November 8, 2018
Toshiba Corporation

FOR IMMEDIATE RELEASE

Toshiba to Withdraw from U.S. LNG Business and to Record of Loss on Valuation of Stocks of Subsidiaries and Affiliates (Non-consolidated)

TOKYO--The Board of Directors of Toshiba Corporation (TOKYO: 6502), meeting today, has decided to withdraw from Toshiba Group's business related to the sale of liquefied natural gas (LNG) from the United States, and that it will transfer all outstanding shares of Toshiba America LNG Corporation (hereinafter "TAL"), Toshiba's consolidated subsidiary, an operating company focusing on the LNG business (hereinafter "the Share Transfer"), to a third-party buyer (hereinafter "the Buyer").

With the Share Transfer, all contracts related to the sale of U.S. LNG entered into by Toshiba Group, including contracts between Toshiba Group companies and trading agreements between Toshiba Group and customers, will either be transferred or canceled (together with the Share Transfer, "the Transfer") to target a complete withdrawal from the LNG business by finalizing the Transfer by March 31, 2019.

With the close of the Transfer, TAL is expected to be deconsolidated from Toshiba Group, and Toshiba expects to record a loss of 93 billion yen, which is included in the business results forecast and "Toshiba Next Plan," a five-year transformation plan announced today. As a consequence, Toshiba expects to record a loss on valuation of stocks of subsidiaries and affiliates.

Toshiba will promptly announce the name of overseas buyer in the Transfer after completing the contract with the company.

1. Reason for the Transfer

   With the intent of selling LNG to customers in Japan and overseas, Toshiba has been preparing for the start of a liquefaction service in 2020, including signing a 20-year liquefaction tolling agreement with FLNG Liquefaction 3, LLC (hereinafter "FLIQ3") (hereinafter "the Liquefaction Agreement"), and a pipeline capacity agreement with an affiliate of the Enbridge Corporation (hereinafter "the LNG Related Agreement"), and transferred those rights to TAL, which was established in 2017.

   In parallel, Toshiba Energy Systems & Solutions Corporation (hereinafter "ESS"), a key Toshiba Group company that specializes in the energy businesses, and which is responsible for the LNG business, entered into an agreement with TAL to receive the entire LNG capacity produced by TAL, and has subsequently promoted negotiations with multiple utilities as potential customers for LNG, in order to sell the entire annual capacity of 2.2 million tons of LNG, the volume that ESS has the right to liquefy.

The LNG Related Agreement is based on the premise that TAL will utilize the liquefaction capacity of FLIQ3 and pipeline capacity for the stipulated annual amount for 20 years, and that TAL has an obligation to pay fixed amounts for services and operations to FLIQ3 and the affiliate of the Enbridge Corporation, regardless of whether or not it sells LNG to customers.

In addition, ESS faces the possible risk of future losses resulting from potential deterioration in market conditions or a situation where ESS has no choice but to sell LNG in worse than anticipated trading conditions, due to development of lower cost projects, or to sell LNG at a lower price than the cost of the services that ESS is obligated to pay for under the Liquefaction Agreement and the LNG Related Agreement.

Toshiba has been promoting to thorough review its business portfolio in the course of developing the “Toshiba Next Plan.” This review positions the LNG business as a non-core business where Toshiba cannot foresee synergies with other businesses and where there is the potential risk of losses for the reasons mentioned above and uncertainties in market conditions. In considering its overall situation, Toshiba has also considered several options for the future of the LNG business.

In connection with the option of possible withdrawal from the entire LNG business by transferring it to a third part, Toshiba employed Barclays Securities Japan Limited as a financial advisor and invited purchase bids from LNG players, large-scale utility customers and financial institutes in Japan and overseas, and received proposals from multiple potential buyers. Toshiba examined those proposals with the advice of Barclays Securities Japan Limited and Norton Rose Fulbright, Toshiba’s legal advisor, and determined to select a buyer from the comprehensive perspectives of overall clarity and the minimization and one-time release from risk of loss contingent upon the LNG business, which would contribute to maximizing Toshiba’s corporate value, and decided to sign an agreement on this bases with the selected buyer.

With the Transfer, Toshiba Group will bear a one-off payment of US$806 million (approx. 91.3 billion yen) to Buyer, which represents the most competitive solution among proposals from multiple potential buyers. The proposal from the selected Buyer including this one-off payment was given the highest evaluation among proposals from multiple potential buyers that assessed the current value of Toshiba Group’s LNG business. Together with the credit enhancement measure that Buyer provides to Toshiba, the Transfer will meet Toshiba’s objective of withdrawing from LNG business by minimizing its risk, and Toshiba has determined that this decision is the best option available.

In reaching its decision, Toshiba weighed at the full the alternatives of withdrawal from the business by the Transfer or by cancelling the Liquefaction Agreement and the LNG Related Agreement, or continuing the business by its own. As a result of precise calculations and examination to the maximum extent possible of assessments of business profitability and potential mid- to long-term risk in each situation, and by referring to the management policy, announced today in "Toshiba to Announce the "Toshiba Next Plan" for Corporate Transformation" of maximizing corporate value by concentrating resources on growth area, Toshiba concluded that the economically rational course of action was to withdraw from the business by executing the Transfer.

2. Outline of the Transfer

With the Transfer, Toshiba will transfer all outstanding shares of TAL held by Toshiba America Inc., Toshiba's wholly owned subsidiary in the U.S. to a special purpose company established by Buyer, at a price of US$15 million (approx. 1.7 billion yen). Toshiba expects the Transfer to be completed by March 31, 2019, though this may be delayed in order to secure all related government approvals.

Upon completion of the Share Transfer, ESS will transfer its basic agreement with TAL to receive the entire amount of LNG to Buyer, securing full dismissal of its responsibility to receive LNG from TAL under that agreement. In return, ESS will pay a one-off payment of US$821 million (approx. 93 billion yen) to Buyer.

The amount of this one-off payment was proposed by Buyer in the bid process, in the proposal that received the highest evaluation among proposals from multiple potential buyers that evaluated the present value of Toshiba Group's LNG business. LNG sales contracts that ESS has already concluded to date will also be transferred to Buyer, upon agreement by the respective customers. The economic value of these contracts is reflected in the one-off payment. If the transfer is not agreed by those customers, Buyer will contract with ESS to purchase the LNG from Buyer under the same conditions that ESS agreed with the customers, and thus such a refusal will not result in additional losses and operation to ESS.

On the conclusion of the aforementioned transactions, TAL will be deconsolidated from Toshiba Group and will become a wholly owned subsidiary of Buyer. In addition, ESS will be fully dismissed from obligations based on contracts between Group companies related to LNG business and thus, Toshiba Group will complete a full withdrawal from LNG business.

Toshiba currently provides a parent company guarantee (hereinafter "the Guarantee") for TAL in respect of its obligations under the liquefaction contract with FLIQ3, and the Guarantee is expected to remain in force for the certain period of the time. However, if

Toshiba is required to make payment to FLIQ3 under the Guarantee after the Transfer due to a default by TAL which at that point will be a subsidiary of Buyer, Buyer will compensate Toshiba for the full amount. In addition, the agreement also has a condition that Buyer is required to provide Toshiba with a bank guarantee letter of US$500 million (approx. 56.6 billion yen) as a credit enhancement measure. As result, Toshiba anticipates that it has minimized risk related to the Guarantee, given that Buyer has knowledge of and a customer base in the LNG business. t

Hereafter, Toshiba and Buyer will make a contract for the Transfer, and then undertake necessary procedures to complete the Transfer, including applications for government approvals and permissions in the concerned countries.

3. Outline of Subsidiary to be Transferred

<table>
<tr><td>(1) Name</td><td colspan="3">Toshiba America LNG Corporation</td></tr>
<tr><td>(2) Address</td><td colspan="3">1800 West Loop, Suite 1770, Houston, TX, U.S.A.</td></tr>
<tr><td>(3) Name and Title of Representative</td><td colspan="3">Takayuki Shibano, President and Chief Executive Officer</td></tr>
<tr><td>(4) Business Outline</td><td colspan="3">LNG production and sales to Toshiba Group</td></tr>
<tr><td>(5) Capital Stock</td><td colspan="3">US$15 (approx. 17 hundred yen)</td></tr>
<tr><td>(6) Establishment</td><td colspan="3">February 7, 2017</td></tr>
<tr><td>(7) Major Shareholders and Shareholding Ratios</td><td colspan="3">Toshiba Corporation 100%</td></tr>
<tr><td rowspan="3">(8) Relationship between Toshiba and TAL</td><td>Capital</td><td colspan="2">Toshiba's consolidated subsidiary</td></tr>
<tr><td>Personnel</td><td colspan="2">Toshiba executives and employees are concurrently assigned to TAL as executive officers.
Toshiba employees are on temporary transfer to TAL.</td></tr>
<tr><td>Business</td><td colspan="2">Toshiba and its subsidiaries have transactions of preparation for the start of a liquefaction facility operation at FLIQ3 and some marketing services outsource with TAL.
Toshiba's subsidiaries entrust administrative services to TAL.</td></tr>
<tr><td colspan="4">(9) Operating Performance and Financial Condition in the Last Three Fiscal Years (Non-consolidated)</td></tr>
<tr><td>Fiscal Years</td><td>FY2015</td><td>FY2016</td><td>FY2017</td></tr>
<tr><td>Net Assets (Equity)</td><td>-</td><td>-</td><td>1,597 million yen</td></tr>
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Total Assets	-	-	1,804 million yen
BPS	-	-	106 million yen
Sales	-	-	0 million yen
Operating Income	-	-	36 million yen
Recurring Profit	-	-	34 million yen
Net Income	-	-	5 million yen
EPS	-	-	330 thousand yen
Dividend per Share	-	-	-

Note: There are no figures in FY2015 and FY2016 because TAL was set up on February 7, 2017.

4. Future Outlook

As a result of the Transfer, Toshiba expects to record the US$821 million (approx. 93 billion yen) that ESS will pay Buyer in relation to the Transfer as a consolidated loss from sales before taxes. This amount is included in Toshiba's consolidated business results forecasts for FY2018, ending March 31, 2019 announced today in "Notice Regarding Revision of Toshiba Corporation's Consolidated Business Results Forecast for FY2018 and the Differences between Toshiba Corporation's Non-Consolidated Business Results Forecast for FY2018 and Actual Business Results". In relation to this payment, Toshiba will increase ESS' capital by purchasing new stocks issued by ESS. As a result, Toshiba expects to record a loss on the valuation of stocks of subsidiaries and affiliates related to ESS of approx. 123 billion yen, as an extraordinary loss in its non-consolidated business results. This loss will be eliminated from the consolidated business results and there will be no change in consolidated business results.

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