FOR IMMEDIATE RELEASE

Notice Regarding Premature Redemption of Hybrid Financing (Subordinated Loans)

TOKYO—Toshiba Corporation (TOKYO: 6502) has decided to redeem 180 billion yen in hybrid financing (hereinafter the “Subordinated Loan”) with an effective date of June 25, 2019. This is prior to the date of maturity.

1. Background to the redemption
   (1) Toshiba procured 180 billion yen in funding through the Subordinated Loan on June 25, 2014, for the premature redemption of the “1st Series Unsecured, Interest Deferrable and Early Redeemable Subordinated Bonds Solely for Qualified Institutional Investors,” issued in June 2009. A certain credit rating agency has recognized that the Subordinated Loan has 50% equity credit attributes for the purpose of credit rating, since it is similar in nature to equity, e.g. a subordinated position in the liquidation process. At the same time, the Subordinated Loan is legally recognized as a liability, and hence its amount is not subject to restrictions for distributable amount under the Companies Act of Japan.
   (2) Toshiba has decided to redeem the Subordinated Loan ahead of its maturity date after considering the improvement in its current financial situation, and current conditions in the loan market. The redemption is planned to be applied by Toshiba’s cash reserves.
   (3) Toshiba improved its financial condition prior to the end of March 2019 by implementing the structural reforms:
      (a) Completion of a third-party allocation of shares in December 2017 and the transfer of Toshiba Memory Corporation in June 2018 improved Toshiba’s financial condition, as evidenced by equity attributable to shareholders of 1,456.7 billion yen, a shareholder equity ratio of 33.9%, and net interest-bearing debt of 900.8 billion yen, as of the end of March 2019.
      (b) Toshiba is in the financial position where it is able to execute the Toshiba Next Plan, introduced in November last year, even after implementing the 700 billion yen share repurchase under its policy of shareholder returns, as announced in November 2018 in “Notice Regarding Determination on Repurchase of the Company’s Own Shares.” The repurchase was funded in part with profit from the sale of Toshiba Memory Corporation, and with consideration for the cost of capital and the need to balance Toshiba’s growth investment capacity and risk tolerance.
(c) Toshiba has minimized its business and financial risk by completing the transfer of claims related to Westinghouse Electric Company and the sale of Toshiba Memory Corporation.

(4) While this premature redemption does not comply with the replacement restrictive clause* of the Subordinated loan, its impact on stakeholders, including creditors, is limited, given Toshiba’s current financial condition. Toshiba continues to hold fast to its policy of emphasizing the soundness of its financial condition.

* The clause provides that Toshiba does not intend to redeem (excluding the redemption on the Maturity Date) nor repurchase the Subordinate Loan, except to the extent that Toshiba has raised funds through the issue of common stock Toshiba or any securities or debt that have been approved by Rating and Investment Information, Inc. as its equity credit within the 12-month period up to and including the date of redemption or repurchase of the Subordinate Loan.

2. Outline of the premature redemption of the Subordinate Loan
   (1) Remaining loan amount: JPY 180 billion
   (2) Closing date: June 25, 2014
   (3) Date of premature redemption: June 25, 2019
   (4) Amount of redemption: JPY 180 billion
   (5) Method of redemption: repayment by cash appropriation
   (6) Impact on financial results: The redemption is reflected in and is expected to have only a minor impact on Toshiba’s consolidated business results forecast for FY2019, as announced today.

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