February 14, 2018
Toshiba Corporation

FOR IMMEDIATE RELEASE

Notice Regarding Revision of Toshiba Corporation's Consolidated Business Results Forecast for FY2017

TOKYO—Toshiba Corporation (TOKYO: 6502) has announced that its board of directors, meeting today, revised the company's business forecast for FY2017, ending March 31, 2018, to replace its previous forecast announced on November 9, 2017.

1. Details of revision

Consolidated forecast for the twelve months of FY2017 (April 1, 2017–March 31, 2018)

(Yen in billions)

	(A) Previous Forecast	(B) Revised Forecast	(B) – (A)	(B)/(A)
Net sales	4,970.0	3,900.0	-1,070.0	-21.5%
Operating income (loss)	430.0	0	-430.0	–
Income (loss) from continuing operations, before income taxes and noncontrolling interests	400.0	20.0	-380.0	-95.0%
Net income (loss) attributable to shareholders of the Company	-110.0	520.0	630.0	–
Earnings (losses) per share attributable to shareholders of the Company	-25.98 yen	105.35 yen	–	–

Reference: Pro forma amount before reclassifying the Memory business as a discontinued operation

(Yen in billions)

	(A) Previous Forecast	(B') Revised Forecast	(B') – (A)	(B) – (B')	FY2016 Actual results
Net sales	4,970.0	4,990.0	20.0	-1,090.0	4,870.8
Operating income (loss)	430.0	440.0	10.0	-440.0	270.8
Income (loss) from continuing operations, before income taxes and noncontrolling interests	400.0	460.0	60.0	-440.0	225.5
Net income (loss) attributable to shareholders of the Company	-110.0	520.0	630.0	0	-965.7
Earnings (losses) per share attributable to shareholders of the Company	-25.98 yen	–	–	–	-228.08 yen

2. Main Reasons for revision

(1) Impact in relation to sales of Westinghouse-related claims

On January 18, 2018, in "Regarding Sales of Westinghouse-Related Assets Held by Toshiba and the Forecast for Toshiba's Shareholders' Equity at the end of FY2017," Toshiba announced that when the sale of the right to assert claims against Westinghouse received by making full payment of the parent company guarantee obligations, and other claims that Toshiba held against Westinghouse (collectively the "Claims"), were completed within January, as planned, it expected to record the sale in its consolidated financial statements for FY2017 as a profit of approx. 240 billion yen, and as a profit after taxes of approx. 170 billion yen. Toshiba also reported an impact of approx. 240 billion yen as the result of a decrease in tax in relation to the company split of the Memory business, and that it accordingly expected to record a total addition to its capital base in the amount of approx. 410 billion yen.

As the sale of the Claims was completed on January 22, 2018 (EST), Toshiba has included the aforementioned contribution of approx. 410 billion yen, as well as a profit of approx. 11.3 billion yen from the sale of LC Collateral SPV LLC, as announced on January 18, 2018, in "Regarding Sales of Holding in a Consolidated Subsidiary," for a total addition of approx. 420 billion yen to its net income after taxes.

(2) Resolution of the material events and conditions that raised substantial doubts about Toshiba's ability to continue as a going concern

Since Toshiba was subject to material events and conditions that raised substantial doubts about its ability to continue as a going concern, Toshiba was unable to record deferred tax assets. As of today, Toshiba has succeeded in sufficiently addressing concerns about its financial base that could have resulted from potential problems with financing and a capital deficit, as the certainty of the sale of the Memory business has risen, the sale of the Claims has been completed, and a share issue by third-party allotments in which Toshiba raised approximately 600 billion yen in capital was also closed in December 2017. In addition, companies that succeeded to businesses separated from Toshiba by absorption-type company splits have successfully acquired Special Construction Business Licenses. These outcomes have sufficiently addressed the material events and conditions that raised substantial doubts about the Company's ability to continue as a going concern. As a result, Toshiba has rerecorded approx. 110 billion yen of deferred tax assets, and its forecast of net income after taxes for FY2017 has accordingly improved by that amount.

（3） Reclassification of the Memory business as discontinued operation

In its September 28, 2017 announcement, "Notice on the Signing of the Share Purchase Agreement with a Bain Capital-Led Consortium for the Sale of Toshiba Memory Corporation," Toshiba reported that it had concluded a Share Purchase Agreement (SPA) for the sale of all shares of TMC to K.K. Pangea (Pangea), a special purpose acquisition company formed and controlled by a consortium led by Bain Capital Private Equity, LP (including its affiliates, Bain Capital). Following this announcement, a global settlement with Western Digital Corporation in respect of litigation and arbitration related to the sale of the Memory business, along with the progress of anti-trust law procedures in key jurisdictions, has increased the certainty that the transaction will be completed within a year, and the results of the Memory business have accordingly been reclassified as a discontinued operation for the third quarter of FY2017. This reclassification causes sales to decrease by 1,090 billion yen, and operating profit and income from continuing operations, before income taxes and noncontrolling interests to decrease by 440 billion yen.

Furthermore, in its October 23, 2017 announcement, "Notice Regarding Revision of Toshiba Corporation's Consolidated Business Results Forecast for FY2017," Toshiba reported that upon completion of the transfer of Toshiba Memory Corporation's shares by the end of March 2018, it would record an approximately 1,080 billion yen improvement to its FY2017 consolidated income (before tax). Toshiba continues to exclude this improvement, but does include the FY2017 tax expense related to company-split of the Memory business.

In addition, since business results are moving favorably, Toshiba has increased its forecast for sales and operating income by 20 billion yen and 10 billion yen, respectively, from its previous forecasts. Revised income from continuing operations, before income taxes and noncontrolling interests has improved by a total of 60 billion yen, as a result of the elimination of currency risks by the full payment of the parent guarantees and the profit from sales of Toshiba Visual Solutions Corporation, as announced on November 14, 2017, in “Regarding the Signing of Share Purchase Agreement for the Sale of Shares of Toshiba Visual Solutions Corporation.” For net income after taxes, Toshiba has included an improvement of 100 billion yen in total, an additional 40 billion yen that largely results from the tax impact from the sales of the shares of Toshiba Visual Solutions Corporation.

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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