

May 21, 2018
Toshiba Corporation

FOR IMMEDIATE RELEASE

**Toshiba to Split off Power and Industrial Systems Research
and Development Center to Wholly Owned Subsidiaries**

TOKYO—Toshiba Corporation (TOKYO: 6502) today announced that it will split off its Power and Industrial Systems Research and Development Center (hereinafter “PIC”) and to transfer its operations to Toshiba Energy Systems & Solutions Corporation (hereinafter “ESS”) and Toshiba Infrastructure Systems & Solutions Corporation (hereinafter “TISS”), with each company taking on the research and activities related to its area of business (hereinafter “the Split”).

As PIC will be split off to wholly owned subsidiaries of Toshiba, there will be no impact on Toshiba’s consolidated financial results. Also, some disclosure items and details are omitted.

1. Purpose of the Split

PIC is responsible for advanced research to create new businesses and for research and development and provision of design support for Toshiba Group’s energy business and social infrastructure business. In order to strengthen research and development and design support functions in ESS and TISS’s business domains, and to enhance the value of each business, PIC’s research and development and design support functions for thermal & hydro power, renewable energy, nuclear power, power transmission and distribution and materials will be taken over by ESS, and the same functions for social infrastructure systems and related materials will be taken over by TISS. Of PIC’s 517 employees as of the end of March this year, 318 will transfer to ESS, and 199 will transfer to TISS. The transfer of the nuclear-power-related functions requires approvals from the concerned authorities, and Toshiba is now carrying out the necessary procedures.

Toshiba’s corporate Research & Development Division, the organization that manages PIC, will focus on advanced research in new businesses and on fundamental research. It will examine current research themes from the perspective of business management and select those into which to continue to channel resources. It will promote research activities by creating optimized teams that bring together human resources from inside and outside Toshiba Group.

2. Overview of the Split

(1) Schedule ^{*1}

| | |
|---|--|
| Date of decision on details of the Split | May 21, 2018 |
| Date of signing of the agreement for the Split with ESS ^{*2} | At the beginning of July, 2018 (scheduled) |
| Date of signing of the agreement for the Split with TISS | At the beginning of July, 2018 (scheduled) |
| Shareholders Meeting of ESS and TISS for the approval of the Split | By the end of September, 2018 (scheduled) |
| Effective date of the Split | October 1, 2018 (scheduled) |

^{*1}: The Split is a simplified absorption-type split defined in Paragraph 2 of Article 784 of the Companies Act. Therefore, Toshiba will not hold a general meeting of shareholders for approvals related to the contract for the Split.

^{*2}: There will be two agreements in respect of the transfer of functions to ESS, one for the transfer of the nuclear-power-related functions, which requires approvals from the concerned authorities, and one covering other energy-related functions.

(2) Method of the Split

By means of company splits, where Toshiba is the splitting company and ESS and TISS, Toshiba's wholly owned subsidiaries, are the succeeding companies.

(3) Allotment related to the Split

ESS and TISS will issue shares of common stock and allot them to Toshiba in exchange for transferred rights and obligations.

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

Toshiba has not issued any share options or bonds with share options.

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

The Split will neither increase nor decrease the amount of Toshiba's stated capital.

(6) Rights and obligations to be transferred to the succeeding companies

In principle, ESS and TISS will succeed to the assets, rights, obligations, and contractual status, etc., that belong to the "Transferred Business". The term "Transferred Business" is defined in 4(1)i) and 4(1)ii) of this notice. In addition, the succession of obligations by ESS and TISS from Toshiba will be carried out through cumulative assumption of obligations.

(7) Outlook of performance of obligations

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

3. Overview of companies associated with the Split

ESS

| | Splitting company | Succeeding company(ESS) |
|--|--|--|
| (1) Name | Toshiba Corporation | Toshiba Energy Systems & Solutions Corporation |
| (2) Address | 1-1 Shibaura 1-chome, Minato-ku, Tokyo | 72-34, Horikawa-cho, Saiwai-ku, Kawasaki-shi, Kanagawa |
| (3) Name and Title of Representatives | Satoshi Tsunakawa, Representative Executive Officer, President & CEO | Mamoru Hatazawa President & CEO |
| (4) Business Outline | Through its subsidiaries: 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 | 499,999 million yen | 10,000 million yen |
| (6) Establishment | June 25, 1904 | April 25, 2017 |
| (7) No. of Outstanding Shares | 6,520,707,026 shares | 10,000,000 shares |
| (8) Fiscal Term | March 31 | March 31 |
| (9) No. of Employees | 141,256 (consolidated, as of March 31, 2018) | 17,524 (consolidated, as of March 31, 2018) |
| (10) Main Financing Bank | Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited MUFJ Bank, Ltd. | Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited MUFJ Bank, Ltd. |
| (11) Major Shareholders and Shareholding Ratio | Goldman Sachs & Co. REG 14.6% Goldman Sachs International 6.9% | Toshiba Corporation 100% |

| | | |
|---|--|-------------------|
| | ECM MF 4.9% | |
| | Credit Suisse Securities (USA) LLC SPCL. FOR EXCL. BEN 3.3% | |
| | MSCO Customer Securities 2.6% | |
| | King Street Capital Master Fund, Ltd 2.3% | |
| (12) Financial Condition and Operating Performance in Preceding Fiscal Year (Fiscal year ended March 31, 2018) | | |
| Net Assets (Equity) | 1,010,734 million yen (consolidated) | 104.4 billion yen |
| Total Assets | 4,458,211 million yen (consolidated) | 558.6 billion yen |
| Shareholder's Equity per Share | 120.18 yen (consolidated) | 10,443 yen |
| Net Sales | 3,947,596 million yen (consolidated) | 270.9 billion yen |
| Operating Income | 64,070 million yen (consolidated) | --- |
| Recurring Profit | --- | --- |
| Net Income (Loss) | 804,011 million yen (consolidated) | -22.3 billion yen |
| Net Income (Loss) per Share | 162.89 yen (consolidated) | -4,167 yen |

TISS

| | Splitting company | Succeeding company(TISS) |
|--|---|--|
| (1) Name | Toshiba Corporation | Toshiba Infrastructure Systems & Solutions Corporation |
| (2) Address | 1-1 Shibaura 1-chome, Minato-ku, Tokyo | 72-34, Horikawa-cho, Saiwai-ku, Kawasaki-shi, Kanagawa |
| (3) Name and Title of Representatives | Satoshi Tsunakawa, | Shinichiro Akiba President & CEO |

| | | |
|--|---|--|
| | Representative Executive Officer, President & CEO | |
| (4) Business Outline | Through its subsidiaries: Energy Systems & Solutions; Infrastructure Systems & Solutions; Storage & Electronic Devices Solutions; and Industrial ICT Solutions | Development, manufacture and sales of social infrastructure business products, systems and services |
| (5) Capital Stock | 499,999 million yen | 10,000 million yen |
| (6) Establishment | June 25, 1904 | May 11, 1987 |
| (7) No. of Outstanding Shares | 6,520,707,026 shares | 2,000 shares |
| (8) Fiscal Term | March 31 | March 31 |
| (9) No. of Employees | 141,256 (consolidated, as of March 31, 2018) | 42,190 (consolidated, as of March 31, 2018) |
| (10) Main Financing Bank | Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited MUFJ Bank, Ltd. | Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited MUFJ Bank, Ltd. |
| (11) Major Shareholders and Shareholding Ratio | Goldman Sachs & Co. REG 14.6% Goldman Sachs International 6.9% ECM MF 4.9% Credit Suisse Securities (USA) LLC SPCL. FOR EXCL. BEN 3.3% MSCO Customer Securities 2.6% King Street Capital Master Fund, Ltd 2.3% | Toshiba Corporation 100% |

| (12) Financial Condition and Operating Performance in Preceding Fiscal Year (Fiscal year ended March 31, 2018) | | |
|---|---|-------------------|
| Net Assets (Equity) | 1,010,734 million yen (consolidated) | 139.1 billion yen |
| Total Assets | 4,458,211 million yen (consolidated) | 372.2 billion yen |
| Shareholder's Equity per Share | 120.18 yen (consolidated) | 66,618,672 yen |
| Net Sales | 3,947,596 million yen (consolidated) | 361.8 billion yen |
| Operating Income | 64,070 million yen (consolidated) | --- |
| Recurring Profit | --- | --- |
| Net Income (Loss) | 804,011 million yen (consolidated) | 11.1 billion yen |
| Net Income (Loss) per Share | 162.89 yen (consolidated) | 5,583,671 yen |

Notes;

1. Major Shareholders and Shareholding Ratio is as of March 31, 2018.
 2. Financial Condition and Operating Performance in Preceding Fiscal Year of the Splitting company is based on US GAAP.
 3. Financial Condition and Operating Performance in Preceding Fiscal Year of the succeeding companies (ESS and TISS) are based on JGAAP. Numbers are for reference only and may differ in the future, as they are unaudited.
4. Overview of the division to be split
- (1) Functions of the division to be split
 - i) Research and development and design support for the Energy business and related materials
 - ii) Research and development and design support for the Social Infrastructure business and related materials
 - (2) Operating performance of the division to be split

As the division to be split is a research and development organization that carries out consigned research and development work for Toshiba Group, and does not operate as a business, there are no net sales or operating income.

Reference: PIC's research and development expenditure in FY2017 was 13.29 billion yen.

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

i) Assets and liabilities to be succeeded to ESS

| Assets | | Liabilities | |
|----------------|-----------------------------|---------------------|-----------------------------|
| Items | Book Value (billion yen) | Items | Book Value (billion yen) |
| Current Assets | 2.0 | Current Liabilities | 1.1 |
| Fixed Assets | 3.6 | Fixed Liabilities | 4.5 |
| Total | 5.6 | Total | 5.6 |

Note: Items and book values in the above are the book value at the end of March 2018, and the actual book value of the items to be split may differ.

ii) Assets and liabilities to be succeeded to by TISS

| Assets | | Liabilities | |
|----------------|-----------------------------|---------------------|-----------------------------|
| Items | Book Value (billion yen) | Items | Book Value (billion yen) |
| Current Assets | 1.7 | Current Liabilities | 0.5 |
| Fixed Assets | 0.5 | Fixed Liabilities | 1.7 |
| Total | 2.1 | Total | 2.1 |

Note: Items and book values in the above are the book value at the end of March, 2018, and the actual book value of the items to be split may differ.

5. Overview of splitting company after the 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 companies after the Split

There will be no change in the succeeding companies' names, addresses, names and titles of their representatives, principal businesses, stated capital or fiscal terms.

7. Future outlook

As both ESS and TISS are wholly-owned subsidiaries of Toshiba, the Split will have no impact on Toshiba's consolidated financial results.