed.

Since this company split is between Toshiba and its wholly owned subsidiary, which is the succeeding company, some disclosure items and details are omitted.

1. Purpose of the Company Split

By consolidating Toshiba's Personal & Client Solutions Company and TIE as a single business entity, Toshiba will concentrate its resources in Japan for product development and design, global production management, and sales and services, and will promote efficient asset-light management.

2. Overview of the Company Split

(1) Schedule

Date of signing of the Company Split Agreement	<u>February 19, 2016</u>
Effective date of the Company Split	<u>April 1, 2016</u>

Note: For Toshiba, the Company Split falls under the category of a simplified absorption-type company split defined in Paragraph 2 of Article 784 of the Companies Act, and for TIE, the Company Split falls under the category of a short form absorption-type company split defined in Paragraph 1 of Article 796 of the Companies Act. Therefore, neither company plans to hold a shareholders' meeting to get approval of the Company Split Agreement.

(2) Method of the Company Split

The absorption-type company split method will be used, in which Toshiba is the splitting company and TIE is the succeeding company.

(3) Allotment related to the Company Split

TIE will not issue any stock to Toshiba.

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

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

(5) Change in Stated Capital associated with 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

TIE 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, TIE 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. Employees working in the Transferred Business will, basically, be transferred to TIE on the date of effect of the Company Split, subject to each employee's individual consent.

(7) Outlook of performance of obligations

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

3. Overview of Companies associated with the Company Split.

	Splitting Company	Succeeding Company
(1) Name	Toshiba Corporation	Toshiba Information Equipments Co., Ltd.
(2) Address	1-1 Shibaura 1-chome, Minato-ku, Tokyo	6-15 Toyosu 5-chome, Koto-ku, Tokyo
(3) Name and Title of Representatives	Masashi Muromachi, Representative Executive Officer, President & CEO	Takeshi Kageyama, President & CEO
(4) Business Outline	Businesses in Energy & Infrastructure, Community Solutions, Healthcare Systems & Services, Electronic Devices & Components, and Lifestyle Products & Services	Sales of PCs, servers, system solution products, support and services products
(5) Capital Stock	439,901million yen	1,200 million yen
(6) Establishment	June 25, 1904	September 9, 1954
(7) No. of Outstanding Shares	4,237,602,026 shares	2,400,000 shares
(8) Fiscal Term	March 31	March 31
(9) No. of Employees	198,741 (consolidated)	703 (single company)
(10) Main Financing Bank	Mizuho Bank, Ltd.	Sumitomo Mitsui Banking

	Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Corporation
(11) Major Shareholders and Shareholding Ratios	<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)	1,533 million yen (single company)
Total Assets	6,334,778 million yen (consolidated)	37,997 million yen (single company)
Shareholder's Equity per Share	256.01 yen (consolidated)	638.95 yen (single company)
Net Sales	6,655,894 million yen (consolidated)	97,292 million yen (single company)
Operating Income	170,439 million yen (consolidated)	209 million yen (single company)
Recurring Profit	---	138 million yen (single company)
Net Income (Loss)	-37,825 million yen (consolidated)	-174 million yen (single company)
Net Income (Loss) per Share	-8.93 yen (consolidated)	72.63 yen (single company)

Notes:

1. Number of Employees is as of March 31, 2015.
2. The major shareholders and shareholding ratios of the splitting company are as of September 30, 2015.
3. Financial Conditions and business results (excluding operating income) of the splitting company are based on US GAAP.
4. Overview of the business unit to be split
 - (1) Business of the business unit to be split

Development, manufacturing and sales of PC, tablet and IoT solutions for corporate customers (excluding licensing businesses related to essential patents for DVD and BD and businesses related to copy protection).

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

Net sales: 546.2 billion yen (result in FY2014)

Operating Loss 47.1 billion yen (result in FY2014)

(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>78.2</u>	<u>Current Assets</u>	<u>58.9</u>
<u>Fixed Assets</u>	<u>1.3</u>	<u>Fixed Assets</u>	<u>3.4</u>
<u>Total</u>	<u>79.5</u>	<u>Total</u>	<u>62.3</u>

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

5. Overview of Splitting Company after the Company Split

There will be no change in the splitting company's name, address, name and title of representative, principal business, stated capital, or fiscal term.

6. Overview of Succeeding Company after the Company Split

Name	<u>Toshiba Client Solutions Co., Ltd.</u>
Address	<u>5-6-15, Toyosu, Koto-ku, Tokyo</u>
Name and Title of Representative	Not yet decided
Business Outline	Development, manufacture and sales of PC and system solution products for Japan and overseas.
Capital Stock	<u>1,200 million yen</u>
Fiscal Term	March 31

7. Future Outlook

As the Company Split is with Toshiba's wholly-owned subsidiary there will be no impact on Toshiba's consolidated financial results. For items that are undecided at this timing, Toshiba will make announcements when they are decided.

Reference:

Consolidated Financial Forecast (announced today on February 4, 2016) and Business Results in Preceding Fiscal Year

	Forecast for FY2015 (Fiscal year ending March 31, 2016)	Results in FY2014 (Fiscal year ended March 31, 2015)
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Net Sales	6,200,000 million yen	6,655,894million yen
Operating Income(Loss)	-430,000 million yen	170,439million yen
Income before Income(Loss) Taxes and Noncontrolling Interests	-400,000 million yen	136,644 million yen
Net Income (Loss) Attributable to Shareholders of the Company	-710,000 million yen	-37,825 million yen

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