

May 12, 2016  
Toshiba Corporation

## **Notice of Start of Proceedings on Corporate Rehabilitation of Toshiba Samsung Storage Technology Korea Corporation**

TOKYO—Toshiba Corporation (TOKYO: 6502) has announced that Toshiba Samsung Storage Technology Korea (TSST-K), a Korea-based subsidiary of Toshiba Samsung Storage Technology (TSST), following a May 11 decision by its board of directors, today filed for corporate rehabilitation proceedings with the Seoul Central District Court. TSST is a joint venture between Toshiba Corporation and Korea's Samsung Electronics Co., Ltd. (Samsung), and a Toshiba Group company, with 50.1% of its outstanding shares held by Toshiba. Further details are as follow.

### **1. Background**

TSST was established as a joint venture between Toshiba and Samsung, with the parent companies holding 51% and 49% of the company's stock, respectively. TSST-K was subsequently established as a wholly-owned subsidiary of TSST, and engaged in the optical disc drive (ODD) business. As demand for ODD has fallen, resulting in a significant deterioration in TSST-K's performance, Toshiba decided in March 2014 to withdraw from the ODD business, and to carry out a series of stock transactions that would transfer full ownership of TSST-K to Korea-based OPTIS Inc. (Optis), a manufacturing partner, by 2017.

Based on this agreement, 49.9% of TSST-K's stock has been transferred to Optis. However, Optis's management initiatives and efforts to rebuild the business have been undermined by deep declines in product demand and prices.

### **2. Total liabilities**

TSST-K's liabilities total approximately 9.0 billion yen.

### **3. Appraised value of equity**

Toshiba recorded an impairment loss for TSST-K in FY2013, and the current book value of TSST-K's stock is approximately 100,000 yen.

### **4. Impact on Toshiba's performance**

The company has recorded an allowance to its accounts receivable in respect of TSST-K of approximately 600 million yen (as of the end of March 2016). Toshiba does not hold any financial guarantees or other contractual obligations with regard to the liabilities of TSST-K, and TSST-K's liabilities will have no financial impact on Toshiba.

### **5. Outline of TSST-K**

(1) Company name	Toshiba Samsung Storage Technology Korea Corporation
(2) Headquarters	Swon City, South Korea

(3) Name and Title of Representative	Juhyung Lee (President and CEO)		
(4) Business Outline	Development and sales for optical disc drives, such as DVDs for PCs and computer equipment		
(5) Capital Stock	10,728,565,000 won (approx. 1 billion yen)		
(6) Establishment	April 1, 2004		
(7) Shareholder composition	TSST 50.1%, Optis Inc 49.9%		
(8) Relationship between Toshiba and TSST-K	Capital	TSST-K is Toshiba Corporation's non-consolidated subsidiary	
	Personnel	Toshiba Corporation's employee concurrently serves as the board member	
	Business	There are no direct business relationship between Toshiba Corporation and TSST-K	
(9) Operating Performance and Financial Condition in the Last Three Fiscal Years (Won)			
Fiscal years	FY2012 (Mar 2013)	FY2013 (Mar 2014)	FY2014 (Mar 2015)
Net Assets (Equity)	57,167,961,313	28,689,646,076	24,956,079,623
Total Assets	227,529,106,896	163,468,107,182	147,427,810,282
Shareholder's Equity per Share	211,655	152,063	68,708
Net Sales	996,825,525,875	814,761,157,100	554,508,360,975
Operating Income (loss)	-75,874,808,723	-37,196,440,625	-92,222,375,916
Recurring Profit	-68,625,831,207	-28,478,315,237	-88,813,895,013
Net Income (loss)	-70,207,197,409	-28,478,315,237	-89,055,242,393
Net Income (loss) per Share	-65,309	-26,491	-41,504
Dividend per Share	—	—	—

## 6. Future Outlook

The court will announce its decision on corporate rehabilitation proceedings within a month from today's date. Unless the court dismisses TSST-K's filing, TSST-K's management will then meet with its creditors and other interested parties and present the corporate rehabilitation plan.

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