November 8, 2016

Toshiba Corporation

Notice Regarding Revision of Business Results Forecast

TOKYO – Toshiba Corporation (TOKYO: 6502) (the "Company") today announced the following revision to its business forecasts for the twelve months (April-March) of FY2016, ending March 31, 2017, in addition to the business forecasts revision for the six months (April-September) of FY2016 which the Company announced on October 31. These revised forecasts replace the forecasts announced on May 12, 2016. The announcement of business results for the second quarter of fiscal year 2016 is scheduled for November 11, 2016.

1. Details of revision

   Consolidated forecast for the twelve months of FY2016 (April 1, 2016–March 31, 2017)

(Yen in billions)

	(A) Previous Forecast	(B) Revised Forecast	(B) – (A)	(B)/(A)
Net sales	5,100.0	5,400.0	+300.0	105.9%
Operating income (loss)	120.0	180.0	+60.0	150.0%
Income (loss) from continuing operations, before income taxes and noncontrolling interests	85.0	130.0	+45.0	152.9%
Net income (loss) attributable to shareholders of the Company	100.0	145.0	+45.0	145.0%
Earnings (losses) per share attributable to shareholders of the Company	23.62 yen	34.25 yen	–	–

2. Reasons for revision

(1) Operating Income

I. Energy Systems & Solutions

Decreased operating income of approximately 4 billion yen is expected in the Energy Systems & Solutions business segment against the May 12 announcement. First half business operations were steady and an increase in sales of approximately 14 billion yen is expected, but lower operating income are anticipated for the second half, as the T&D business is seeing delays in the award of contracts, mainly outside Japan. The Nuclear business saw the impact of the halt of operations at the Columbia Fuel Fabrication Factory (it resumed operation on November 5) operated by Westinghouse Electric Company, a consolidated company, and as a result of this and yen appreciation the segment is expected to record lower overall operating income.

The May 12 forecast included a provision of 60 billion yen in “Corporate and Eliminations” to absorb abrupt changes in foreign exchange rates and the market environment. The component amounts of that figure are now included in each business segment hereinafter.

II. Infrastructure Systems & Solutions

Increased operating income of approximately 5 billion yen is expected in the Infrastructure Systems Solutions business segment. Although the first half forecast anticipates an approximately 14 billion yen increase in operating profit, in the second half negative income is expected in Industrial Systems due to falling market demand for automotive products, mainly in North America, and a decrease in operating income as a result of yen appreciation.

III. Retail & Printing Solutions

Lower operating income of approximately 1 billion yen against the May 12 forecast is expected in the Retail & Printing Solutions business segment.

IV. Storage & Electronic Devices Solutions

Increased operating income of approximately 98 billion yen is expected in the Storage & Electronic Devices Solutions business segment, compared to the previous forecast announced on May 12. An approximately 70 billion yen increase is anticipated for the first half, as announced on October 31, 2016, as demand for memories has been firm and the HDD business remains strong. Price levels are expected to remain firmer than previously anticipated throughout the fiscal year, and full-year operating income for the segment as a whole is expected to increase.

V. Industrial ICT Solutions

The same level of operating income announced on May 12, approximately 17 billion yen, is expected in the Industrial ICT Solutions business segment.

VI. Others

A decrease in operating income of approximately 29 billion yen is expected in the Others segment, which includes the Visual Products business and PC business, compared to the May 12 forecast. This reflects an 8 billion yen cost to deal with defective LCD backlights in the Visual Products business in the second quarter, licensing fees and litigation matters, and the impact of not yet reaching cost reduction targets. Furthermore, the Visual Product business foresees an impact of approximately 10 billion yen for winding-up costs related to overseas operations in the second half.

VII. Corporate and Eliminations

In the May 12 announcement, the Corporate and Eliminations segment was stated as approximately minus 51 billion yen. That included provision of approximately 60 billion yen to absorb risks, which was offset by an approximately 10 billion yen reduction in costs for emergency measures, such as reductions of bonuses. Risk costs are now included in each business segment, and as a result of the first half, it is no longer necessary to include a reduction in cost for emergency measures in the full year forecast.

On the other hand, the Company plans to implement restructuring measures in the second half of this fiscal year, including the Visual Products business. Though the scope is still under consideration, additional costs in the region of 60 billion yen are anticipated, and provision has been made, as indicated in the table under "Corporate and Eliminations."

In light of the aforementioned reasons, the Company now expects that the full year impact on operating income of "Corporate and Eliminations" to be approximately 9 billion yen lower than previously stated.

As a result of the foregoing, full year operating income, is expected to be 180 billion yen, a 60 billion yen increase from the previous forecast of May 12.

(2) Income from continuing operations, before income taxes and noncontrolling interests

The Company forecasts a worsening in non-operating income (loss) of approximately 15 billion yen for FY 2016, compared to the forecast figures announced on May 12. Although the Company anticipates an approximately 15 billion yen increase due to the sale of non-current assets and others, it has assumed an allowance for litigation regarding inappropriate accounting and other issues in the amount of 30 billion yen. Since it is not possible for the Company to reasonably estimate the impacts of the potential risk of litigation at this point, for the purpose of these business results forecasts the Company has assumed the same allowance for litigation for the second half as for the first half, and the rounded total of those amounts is 30 billion yen.

FY2016 Consolidated forecast by segment

(Yen in billions)

	Net Sales	Operating Income (loss)
Energy Systems & Solutions	1,680.0 (-20.0)	47.0 (-4.0)
Infrastructure Systems & Solutions	1,290.0 (-50.0)	56.0 (+5.0)
Retail & Printing Solutions	500.0 (-33.0)	17.0 (-1.0)
Storage & Devices Solutions	1,550.0 (+120.0)	130.0 (+98.0)
Industrial ICT Solutions	245.0 (+15.0)	17.0 (+0.0)
Others (Visual Products, PC etc.)	540.0 (+20.0)	-27.0 (-29.0)
Corporate and Eliminations	-405.0 (+248.0)	-60.0 (-9.0)
Total	5,400.0 (+300.0)	180.0 (+60.0)

Note

[1] Figures in parentheses are the differences from the revised forecast issued on May 12, 2016.

Disclaimer:

This report of business results contains forward-looking statements concerning future plans, strategies and the performance of Toshiba Group. These statements are based on Toshiba's assumptions and beliefs in light of the data currently available to the Company. Actual results are subject to a number of risks and uncertainties and may differ significantly from Toshiba's assumptions. Major risk factors are as indicated below, though this list is not necessarily exhaustive.

- Major disasters, including earthquakes and typhoons;
- Lawsuits or other disputes in Japan or in other countries;
- Success or failure of businesses promoted by Toshiba Group in collaboration with other companies;
- Success or failure of new businesses or R&D investment;
- Changes in political or economic conditions in Japan or abroad; or regulatory changes;
- Rapid changes in the supply and demand situation in major markets or intensified price competition;
- Significant capital expenditure for production facilities and rapid changes in the market;
- Changes in financial markets, including fluctuations in interest rates and exchange rates.

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