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Toshiba Corporation

FOR IMMEDIATE RELEASE

**Possibility of Recognition of Goodwill and Loss related to  
Westinghouse's Acquisition of CB&I Stone & Webster**

Toshiba Corporation (TOKYO: 6502) hereby gives an update related to goodwill booking following the acquisition of CB&I Stone & Webster (S&W), Inc.'s nuclear construction and integrated services business by Westinghouse Electric Company, LLC (Westinghouse).

Westinghouse entered into a Purchase Agreement (PA) to acquire 100% of the shares of S&W from Chicago Bridge & Iron Company N.V. (CB&I), and the transaction closed in December 2015, as notified in the January 5, 2016 announcement "Completion of Acquisition of CB&I Stone & Webster Inc." That announcement explained that the amount of goodwill would be finalized by December 31, 2016, in accordance with US GAAP procedures. At the time, the estimate of the goodwill resulting from the transaction was approx. US\$87 million, which was a preliminary determination and subject to change.

Currently, as the timing reaches the deadline (December 31, 2016) for the procedure, the possibility has been found that the goodwill will reach a level of several 100 billion yen or several billion US dollars, resulting in a negative impact on Toshiba's financial results, as a result of impairment of all or part of the goodwill. Recognizing this possibility, Toshiba made today's announcement, prior to the financial closing and announcement of results, though the figures are still subject to determination.

Westinghouse, in accordance with US GAAP, has been engaged in purchase accounting and studying the actual status based on materials provided by S&W and others after the transaction completion. In this process, Westinghouse is evaluating the cost to complete the AP1000 contracts in order to measure the fair value of acquired assets and liabilities. Westinghouse has found that the cost to complete the US projects will far surpass the original estimates, mainly due to increases in key

project parameters, resulting in far lower asset value than originally determined, leading to a possible recognition of goodwill far exceeding the original December 2015 estimate of US\$87 million. The required goodwill impairment testing is under study and has not yet been determined, although current estimation shows a level of several 100 billion yen or several billion US dollars, Impairment testing for the goodwill will be initiated by both Westinghouse and Toshiba toward the third quarter FY2016 business results. There is possibility of an impairment of all or part of the goodwill for both Westinghouse and Toshiba, depending on the results.

Toshiba announced its financial forecast for FY2016 on November 8, 2016, but due to today's announcement, it is now required to determine the value of the possible Westinghouse loss and its impact on its financials. Toshiba will announce its revised forecast at the earliest possibility after determining the impact.

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