

June 2, 2017  
Toshiba Corporation

FOR IMMEDIATE RELEASE

**Update on Status of Third-party Investment in the Memory Business**

TOKYO—Toshiba Corporation (TOKYO 6502) has today resolved to revert to itself from Toshiba Memory Corporation (TMC), the stake of a joint venture (JV) between Toshiba and SanDisk LLC (SanDisk) at Yokkaichi Operations, which manufactures flash memories. TMC was split from Toshiba Corporation on April 1 2017, as a wholly owned subsidiary responsible for the memory business.

This move, which will be effected on June 3, has been initiated solely with the aim of securing and advancing the process for closing bids for third-party participation in TMC in a timely manner. The company is confident that reversion of the stakes will not affect the value of the memory business. As the JV is a paper company established for the purpose of facility and equipment investment, and actual operation of Yokkaichi is managed by TMC, this decision will not affect chip production.

Following this reversion, Toshiba will narrow down the field of interested parties to one candidate by mid-June, and will seek to close a definitive agreement by the date of its annual ordinary general meeting of shareholders, scheduled for June 28. The Company's ultimate objective is to close the transaction within FY 2017, to March 31, 2018.

As stated in its February 24, 2017 announcement, 'Notice on Conclusion of Absorption-type Company Split Agreement in Respect of the Memory Business,' detailing the company split and establishment of TMC, Toshiba is considering a restructuring with third-party capital, including the potential sale of a majority stake in TMC. Multiple parties have expressed an interest in investing in the memory business, and Toshiba has advanced the process in the conviction that doing so does not in any way breach any of its agreements in the memory business with SanDisk. However, Western Digital Corporation (WD), which became the parent company of SanDisk in 2016, has objected to and subsequently interfered with the progress of the bid process. WD has also not participated in the bid processes which have been conducted from January this year.

Toshiba and SanDisk have together cultivated a strong, enduring partnership that has made notable contributions to the memory business. Out of respect for that partnership, and a

concern for continued future success, Toshiba has devoted recent months to seeking the best solution it can with WD. Nevertheless, in addition to invoking arbitration at the International Court of Arbitration through SanDisk, WD has started to contact other third party bidders and Toshiba's supporting banks with warnings of legal action. These actions have brought Toshiba to a point where its management is no longer able or willing to ignore the unwarranted interference.

Toshiba believes that it has every right to proceed with the bid process for third-party participation in TMC. However, as WD has continued to assert that Toshiba's transfer of its stake in the JV to TMC without SanDisk's agreement is a breach of contractual terms, Toshiba has decided to buy back the JV stake held by TMC, and revert to the status of direct investment in the JV by Toshiba Corporation. This removes all grounds for WD's complaint.

Toshiba will continue further discussions with interested third parties as planned, toward securing further management resources essential for the continued growth of the Memory business, and also to support Toshiba Group in enhancing its financial structure.

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