

February 24, 2017
Toshiba Corporation

Notice on Conclusion of Absorption-type Company Split
Agreement in Respect of the Memory Business

TOKYO–Toshiba Corporation (“the Company,” or “Toshiba”) has today concluded an absorption-type company split agreement (“the Company Split Agreement”), and wishes to announce the information on matters that remain undecided.

The Company announced, on January 27, 2017, that the Memory business (including its SSD business, but excluding its image sensor business) of the Storage & Electronic Devices Solutions Company, one of its in-house companies, will be separated from the Company by a company split (“the Company Split”).

The Company Split is subject to approval at the extraordinary general meeting of shareholders scheduled for March 30, 2017.

Underlined sections below indicate matters that were undecided at, and/or have changed from, the previous announcement. Also, some disclosure items and details are omitted since the Company Split is between Toshiba and Toshiba Memory Corporation (“Toshiba Memory”), its wholly-owned subsidiary.

1. Purpose of the Company Split

Toshiba’s Memory business is a business where timely investments, accelerated development time, and the ability to ramp-up the production of large capacity, highly reliable 3D memory devices (BiCS FLASH™) are essential to meet the growing demand for storage. Splitting off the Memory business into a single business entity will afford it greater flexibility in rapid decision-making and enhance financing options, which will lead to further growth of the Memory business.

At the same time, as stated in its February 14, 2017 announcement, “Provisional Outlook for FY2016 3Q Business Results and FY2016 Forecast, and Outline of Loss in Nuclear Power Business and Countermeasures,” impairment loss of goodwill in the Nuclear Power business in FY2016 could reach 712.5 billion yen, and this will lead to a significant deterioration of the financial position, although the disclosed figures are still being reviewed by an independent accounting auditor. Given this, Toshiba Group urgently needs to enhance its financial structure, and Toshiba is considering various capital measures. In connection with the Company Split, as a means to further secure management resources for growth of the Memory business, and to enhance the financial structure of Toshiba Group, Toshiba is considering a restructuring with third-party capital, including potential sale of a majority stake. Toshiba will commence the procedure promptly, aiming to make a final decision in early FY2017.

2. Overview of the Company Split

(1) Schedule

Date of signing of the Company Split Agreement	<u>February 24, 2017</u>
Date of the extraordinary general meeting of shareholders for approval of the Company Split	<u>March 30, 2017</u>
Effective Date of the Company Split	<u>April 1, 2017</u>

(2) Method of the Company Split

The absorption-type company split method will be used, in which Toshiba is the splitting company and Toshiba Memory is the succeeding company.

(3) Allotment related to the Company Split

Toshiba Memory will issue 2,000 shares of common stock and allot all of them to Toshiba in exchange for succession of rights and obligations.

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

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

(5) Change in Stated Capital associated with the Company Split

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

(6) Rights and obligations to be transferred to the Succeeding Company

Toshiba Memory will succeed to the assets, claims, obligations, and contractual status, etc., that belong to the "Transferred Business," in principle. The term "Transferred Business" is defined in 4(1) of this notice.

(7) Outlook of performance of obligations

It is understood that the Succeeding Company will be able to fulfill all obligations that have a maturity date on or after the Effective Date of the Company Split.

3. Overview of Companies Associated with the Company Split.

	Splitting Company	Succeeding Company
(1) Name	Toshiba Corporation	<u>Toshiba Memory Corporation</u>
(2) Address	1-1 Shibaura 1-chome, Minato-ku, Tokyo	<u>1-1 Shibaura 1-chome, Minato-ku, Tokyo</u>
(3) Name and Title of Representatives	Satoshi Tsunakawa, Representative Executive Officer, President & CEO	<u>Noriyuki Hisatomi, Representative Director</u>
(4) Business Outline	Energy Systems & Solutions,	<u>No business is operated</u>

	Infrastructure Systems & Solutions, Retail & Printing Solutions, Storage & Electronic Devices Solutions, and Industrial ICT Solutions	
(5) Capital Stock	200,000 million yen	<u>10 million yen</u>
(6) Establishment	June 25, 1904	<u>February 10, 2017</u>
(7) No. of Total Issued Shares	4,237,602,026 shares	<u>1,000 shares</u>
(8) Fiscal Term	March 31	<u>March 31</u>
(9) No. of Employees	167,091 (consolidated) (as of September 30, 2016)	0 (as of February 24, 2017)
(10) Main Financing Bank	Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, The Bank of Tokyo-Mitsubishi UFJ, Ltd.	---
(11) Major Shareholders and Shareholding Ratio	JP Morgan Chase Bank 380055 (standing proxy: Mizuho Bank, Ltd.) 4.14%, The Master Trust Bank of Japan, Ltd. (trust account) 3.76%, Japan Trustee Services Bank, Ltd. (trust account) 2.90%, Toshiba Employees Shareholding Association 2.88%, The Dai-ichi Life Insurance Company, Limited 2.72% <u>(as of September 30, 2016)</u>	Toshiba Corporation 100% <u>(as of February 24, 2017)</u>
(12) Financial Condition and Operating Performance in Preceding Fiscal Year (Fiscal year ended March 31, 2016)		
Net Assets (Equity)	672,258 million yen (consolidated)	---
Total Assets	5,433,341 million yen (consolidated)	---
Shareholder's Equity	77.67 yen	---

per Share	(consolidated)	
Net Sales	5,668,688 million yen (consolidated)	---
Operating Income	-708,738 million yen (consolidated)	---
Recurring Profit	---	---
Net Income (Loss)	-460,013 million yen (consolidated)	---
Net Income (Loss) per Share	-108.64 yen (consolidated)	---

Note: Financial Conditions and business results (excluding operating income) of the Splitting Company are based on US GAAP.

4. Overview of the business unit to be split

(1) Business of the business unit to be split

Development, manufacturing, and sales of Memory and related products (including SSDs, but excluding image sensors) operated by Toshiba's Storage & Devices Solutions Company ("Transferred Business")

(2) Business performance of the Transferred Business to be split (Fiscal Year 2015)

Consolidated sales: 845.6 billion yen

Consolidated operating income: 110.0 billion yen

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

<u>Assets</u>		<u>Liabilities</u>	
<u>Items</u>	<u>Book Value</u> (billion yen)	<u>Items</u>	<u>Book Value</u> (billion yen)
<u>Current Assets</u>	<u>310.9</u>	<u>Current Liabilities</u>	<u>82.7</u>
<u>Fixed Assets</u>	<u>442.8</u>	<u>Fixed Liabilities</u>	<u>78.7</u>
<u>Total</u>	<u>753.7</u>	<u>Total</u>	<u>161.4</u>

Note: Items and book values in the above are estimates of the book value at the end of March, 2017 calculated as of today. As a result, the actual book values of the items to be split may differ.

5. Overview of Splitting Company after the Company Split

There will be no change in the Splitting Company's name, address, name or title of the representative, principal business, stated capital, or fiscal term.

6. Overview of the Succeeding Company after the Company Split (After April 1, 2017)

Name	<u>Toshiba Memory Corporation</u>
Address	<u>1-1 Shibaura 1-chome, Minato-ku, Tokyo</u>
Name and Title of Representative	<u>Yasuo Naruke,</u> <u>Representative Director</u>
Business Outline	<u>Development, manufacturing, and sales of memory</u>

	<u>and related products, and related business</u>
Capital Stock	<u>10,000 million yen</u>
Fiscal Term	<u>March 31</u>

7. Future Outlook

As the Succeeding Company will be Toshiba's wholly-owned subsidiary, this Company Split will have no impact on Toshiba's consolidated financial results. When the restructuring with third-party capital in Toshiba Memory, including the sale of a majority stake, has been completed, there will be the possibility of an impact on the Company's consolidated results. The Company will announce any such impact, and any other items that are undecided at this point, as they are clarified.

Reference:

The date and time, and the place of the extraordinary general meeting of shareholders, are as follows:

(1) Date and Time: Thursday, March 30, 2017, at 10:00 a.m.(JST)

(2) Place: Makuhari Messe, Makuhari Event Hall

2-1, Nakase, Mihama-ku, Chiba-city, Chiba, Japan

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