

August 12, 2016
Toshiba Corporation

Note On the Litigation Filed By CB&I Against Westinghouse

Westinghouse, a group company of Toshiba Corporation, acquired CB&I Stone & Webster, Inc. (“S&W”) in 2015 from Chicago Bridge & Iron Company N.V. (CB&I). On July 21, 2016, CB&I commenced suit against Westinghouse seeking declaratory and injunctive relief relating to the acquisition.

Westinghouse entered into a Purchase Agreement to acquire 100% of the shares of S&W with CB&I dated as of October 27, 2015, and the transaction closed on December 31, 2015. The Purchase Agreement contains a process for determining post-closing purchase price adjustments, including differences in the targeted working capital amount and the actual working capital amount. As part of the process, Westinghouse submitted to CB&I, its closing statement, including its good faith calculation of the actual working capital amount. Under the Purchase Agreement, all disputes relating to the post-closing process for determining such adjustments to the purchase price are to be resolved by an Independent Auditor. CB&I’s lawsuit seeks to prevent Westinghouse from submitting such disputes to the Independent Auditor alleging that Westinghouse’s calculation is not properly within the scope of the Independent Auditor’s determination.

Westinghouse believes these disputes should be resolved by the Independent Auditor and will ask the court to allow the process to be completed in accordance with the Purchase Agreement.

This litigation is solely to determine what matters are properly within the scope of the Independent Auditor’s determination. Thus, this litigation should not have any impact on Toshiba’s business result.

[Remarks]

(1) Process

CB&I is obligated to deliver a business with US\$1,174 million in net working capital. If the actual net working capital amount is less than US\$1,174 million, CB&I is required to pay Westinghouse the difference. If the actual net working capital amount exceeds

US\$1,174 million, the difference is treated as additional earn out amounts under the Purchase Agreement. In any case, no adverse impact to Toshiba's business results including to goodwill is expected as long as the difference between the net working capital in the Purchase Agreement and the one determined fairly by Independent Auditor is properly adjusted, by applying the determination to the asset and liabilities acquired as part of the deal.

(2) Regarding goodwill and other assets to be estimated through PPA

Separate from the Process stated above, as announced on January 5, 2016 in "Completion of Acquisition of CB&I Stone & Webster Inc.," it is likely, as a result of the transaction, that both Westinghouse Group and Toshiba will recognize goodwill in their consolidated financial statements for FY2015. The amount of goodwill will be finalized by December 31, 2016 in accordance with U.S. GAAP policies and procedures, and the entire valuation process will be subject to review and confirmation by outside auditors. The current estimate of the goodwill resulting from this transaction is approximately US\$87 million. This estimate is preliminary and unaudited and subject to change.

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