

Notice on Conclusion of Absorption-type Company Split Agreement in Respect of
Energy Systems & Solutions Company and
Nuclear Energy Systems & Solutions Division

TOKYO–Toshiba Corporation (“the Company”) has today concluded an absorption-type company split agreement (“the Company Split Agreement”) in respect of a company split (“the Company Split”) of its Energy Systems & Solutions Company (excluding Landis+Gyr Division and the Power and Industrial Systems Research and Development Center) and Nuclear Energy Systems & Solutions Division (excluding WEC Division), and hereby provides information on matters that remained undecided in the previous announcement “Toshiba to Reinforce Organizational Management” made on April 24, 2017.

The Company announced , on April 24, 2017, that the Energy Systems & Solutions Company, one of its in-house companies, and the Nuclear Energy Systems & Solutions Division (excluding the Power and Industrial Systems Research and Development Center) will be separated from the Company by a company split.

The Company Split is subject to approval at the general meeting of shareholders scheduled to be held on June 28, 2017.

Underlined sections below indicate matters that were undecided at, and/or have changed from, the April 24, 2017 announcement. Also, some disclosure items and details are omitted since the Company Split is between the Company and its wholly-owned subsidiary, Toshiba Energy Systems & Solutions Corporation (“the Succeeding Company”).

1. Purpose of the Company Split

The Company positions the energy business as a focus business domain. By means of the Company Split of its Energy Systems & Solutions Company (excluding Landis+Gyr Division and the Power and Industrial Systems Research and Development Center) and Nuclear Energy Systems & Solutions Division (excluding WEC Division), it aims to allow the business to establish a management structure capable of flexible and rapid decision-making in a changing business environment, and to deploy an enhanced governance structure. The Company also aims to realize further growth for the energy business by positioning it to offer products, systems and services that improve customer value in next generation energy sources, which will ultimately maximize the corporate value of the Company group.

The Company Split will be implemented by an absorption-type company split in which the Company will become the splitting company and the Succeeding Company, a wholly owned subsidiary of the Company, will become the succeeding company. The Succeeding Company will obtain special construction business licenses, essential for the energy business, which will realize a continuous and smooth business transition.

2. Overview of the Company Split

(1) Schedule

<u>Date of signing of the Company Split Agreement</u>	<u>May 31, 2017</u>
<u>Date of the general meeting of shareholders for the approval of the Company Split</u>	<u>June 28, 2017 (planned)</u>
<u>Effective date of the Company Split</u>	<u>October 1, 2017 (planned)</u>

(2) Method of the Company Split

The absorption-type company split method will be used, in which the Company is the splitting company and the Succeeding Company is the succeeding company.

(3) Allotment related to the Company Split

The Succeeding Company will issue 9,995,000 shares of common stock and allot all of them to the Company in exchange for transferred rights and obligations.

(4) Treatment of share options and bonds with share options associated with the Company Split

The Company has not issued any share options or bonds with share options.

(5) Change in the stated capital associated with the Company Split

The Company Split will neither increase nor decrease the amount of the stated capital of the Company.

(6) Rights and obligations to be transferred to the Succeeding Company

The Succeeding Company will succeed to the assets, rights, obligations, and contractual status, etc., that belong to the “Transferred Business,” in principle. The term “Transferred Business” is defined in 4(1) of this notice.

(7) Outlook of performance of obligations

It is understood that the Succeeding Company will be able to fulfill all obligations that have a maturity date on or after the effective date of the Company Split.

3. Overview of companies associated with the Company Split

	<u>Splitting company</u>	<u>Succeeding Company</u>
(1) Name	Toshiba Corporation	<u>Toshiba Energy Systems & Solutions Corporation</u>
(2) Address	1-1 Shibaura 1-chome, Minato-ku, Tokyo	<u>72-34, Horikawa-cho, Saiwai-ku, Kawasaki-shi, Kanagawa</u>
(3) Name and Title of Representatives	Satoshi Tsunakawa, Representative Executive Officer, President & CEO	<u>Yoshihiro Aburatani President &CEO</u>

(4) Business Outline	Energy Systems & Solutions, Infrastructure Systems & Solutions, Storage & Electronic Devices Solutions and Industrial ICT Solutions	Development, manufacture and sales of energy business products, systems and services
(5) Capital Stock	200,000 million yen	<u>50 million yen</u>
(6) Establishment	June 25, 1904	<u>April 25, 2017</u>
(7) No. of Outstanding Shares	4,237,602,026 shares	<u>5,000 shares</u>
(8) Fiscal Term	March 31	<u>March 31</u>
(9) No. of Employees	<u>153,492</u> (consolidated)	<u>5</u> (As of May 31, 2017)
(10) Main Financing Bank	Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited The Bank of Tokyo-Mitsubishi UFJ, Ltd.	---
(11) Major Shareholders and Shareholding Ratio	<u>Goldman Sachs International</u> (standing proxy: <u>Goldman Sachs Japan Co., Ltd.</u>) <u>8.90%</u> JP Morgan Chase Bank 380055 (standing proxy: Mizuho Bank, Ltd.) <u>6.91%</u> <u>Chase Manhattan Bank Gts Clients Account Escrow</u> (standing proxy: <u>Mizuho Bank, Ltd.</u>) <u>3.78%</u> The Dai-ichi Life Insurance Company, Limited <u>2.72%</u> <u>Toshiba Employees Shareholding Association</u> <u>2.71%</u>	Toshiba Corporation 100.0% (As of May 31, 2017)
(12) Financial Condition and Operating Performance in Preceding Fiscal Year		
Net Assets (Equity)	672,258 million yen (consolidated)	---
Total Assets	5,433,341 million yen (consolidated)	---
Shareholder's Equity per Share	77.67 yen (consolidated)	---

Net Sales	5,668,688 million yen (consolidated)	---
Operating Income	-708,738 million yen (consolidated)	---
Recurring Profit	---	---
Net Income (Loss)	-460,013 million yen (consolidated)	---
Net Income (Loss) per Share	-108.64 yen (consolidated)	---

Notes:

1. Number of Employees, Major Shareholders and Shareholding Ratios are as of March 31, 2017.
2. Financial Conditions and Operating Performance (excluding operating income) of the splitting company are based on US GAAP.
3. Financial Condition and Operating Performance in Preceding Fiscal Year are the results of the fiscal year ended March 31, 2016. For details of the outlook of Financial Condition and Operating Performance for FY2016, please refer to the “Notice on Outlook for FY2016 Business Results” announced on May 15, 2017.

4. Overview of the in-house company to be split

(1) Business of the in-house company to be split

Development, manufacture and sales of energy business products, systems and services.
 (“Transferred Business”)

(2) Business performance of the in-house company to be split

① Fiscal Year 2015

Consolidated sales: 1,061.3 billion yen
 Consolidated operating income: -120.8 billion yen

② Fiscal Year 2016 (outlook of business results)

Consolidated sales: 980.0 billion yen
Consolidated operating income: -36.0 billion yen

Notes:

1. Figures above include the performance of the Power and Industrial Systems Research and Development Center and Landis+Gyr AG; figures for the Westinghouse Group (“WEC group”) are segmented into Discontinued Operations and excluded. The Succeeding Company will not succeed to the shares regarding Landis+Gyr AG, or to those of Toshiba Nuclear Energy Holdings (UK) Limited and Toshiba Nuclear Energy Holdings (US) Limited, which are holding companies for WEC group.
2. Figures continue to be audited by the independent accounting auditor, and may be subject to amendment.

(3) Items and amount of assets and liabilities to be split

<u>Assets</u>		<u>Liabilities</u>	
<u>Items</u>	<u>Book Value</u> <u>(billion yen)</u>	<u>Items</u>	<u>Book Value</u> <u>(billion yen)</u>
<u>Current Assets</u>	<u>491.8</u>	<u>Current</u> <u>Liabilities</u>	<u>469.8</u>
<u>Fixed Assets</u>	<u>133.9</u>	<u>Fixed Liabilities</u>	<u>55.9</u>
<u>Total</u>	<u>625.7</u>	<u>Total</u>	<u>525.7</u>

Note: Items and book values in the above are estimates of the book values at the end of September 2017 calculated as of today. As a result, the actual book values of the items to be split may differ.

5. Overview of the splitting company after the Company Split

There will be no change in the splitting company's name, address, name and title of the representative, principal business, stated capital, or fiscal term.

6. Overview of the Succeeding Company after the Company Split (After October 1, 2017)

Name	<u>Toshiba Energy Systems & Solutions Corporation</u>
Address	<u>72-34, Horikawa-cho, Saiwai-ku, Kawasaki-shi,</u> <u>Kanagawa</u>
Name and Title of Representative	Not yet decided
Business Outline	Development, manufacture and sales of energy business products, systems and services (planned)
Capital Stock	<u>10,000 million yen</u>
Fiscal Term	<u>March 31</u>

7. Future Outlook

As the Succeeding Company is a wholly-owned subsidiary of the Company, the Company Split will have no impact on the Company's consolidated financial results. The Company will announce items that are undecided at this point as they are clarified.

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