

March 29, 2017
Toshiba Corporation

Notice on Chapter 11 Filing
by Westinghouse Electric Company and its Group Entities

TOKYO---Toshiba Corporation (Tokyo: 6502) hereby gives notice that Westinghouse Electric Company (WEC), WEC's U.S. subsidiaries and affiliates, and Toshiba Nuclear Energy Holdings (UK) Limited (TNEH (UK)), a holding company for Westinghouse Group operating companies outside the U.S. (collectively, the "WEC Group"), have resolved and then filed for a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code on March 29, 2017 (local time) with the U.S. Bankruptcy Court of New York (the "Bankruptcy Court").

WEC Group companies will continue ordinary business operations, in anticipation of reorganizing their business lines under Chapter 11. WEC Group, as debtor in possession, has received a commitment for Chapter 11 financing in the amount of US\$800 million during the rehabilitation proceeding, of which Toshiba will provide maximum US\$200 million as a backstop guarantee of WEC Group's Chapter 11 financing.

Toshiba and the WEC Group are working cooperatively with the owners of the two sites where WEC is constructing nuclear power plants to develop arrangements for the continuation of construction during an interim period. Such arrangements would contemplate that the owners would make payments for construction-related costs while the parties continue to explore and assess a comprehensive solution regarding the sites. Toshiba is hopeful that such arrangements can be finalized and presented to the U.S. Bankruptcy Court promptly. Toshiba will continue to cooperate with parties to the Chapter 11 rehabilitation process with all sincerity, in order to ensure smooth proceedings.

For Toshiba, the WEC Group's commencement of Chapter 11 proceedings means that Toshiba's claims against certain members of the WEC Group will be subject to the provisions of the United States Bankruptcy Code, and any recovery by Toshiba on account of such claims will be subject to the claims reconciliation process and other applicable provisions of the Bankruptcy Code. In addition, as WEC Group will no longer be under the control of Toshiba, WEC Group will be deconsolidated from Toshiba Group, starting from FY2016 full year business results.

1. Background

As announced on February 14, 2017, in “Provisional Outlook for FY2016 3Q Business Results and FY2016 Forecast, and Outline of Loss in Nuclear Power Business and Countermeasures,” it became clear during the Purchase Price Allocation (PPA) process of acquiring CB&I Stone & Webster (hereinafter “S&W”), a former subsidiary of Chicago Bridge & Iron, that WEC would be required to book a US\$6.1 billion write down for cost overruns at two project sites to construct a total of four nuclear power plants in the U.S. (hereinafter “U.S. Nuclear Projects”).

Since December 2016, WEC and Toshiba have been working to determine the scale of the possible loss, investigate the causes, and to implement preventive measures and actions. In considering cash flow prospects, other circumstances, and in order to maintain WEC’s business value, the Board of Directors of WEC has resolved to file for Chapter 11 protection as a means to rebuild the company. In addition, the Board of Directors at TNEH (UK) also resolved to file for Chapter 11. TNEH (UK), a holding company for the group of WEC operating companies outside the U.S., has a complementary relationship with WEC, and in practical terms management of both companies works closely together. In order to rebuild WEC Group, Toshiba recognizes that it is essential that WEC Group and its customers, including the power utility companies, should be provided with appropriate coordination, under the guidance of the court. In addition, Toshiba concluded that the Chapter 11 filings were essential to rebuild WEC Group, and that the resulting deconsolidation would help to meet the objective of working to eliminate risk in the overseas nuclear power business.

2. Total debt accruing to WEC and TNEH (UK)

US\$9,811 million (as of December 31, 2016) with US\$1,287 million accruing to Toshiba and Toshiba Group

3. WEC and TNEH (UK) equity and credit held by Toshiba

As of today, the WEC and TNEH (UK) equity and credit held by Toshiba are as follow:

(1) Toshiba Group’s equity holding in WEC and TNEH (UK)

WEC 417.6 billion yen *

TNEH (UK) 146.2 billion yen

* The figure for WEC is the equity of WEC’s holding company, Toshiba Nuclear Energy Holdings (US) (TNEH (US))

In addition to the foregoing, as announced on February 17, 2017, in “Notice of Acquisition of IHI Corporation’s Stake in Westinghouse,” IHI Corporation (hereinafter

IHI) exercised a put option for the shares (3% ownership as of February 16, 2017) that it holds in WEC's holding company. If actual acquisition of the shares is conducted on May 17, 2017, the "Date of Payment and Closing Date of the Purchase" pursuant to the put option agreement, Toshiba's equity holding will change as it will acquire shares with a value of approximately 18.9 billion yen, and will be recorded to FY2016 business results. (Note: The purchase price is determined to be calculated by converting IHI's ownership (US\$157 million) into Japanese yen at the currency exchange rate of approx. 120 yen to the US dollar in October 2006.)

Furthermore, Kazatomprom, a state-owned company in Kazakhstan, owns 10% of equity in WEC's holding company as of today. Kazatomprom is entitled to sell this holding to Toshiba under certain conditions, pursuant to put option agreements, however that can be exercised on or after October 1, 2017.

- (2) WEC and TNEH (UK) credits held by Toshiba Group (as of February 2017)
Approx. 175.6 billion yen in total

4. Future outlook and impact on Toshiba's business results

The rehabilitation proceedings of WEC, WEC's affiliates and TNEH (UK) will begin immediately with the participation of WEC, TNEH (UK), creditors and other related parties under the supervision of the Bankruptcy Court. With the commencement of the rehabilitation proceedings, WEC Group will be deconsolidated from Toshiba's FY2016 full year business results. However, the impact on Toshiba's FY2016 business results and forecast has yet to be determined.

Toshiba's provisional FY2016 business results forecast (hereinafter called "provisional forecast"), announced on February 14, 2017, made provision for a 712.5 billion yen operating loss due to goodwill impairment, and for minus 620.4 billion yen after deduction of non-controlling interests to the net income and loss, shareholders' equity and net assets as the outcomes of the purchase of S&W. In conclusion, the provisional forecast for net income was minus 390 billion yen, shareholders' equity was minus 150 billion yen, and net asset was 110 billion yen.

In addition to the above, below impacts to the FY2016 business results are expected as a result of commencement of the WEC Group's rehabilitation proceedings;

i. Impact from deconsolidation of WEC Group

As WEC Group will be deconsolidated, causes of financial deterioration, such as goodwill

impairment, will be excluded from figures for non-operating profit and loss in Toshiba's FY2016 business results. Despite the negative impact stemming from impairment of the total investment in WEC and TNEH (UK), Toshiba expects to book a positive impact of more than 200 billion yen for net income.

ii. Impact from provisions for credits and losses in relation to the parent company guarantee and WEC Group

With commencement of WEC Group's rehabilitation proceedings, Toshiba must reconsider booking provisions for losses in non-operating income, mainly related to the parent company guarantee provided to the power utility companies for the U.S. Nuclear Projects, and for credits related to WEC group. However, depending on the plan determined during the course of the rehabilitation proceedings, there is a possibility that the amounts to be reported may change significantly. In addition, it is essential to consider Toshiba Group's FY2016 Q4 results in the calculation. As a result, Toshiba has yet to determine the details of the impact of the deconsolidation of WEC Group.

In addition to (i), if Toshiba were to make provision for the full contractual amount of the parent company guarantee (650 billion yen as of end of February 2017) and also a reserve for possible loan losses detailed in (ii) above, net income will further deteriorate by a scale of 620 billion yen. As a result, there is a possibility that the FY2016 net income loss will be minus 1,010 billion yen, against the minus 390 billion yen announced on February 14, 2017.

Shareholders' equity basis will see an additional deterioration of minus 470 billion yen, after incorporating the positive impact of comprehensive income and minus 620 billion yen deterioration in net income. As a result, there is a possibility that the FY2016 shareholder's' equity will be minus 620 billion yen against the minus 150 billion yen announced on February 14, 2017.

Consolidated net assets basis will see an additional deterioration of minus 450 billion yen, after incorporating the positive impact of non-controlling interests and minus 470 billion yen deterioration in shareholders' equity. As a result, there is a possibility that the FY2016 consolidated net assets will be minus 340 billion yen against the 110 billion yen announced on February 14, 2017.

However, in the course of the rehabilitation proceedings, through discussions with the power utility companies and other related parties, Toshiba will seek to minimize the cost effect. Furthermore, the impact from IHI exercising the put option right will be

incorporated to the consolidated shareholder’s equity and net assets of FY2016 business results (reduction of 35 billion yen in consolidated shareholder equity, and 18.9 billion yen in consolidated net assets), the consideration and the impact of Kazatomprom exercising its put option rights are not incorporated.

Also, on commencement of the rehabilitation proceedings, when WEC Group will be classified as a discontinued operation, it is possible that amounts already recorded in the income statement prior to commencement of the proceedings and amounts resulting from the commencement may be recorded as profit and loss from discontinued operations.

Toshiba will closely monitor the progress of the rehabilitation proceedings, and disclose information, including impacts on business results, in a timely manner.

5. Overview of WEC and TNEH (UK)

(1) Overview of WEC and TNEH (UK)

WEC Group’s business operations in the U.S. are the responsibility of WEC, and in regions other than the U.S. they are the responsibility of Westinghouse Electric U.K. Holdings Limited, a wholly owned subsidiary of TNEH (UK). However, WEC manages group-wide functions and operation of the Group as a whole.

(1) Company Name	Westinghouse Electric Company LLC	
(2) Address	1000 Westinghouse Drive, Cranberry Township, PA 16066, USA	
(3) Name of Representative	Jose Emeterio Gutierrez	
(4) Business Outline	Delivers nuclear products and services to utilities, including nuclear fuel, service and maintenance, instrumentation, control and design of nuclear power plants.	
(5) Date of Establishment	January 8, 1886	
(6) Number of Employees	approx. 12,000 employees (as WEC Group)	
(7) Major Shareholders and Shareholding Ratios	TNE practically owns all the shares. Toshiba owns 87% of the voting rights of TNEH (US).	
(8) Relationship between Toshiba and Westinghouse Electric Company LLC		
	Capital Relationship	As stated above in (7)
	Personnel Relationship	Concurrent posts of executives
	Business	Part of the overall sales come from business with Toshiba

	Relationship	Group. And part of the products and/or services are supplied from Toshiba Group.
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(1) Company name	Toshiba Nuclear Energy Holdings (UK) Limited	
(2) Headquarters	3 Furzeground Way, Stockley Park, Uxbridge, Middlesex, UB11 1EZ, United Kingdom	
(3) Name of Representative	Mamoru Hatazawa	
(4) Business Outline	Holding Company of Westinghouse Electric U.K. Holdings Limited	
(5) Capital Stock	US\$1,400 million	
(6) Date of Establishment	September 8, 2006	
(7) No. of Outstanding Shares	1,400 stocks	
(8) Major Shareholders and Shareholding Ratios	Toshiba Corporation 87% National Atomic Company Kazatomprom JSC 10% IHI Corporation 3%	
(9) Relationship between Toshiba and Toshiba Nuclear Energy Holdings (UK) Limited		
	Capital Relationship	As mentioned above in (8)
	Personnel Relationship	Dispatches two non-executive directors
	Business Relationship	No actual businesses

(2) Financial Condition and Operating Performance of WEC Group in the past three years
(unit in million yen)

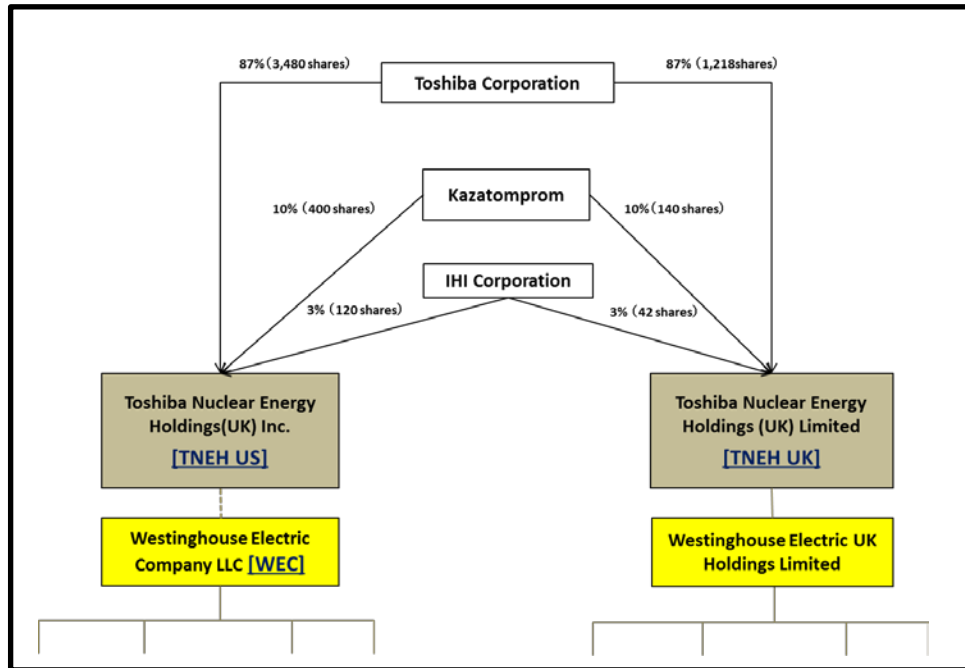
	FY2013	FY2014	FY2015
Net Assets (Equity)	428,121	385,935	387,482
Total Assets	837,439	895,836	813,070
Net Sales	459,842	441,744	499,385
Operating Income (Loss)	- 64,613	16,933	20,346
Income (loss) before income taxes	- 64,158	18,404	19,140
Net Income (loss)	- 54,316	9,932	13,023

※Includes TNEH (US) and TNEH (UK)

※An exchange rate of 113 yen to the U.S. Dollar is used (referred to the exchange rate at the end of FY2015)

Furthermore, in respect to the FY2016 business results, despite the steady growth in fuel and service businesses, WEC Group was expecting to book a large loss accruing from a US\$6.1 billion write down for cost overruns at U.S. Nuclear Projects.

(For Reference) WEC Group Organization Chart (as of March 29, 2017)



(Note: IHI's equity holding will be acquired by Toshiba on May 17, 2017, resulting in Toshiba holding 90% share of both TNEH (US) and TNEH (UK) respectively.)

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