

May 31, 2018
Toshiba Corporation

FOR IMMEDIATE RELEASE

Notice on Withdrawal from South Texas Project
by Toshiba's Overseas Consolidated Subsidiary

TOKYO--Toshiba Corporation (TOKYO: 6502) has announced that its Board of Directors, meeting today, resolved that Toshiba America Nuclear Energy Corporation (hereinafter "TANE"), Toshiba's U.S.-based wholly-owned subsidiary, will withdraw from South Texas Project Units 3 and 4 (hereinafter "STP Units 3 & 4"), a project to construct two advanced boiling water reactors (hereinafter "ABWR") in Texas, U.S.A. Toshiba will proceed with the necessary procedures for the withdrawal with all related parties, and targets its early completion.

1. Reason for withdrawal

On March 26, 2008, through TANE, Toshiba entered into an agreement with NRG Energy Inc. (hereinafter "NRG"), one of the largest diversified energy providers in the U.S., to establish an ABWR development company, which subsequently became Nuclear Innovation North America LLC (hereinafter "NINA"), for the purpose of developing STP Units 3 & 4, and also to cultivate the ABWR business in North America.

On February 24, 2009, TANE signed an engineering, procurement and construction (hereinafter "EPC") contract with STP Nuclear Operating Company, a non-profit operating company acting as an agent for NINA, and thereby became the main contractor for STP Units 3 & 4. TANE subsequently signed a deferred loan agreement for the delivery of certain key equipment for the project, and proceeded with the preparation for the project.

However, the economic circumstances supporting the project have since declined, as a result of significant decreases in electricity rates due to the shale gas revolution, and the trend to tighter regulation of nuclear power plants in the aftermath of the Great East Japan Earthquake.

Under current and expected economic conditions, further development of STP Units 3 & 4 has ceased to be financially viable. In addition, maintaining the project incurs continuous costs, and no investors have expressed an interest in participation, even though the project has received combined licenses (COLs)

from the United States Nuclear Regulatory Commission (NRC). In these circumstances, there is no clear pathway to securing profitability and Toshiba has decided to completely withdraw from the project. The company has resolved to cancel all contracts related to NINA, the EPC contract and deferred loans, and to forgive loans under loan contracts.

Following today's decision, Toshiba intends to call a meeting of NINA's Board of Directors and proceed with the necessary procedures with NRG for withdrawal.

Toshiba's basic policy is to eliminate risk from the overseas nuclear power business, particularly from construction-related cost overruns in nuclear power plant construction projects, by withdrawing from projects where Toshiba Group serves as prime contractor or has to bear risk from construction-related cost overruns. The decision to withdraw from STP Units 3 & 4 was taken under this policy.

2. Outline of subsidiary withdrawing from project.

(1) Company name	Toshiba America Nuclear Energy Corporation
(2) Location	3735 Glen Lake Drive, Suite 200, Charlotte, NC 28208, U.S.A.
(3) Name, title of representative	Kenji Kano, President and CEO
(4) Business outline	Construction and sales of ABWR, maintenance services for existing plants, sales of 4S compact nuclear power plant
(5) Capital stock	US\$676 (approx. 70,000 yen)

3. Schedules

May 31, 2018	Resolution by the Board of Directors of Toshiba Corporation
2018 Year-end	Completion of withdrawal (estimated)

4. Future Outlook

As of May 31 2018, Toshiba has claims of US\$641 million (approx. 70.1 billion yen), and an equity interest of US\$147 million (approx. 16.1 billion yen). However, Toshiba recorded allowances for most of all bad debt and impairment loss by FY2017, ended Mach 31, 2018, and the impact on the business results forecast for FY2018 will be minimal.