

October 12, 2016
Toshiba Corporation

Notice on Start of Proceedings on Corporate Rehabilitation of Toshiba Samsung Storage Technology Korea Corporation

TOKYO—Toshiba Corporation (TOKYO: 6502) has announced that Toshiba Samsung Storage Technology Korea Co., Ltd. (TSST-K), a non-consolidated subsidiary of Toshiba and engaged in the Optical Disc Drive business, has determined today that TSST-K will file for corporate rehabilitation proceedings with the Suwon District Court. Further details are as follows

1. Background

As Toshiba announced on September 28, 2016 in “Notice on the Decision to Discontinue Corporate Rehabilitation Proceedings of Toshiba Samsung Storage Technology Korea Corporation,” while the Seoul Central District Court of Korea had decided to commence the corporate rehabilitation proceeding for TSST-K, which is 50.1% owned by Toshiba Samsung Storage Technology Corporation (TSST), a Toshiba subsidiary, upon petition by TSST-K, on September 27, 2016, the Court issued a decision to discontinue the proceedings, based on its finding that TSST-K’s liquidation value exceeds going-concern value. The decision became effective and the rehabilitation proceeding under the control of the Court was terminated because there was no appeal to the decision within 14 days from the decision (i.e., by October 11, 2016).

Today, TSST-K has determined to file for its corporate rehabilitation proceedings, with an improved rehabilitation plan, to the Suwon District Court that has jurisdiction on Suwon city in which TSST-K is located.

2. Total liabilities

TSST-K’s liabilities total approximately 9.0 billion yen.

3. Appraised value of equity

Toshiba recorded an impairment loss for TSST-K, and the current book value of TSST-K’s stock is 1 yen.

4. Impact on Toshiba’s performance

The company has recorded an allowance to its accounts receivable in respect of TSST-K of approximately 600 million yen (as of the end of September 2016). Toshiba does not hold any financial guarantees or like with regard to the liabilities of TSST-K, and TSST-K’s liabilities will have no financial impact on Toshiba.

5. Outline of TSST-K

(1) Company name	Toshiba Samsung Storage Technology Korea Corporation
(2) Headquarters	Suwon City, South Korea

(3) Name and Title of Representative	Juhyung Lee (President and CEO)		
(4) Business Outline	Development and sales for optical disc drives, such as DVDs for PCs and computer equipment		
(5) Capital Stock	10,728,565,000 won (approx. 1 billion yen)		
(6) Establishment	April 1, 2004		
(7) Shareholder composition	TSST 50.1%, Optis Inc 49.9%		
(8) Relationship between Toshiba and TSST-K	Capital	TSST-K is Toshiba Corporation's non-consolidated subsidiary	
	Personnel	Toshiba Corporation's employee concurrently serves as the board member	
	Business	There are no direct business relationship between Toshiba Corporation and TSST-K	
(9) Operating Performance and Financial Condition in the Last Three Fiscal Years (Yen in Millions)			
Fiscal years	FY2013 (Mar 2014)	FY2014 (Mar 2015)	FY2015 (Mar 2016)
Net Assets (Equity)	2,774	2,720	-2,603
Total Assets	15,807	16,070	6,386
Shareholder's Equity per Share	14,705	7,489	2,976
Net Sales	74,411	57,060	40,097
Operating Income (loss)	-3,432	-9,347	-5,682
Recurring Profit	-2,628	-9,002	-5,602
Net Income (loss)	-2,628	-9,026	-5,592
Net Income (loss) per Share	-2,445	-4,207	-2,606
Dividend per Share	—	—	—

* The FY2015 business result (ending March 2016) have not yet been approved by TSST-K's internal and external auditors and the general meetings of the shareholders .

6. Future Outlook

TSST-K will file for its corporate rehabilitation proceedings to Suwon District Court as soon as it has completed the preparation. The court will announce its decision on corporate rehabilitation proceedings within a month from the date of the filing. Unless the court dismisses TSST-K's filing, TSST-K's management will then meet with its creditors and other interested parties and present the corporate rehabilitation plan.

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