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Toshiba Corporation

FOR IMMEDIATE RELEASE

**Regarding Sales of Westinghouse-Related Assets Held by Toshiba
and the Forecast for Toshiba's Shareholders' Equity at the end of FY2017**

TOKYO—Toshiba Corporation (TOKYO: 6502) today announced that it has selected Nucleus Acquisition LLC (“Nucleus”), consortium controlled by The Baupost Group, L.L.C., as the buyer of its claims against Westinghouse Electric Company LLC (“Westinghouse”) and Brookfield WEC Holdings LLC (or one or more of its affiliates, “BWH”) as the buyer of the Westinghouse-related shares that it holds, and has accordingly entered into an assignment and purchase agreement (the “APA”) with Nucleus and a share purchase agreement (the “SPA”) with BWH.

The sale of Westinghouse-related claims and shares was initially announced on November 19, 2017, in “Toshiba to Explore Alternatives to Sell its Westinghouse Related Assets”, wherein Toshiba stated its intent to sell to a third party, by the end of March 2018, the right to assert claims against Westinghouse that Toshiba realized by making early and full payment of its parent company guarantee obligations for Westinghouse AP1000 reactor construction projects in the U.S., along with other assets, including Toshiba’s claims against Westinghouse and other Westinghouse-related companies that filed for Chapter 11 bankruptcy protection*¹ (Westinghouse-related claims and shares, collectively referred to as the “Westinghouse-related Assets”).

In conjunction to signing the APA and SPA, Toshiba has also entered into a Plan Support Agreement (the “PSA”) with key stakeholders in Westinghouse’s Chapter 11 reorganization proceedings.

1. Background to selecting buyers

As announced on December 14, 2017, in “Toshiba Completes Full and Early Payment of Guarantee Obligations for the Vogtle Nuclear Power Plant Project in Georgia, U.S.A.” and on January 12, 2018, in “Toshiba Completes Full and Early Payment of Guarantee Obligations for the V.C. Summer Nuclear Power Plant Project in South Carolina, U.S.A.”, Toshiba has completed early payments in full of its parent company guarantee obligations for Westinghouse AP1000 reactor construction projects in the U.S., and obtained the right to assert claims against Westinghouse in the amount of US\$5,788 million (approx. 654 billion yen).

Toshiba retained Lazard as financial advisor for the sales of the Westinghouse-related Assets, including the right to assert claims against Westinghouse, and subsequently initiated a bidding process open to institutional investors and investment funds, among others. Toshiba received proposals from multiple potential buyer groups, and following extensive consideration, including advice from Lazard and legal advisors Skadden, Arps, Slate, Meagher & Flom LLP and Nishimura & Asahi, a joint proposal from Nucleus and BWH was identified as the preferred bid, based on a comprehensive basis, including in respect of enhancing Toshiba's corporate value and contributing to the resolution of the overall Westinghouse restructuring process. Accordingly, Toshiba selected those parties as buyers and entered into the APA and SPA.

Toshiba determined that the amount proposed by Nucleus to acquire the parent company guarantee claims and other claims Toshiba holds against Westinghouse (collectively the "Claims") was fair and reasonable, and determined that the Nucleus proposal would be in the best interests for Toshiba in respect of the high degree of closing certainty, and the contribution it would bring to the Westinghouse reorganization, among other factors.

2. Outline of APA and SPA

Under the terms of the APA, Toshiba will sell its rights to assert claims against Westinghouse related to the parent guarantees in the amount of US\$5,788 million (approx. 654.0 billion yen), and on account of other claims Toshiba holds against Westinghouse in the amount of US\$2,284 million (approx. 258.1 billion yen)*² to Nucleus, for the sale price of US\$2,160 million (approx. 244.1 billion yen). Toshiba anticipates closing of the Claims sale by the end of January.

Separately, under the terms of the SPA, Toshiba will sell all shares it holds in Toshiba Nuclear Energy Holdings (US) Inc. ("TNEH (US)") and Toshiba Nuclear Energy Holdings (UK) Limited ("TNEH (UK)") (together, the "Westinghouse-related Shares") to BWH, an affiliate of Brookfield Business Partners LP ("Brookfield") and its affiliates, Westinghouse's proposed new owner, for the sale price of US\$1 (approx. 113 yen). With the goal of completing the sale of the Westinghouse-related Shares by the end of March 2018, the parties, together with the cooperation of Brookfield and Westinghouse, will seek regulatory approvals or determination necessary for the sale to close. Brookfield will not acquire control of Westinghouse through the transactions contemplated by the SPA.

Pursuant to the PSA, Toshiba's equity interests will be subordinated to payment

of all other Westinghouse claims in Westinghouse's bankruptcy proceedings. Accordingly, the equity interests do not have any material economic value, and together with the key benefits arising from the sale of the Westinghouse-related Assets, as introduced below, Toshiba determined the sale price to be reasonable.

3. Signing of PSA

In conjunction to signing the APA and SPA, Toshiba has also entered into a PSA with key stakeholders in Westinghouse's Chapter 11 reorganization proceedings, including Westinghouse, the Statutory Committee of Unsecured Creditors, Brookfield, and Nucleus.

Under the PSA, these key stakeholders agreed to support the reorganization plan outlined in the term sheet attached to the PSA, and the acquisition of Westinghouse by Brookfield; the key terms of the reorganization plan including the treatment of, and distributions to Westinghouse creditors; and milestones for the voting process and approval by the court for the reorganization plan. These measures will facilitate the prompt completion of the reorganization proceedings. The PSA also includes releases that allow Toshiba to eliminate the risk of litigation by parties involved in the PSA, including the Statutory Committee of Unsecured Creditors.

The parties to the PSA have also agreed on future milestones for the Westinghouse proceedings. Based on the agreement and after the signing of the PSA, the companies will promptly submit a reorganization plan, which is expected to be approved by the U.S. Bankruptcy Court by the end of March 2018.

At the time when Toshiba made its November 19, 2017, announcement in "Toshiba to Explore Alternatives to Sell its Westinghouse Related Assets", it was difficult to foresee detailed schedules for the course of the bankruptcy proceedings. The parties have now agreed on milestones to promote the schedule detailed above.

4. Key benefits arising from the sale of the Westinghouse-related Assets

As indicated above, following the execution of the fair bidding process and the sale of the Westinghouse-related Assets, Toshiba anticipates benefiting from the corresponding advantages, as outlined below.

1) Reallocation of internal resources

The issues associated with goodwill and the write-down following the acquisition of CB&I Stone & Webster by Westinghouse, required Toshiba to

channel a substantial amount of internal resources to Westinghouse related issues, including in connection with the Chapter 11 bankruptcy proceedings. Selling the Westinghouse-related Assets will allow Toshiba to significantly reduce the internal resources currently dedicated to the reorganization proceedings, and allow Toshiba to focus on more productive business endeavors.

2) Eliminate risks

As announced on March 29, 2017, in “Notice on Chapter 11 Filing by Westinghouse Electric Company and its Group Entities”, with the commencement of the reorganization proceedings, Westinghouse Group is no longer under Toshiba’s control and has been deconsolidated from Toshiba Group, thereby eliminating material risks.

Through the sale of the Westinghouse-related Shares to BWH, an affiliate of Brookfield (which has separately agreed to acquire the Westinghouse business, subject to regulatory approvals and other closing conditions), Toshiba will be able to terminate its capital relationships with the Westinghouse group, and significantly reduce the associated uncertainties as well as contingent risks.

In addition, Toshiba agreed with BWH, as a condition for selecting BWH as the buyer for the Westinghouse-related Shares, that BWH, subject to its acquisition of Westinghouse, would work in good faith with Toshiba to transition outstanding parent company guarantee obligations made by Toshiba in relation to Westinghouse’s businesses (other than the U.S. nuclear power plant construction projects) to BWH. Through this agreement, Toshiba is expected to be able to eliminate future contingent risks that may arise under such parent company guarantee obligations.

3) Consensual reorganization of Westinghouse

By entering into a PSA, future milestones has been agreed upon, which entails the Westinghouse proceedings and approval schedule by the court for the reorganization plan. These pathways will help contribute to the acceleration and early completion to the reorganization proceedings, and provide for a fully consensual Chapter 11 plan of reorganization, thereby benefiting key Westinghouse stakeholders.

4) Improve financial condition

By selecting the best proposal amongst multiple competitive proposals and converting the Claims into an appropriate value at an early stage, Toshiba

expects to considerably improve its financial condition, as detailed in the following paragraph.

5. Future outlook

As announced on November 19, 2017, in “Toshiba to Explore Alternatives to Sell its Westinghouse Related Assets”, by completing the sales of the Claims by the end of March 2018, Toshiba was expected to be able to reduce the tax impact recorded as a result of determining the value of the Memory business*³, which will contribute a minimum of 240 billion yen to further remedying the company’s negative consolidated balance sheet.

Closing of the Claims sale is expected to take place during January, and as a result, Toshiba expects to record the sale in its consolidated financial statements for FY2017, as a profit of approx. 240 billion yen and a profit after taxes of approx. 170 billion yen. Notwithstanding the closing of the Westinghouse-related Shares, the closing of the Claims sale alone is expected to contribute a total amount of approx. 410 billion yen to Toshiba’s capital base, inclusive of the aforementioned improvement of approx. 240 billion yen related to the reduction of the tax impact.

Toshiba announced on November 9, 2017, in “Business Results for FY2017 Q2”, that it expected its shareholders’ equity as of March 31, 2018, to be -750 billion yen. However, based on Toshiba’s recapitalization of 600 billion yen conducted through the new share issuance in December 2017, and the abovementioned 410 billion yen improvement in its capital base, Toshiba expects to resolve its negative shareholders’ equity status for March 31, 2018.

As an update to the November 9, 2017 disclosure where Toshiba announced its results forecasts for FY2017, Toshiba will promptly announce any revised forecasts, as appropriate.

6. Transfer of consolidated subsidiary

After Westinghouse’s filing for Chapter 11 bankruptcy protection on March 29, 2017, TNEH (UK) has been eliminated from Toshiba’s consolidation, however, TNEH (US), the Westinghouse holding company, remained as Toshiba’s consolidated subsidiary. If the closing of sales of Westinghouse-related Shares occurs by the end of March 2018, TNEH (US) will be excluded from Toshiba’s consolidation within current fiscal year.

1) Outline of consolidated subsidiary subject to transfer

a) Outline of TNEH (US)

(1) Name	Toshiba Nuclear Energy Holdings (US) Inc. (TNEH (US))	
(2) Address	1209 Orange Street, Wilmington, New Castle, DE 19801	
(3) Name and Title of Representative	Masahiro Horiguchi, President,	
(4) Business Outline	Holding company of Westinghouse Electric Company LLC	
(5) Capital Stock	US\$4,000 million (452 billion yen)	
(6) Establishment	September 8, 2006	
(7) Major Shareholders and Shareholding Ratios	Toshiba Corporation 100%	
(8) Relationship between Toshiba and TNEH (US)	Capital	As introduced in (7) above
	Personnel	Nomination of the President
	Business	No actual business dealings

b) TNEH (US)'s operating performance and financial condition in the last three fiscal years (Unit: US dollars in million (JPY in billion))

Fiscal Years	FY2013	FY2014	FY2015
Net Assets (Equity)	3,799 (428.1)	3,425 (385.9)	3,439 (387.5)
Total Assets	7,432 (837.4)	7,216 (813.1)	7,950 (895.8)
Sales	4,081 (459.8)	3,920 (441.7)	4,432 (499.4)
Operating Income (Loss)	-573 (-64.6)	150 (16.9)	181 (20.3)
Income (Loss) before taxes	-569 (-64.2)	163 (18.4)	170 (19.1)
Net Income (Loss)	-482 (-54.3)	88 (9.9)	116 (13.0)

* Includes TNEH (US) and TNEH (UK)

Note: The amount is converted to yen at an exchange rate of 113 yen to the dollar (fiscal year-end rate for FY2015)

2) Outline of the buyer for the Westinghouse-related Shares

(1) Name	Brookfield WEC Holdings LLC (BWH)
(2) Address	250 Vesey Street, 15th Floor, New York, New York 10281
(3) Name and Title of Representative	Ron Bloom, Vice-Chairman & Managing Partner Mark Weinberg, Managing Partner
(4) Business Outline	Effectuating the transactions contemplated by the PFA* and holding the shares or interests of the Westinghouse Group of companies
(5) Establishment	January 5, 2018

(6) Major Shareholders and Shareholding Ratios	100% owned by Brookfield Business Partners L.P. and its affiliates and institutional partners	
(7) Relationship between Toshiba and BWH	Capital	None
	Personnel	None
	Business	None
	Status of Related Parties	None

* Plan Funding Agreement (PFA) is a contract that outlines Brookfield's agreement to recapitalize Westinghouse and funding recoveries for creditors under the plan in exchange for acquiring all shares in the reorganized company.

3) Number of shares for sale, sale price and shareholding after the sale

- a) Number of shares before transfer: 4,000 shares
- b) Number of shares in the sale: all shares
- c) Sale price: US\$1 (113 yen)

4) Schedule (U.S. time)

- a) Date of agreement: January 17, 2018
- b) Completion of the sale: By the end of March 2018 (planned)

*1 Companies that filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code includes Westinghouse, certain of Westinghouse's U.S. subsidiaries and affiliates, and Toshiba Nuclear Energy Holdings (UK) Limited, the holding company for Westinghouse Group operating companies outside the U.S.

*2 The amount includes approx. 110.9 billion yen of the claims against Westinghouse by an intermediate holding company. The substantive amount of claims directly held by Toshiba Corporation is 147.2 billion yen.

*3 Currently, Toshiba is proceeding with the sale of Toshiba Memory Corporation, which succeeded to Toshiba's Memory business by means of a company split. As announced on November 9 in "Business Results for FY2017 Q2", the company split, for tax purposes, is recognized as a non-qualified split, and will be treated as a market value transaction. As a result, a tax payment of 340 billion yen is expected against the valuation profit of 1,080 billion yen, calculated on the basis of the sale price and as non-qualified split. In addition to this, Toshiba expects a tax payment of an additional 127.0 billion yen from its anticipated full year operating income before taxes of 400 billion yen, and has made provision for a total tax payment of 467.0 billion yen in its FY2017 business results forecast.

* For convenience only, all U.S. dollar figures in this announcement are valued at 113 yen to the dollar.

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