

March 23, 2018
Toshiba Corporation

FOR IMMEDIATE RELEASE

Regarding the Transfer of Toshiba's Consolidated Subsidiary

TOKYO—Toshiba Corporation (TOKYO: 6502) has decided to transfer all outstanding shares of Toshiba South America Ltda. (hereinafter referred to as “TSAL”), Toshiba’s consolidated subsidiary in Brazil to TSEA PARTICIPAÇÕES S.A. (hereinafter referred to as “TSEA”) (hereinafter referred to as "the Transfer"), and today concluded a share purchase agreement with TSEA.

Toshiba will proceed with all necessary procedures toward completing the Transfer by the end of March 2018. Upon completion, TSAL will be deconsolidated from Toshiba Group.

1. Reason for the Transfer

TSAL’s predecessor was established in 1968 as a plant to manufacture transformers. It subsequently expanded its scope of business to become the regional base for Toshiba's energy and social infrastructure businesses, and since 2014 it has also carried out functions as Toshiba’s representative in South America.

In recent years TSAL aimed to expand its business, in an environment where positive impacts were anticipated from events such as the 2016 Summer Olympic Games. However, as a result of changes in Brazil’s business environment and market, including inflation, rising interest rates, and uncertainty over infrastructure investment plans due to political turbulence, securing and improving profitability in the company’ core business—the development, manufacture and sale of transformers and turnkey contracts for transmission and distribution systems—which accounts for almost all of its sales, has become a pressing issue.

In order to realize a transformation toward a business structure able to constantly generate capital, Toshiba is promoting selection and concentration of businesses, improving the operation of existing businesses, and enforcing stricter risk management. However, in respect of the transformer and transmission and distribution systems businesses in Brazil, no short-term improvement can be expected with the current structure, and Toshiba has judged that it cannot avoid risk of expanding losses. In these circumstances, Toshiba decided to eliminate the risk by settling the loss at TSAL and transferring the company to TSEA a local private

equity fund. In effecting the transfer of the business, TSAL will pay off its debts of approx.733 million Brazilian real (approx. 24.2 billion yen), and Toshiba will proceed with the Transfer.

Following the Transaction, Toshiba will take appropriate measures to continue the operations for social infrastructure business, except Transmission and Distribution, in Brazil and South Americas will be promoted on a project-by-project basis, working with local agents. Sales of electronic devices will continue through local sales agents. Regarding the regional representative function for South America, Toshiba will not immediately establish a new operation. Toshiba America, Inc., the regional representative for North America, will take on responsibility for handling inquiries, and Toshiba will continue to consider its long-term approach.

2. Method of the Transfer

(1) Outline of TSAL

(1) Name	Toshiba South America Ltda. (Toshiba América do Sul Ltda.)	
(2) Address	Av. Ibirapuera, no. 2.332, Torre I, 5º Aaadhar, Moema, Sao Paulo, SP, Brazil	
(3) Name and Title of Representative	Chairman: Shigeo Miyahara President: Luis Carlos Borba	
(4) Business Outline	Development, manufacturing, sales and engineering of equipment and systems related to power transmission and distribution; photovoltaic power generation; and commercial representative activities. Import and export of digital products, electronic devices, social infrastructure related equipment, and other parts and peripherals.	
(5) Capital Stock	614.8 million Brazilian real (about 20.3 billion yen)	
(6) Establishment	April 1, 2014* ¹	
(7) Major Shareholders and Shareholding Ratios	Toshiba Group 100%	
(8) Relationship between Toshiba and TSAL	Capital	Toshiba's consolidated subsidiary
	Personnel	Officers of Toshiba concurrently serve as executives of the company. Toshiba employees are seconded to the company.

	Business	Toshiba provides Corporate finance to TSAL.	
(9) Operating performance and financial condition in the last three fiscal years (Unit: 1 million Brazilian real (billion yen))			
Fiscal Years	Fiscal year ended December 2014	Fiscal year ended December 2015	Fiscal year ended December 2016
Net Assets (Equity)	663 (21.9)	381 (12.6)	205 (6.8)
Total Assets	1,361 (45.0)	1,214 (40.1)	1,195 (39.5)
Sales	609 (20.1)	622 (20.6)	474 (15.7)
Operating Income (Loss)	-9 (-0.3)	-186 (-6.1)	-116 (-3.8)
Recurring Income (Loss)	-70 (-2.3)	-267(-8.8)	-179 (-5.9)
Net Income (Loss)	-46 (-1.5)	-282 (-9.3)	-175 (-5.8)

Note:

*¹: TSAL was incorporated on April 1, 2014. Subsequently, on October 22, 2014, Toshiba merged two subsidiaries in South America, Toshiba Representação Comercial do Brasil Ltda., the regional representative company for South America and Toshiba Electronics do Brasil Ltda., an electronic devices sales company and then integrated them into Toshiba Infraestrutura América do Sul Ltda., a social infrastructure business manufacturing and sales company. Toshiba Infraestrutura América do Sul Ltda. changed its name to TSAL, and took on responsibility for all major business functions in South America.

(2) Outline of TSEA

(1) Name	TSEA PARTICIPAÇÕES S.A.
(2) Address	Rua Doutor Eduardo de Souza Aranha, 153, 4º andar, Vila Nova Conceição, na Cidade de São Paulo, Estado de São Paulo, CEP 04543-120
(3) Name and Title of Representative	Henry Singer Gonzalez, Nicolas Gutierrez Londono and Benedito Cear Luciano – Directors
(4) Business Outline	Asset management
(5) Capital	Not published, as unlisted
(6) Establishment	November, 21, 2017
(7) Net Assets (Consolidated)	Not published, as unlisted
(8) Total Assets (Consolidated)	Not published, as unlisted
(9) Major Shareholders	FRAM Energia Fundo de Investimento em Participações

and Shareholding Ratios	Multiestratégia, managed by FRAM CAPITAL – GESTÃO DE ATIVOS LTDA. 100%	
(10) Relationship between Toshiba and TSEA	Capital	None
	Personnel	None
	Business	None
	Status of Related Parties	None

(3) Number of shares transferred and number of shares before and after the Transfer

(1) Number of shares before the Transfer	1,369,201,091 shares (ownership: 100%)
(2) Number of shares to be transferred	1,369,201,091 shares (ownership: 100%)
(3) Sales price	Approx. 50 million Brazilian real (approx. 1.7 billion yen) * ²
(4) Number of shares after the Transfer	0 share (ownership: 0%)

Note:

*²: The sales price is based on TSAL's end of March 2018 financial figures. Since the ultimate sale price will be determined based on financial performance at the time the Transfer is completed, it may be adjusted ex post facto.

(4) Schedule

(1) Date of Toshiba resolution	March 22, 2018
(2) Date of the Agreement	March 23, 2018 (today)
(3) Completion date of the Transfer	By the end of March 2018 (planned)

3. Future outlook

As a result of the Transfer, Toshiba anticipates a negative impact of approx. 32.2 billion yen to its consolidated business results for the fourth quarter of FY2017, from including a sale price of approx. 1.7 billion yen, and losses recorded to non-operating income related to the Transfer of approx. 33.8 billion yen. This impact has already been included in Toshiba's business results forecast for FY2017, ending March 31, 2018 announced by Toshiba on February 14, 2018 as a part of a restructuring cost of 60 billion yen, and there are no plans to revise the company's business results forecast.

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