

March 17, 2016
Toshiba Corporation

Regarding the Sale of Toshiba Medical Systems Corporation

TOKYO--Toshiba Corporation (TOKYO: 6502) today announced the sale of Toshiba Medical Systems Corporation (TMSC), and has transferred all shares of TMSC today. TMSC is no longer a subsidiary of Toshiba and the company hereby provides details of the changes in TMSC's status.

Toshiba, as stated below, decided to sell TMSC (the Transaction) and has signed share transfer and related agreements with Canon Inc. (Canon). The Transaction was determinately completed today, and TMSC is no longer a subsidiary of Toshiba. However, TMSC will only become a subsidiary of Canon when Canon receives clearance from the authorities regulating competition law in key countries. In the interim, MS Holding, an independent third party company, will hold all voting rights in TMSC.

1. Reason for the Sale

In the Toshiba Rebuilding Initiative announced on December 21, 2015, Toshiba stated its intention to invite a third party or parties to become the majority shareholder(s) in Toshiba Medical Systems Corporation (TMSC), in order to ensure the future provision of sufficient support and resources for the Healthcare business to maximize its value and realize its full potential, and for Toshiba to improve its financial status.

As announced on March 9, 2016 in "Toshiba Grants Exclusive Negotiation Rights in Sale of Toshiba Medical Systems Corporation," Toshiba granted exclusive negotiation rights for TMSC to Canon. The two companies continued to negotiate and today concluded a final agreement.

2. Method of the Sale

(1) Outline of Subsidiary to be Transferred

(1) Name	Toshiba Medical Systems Corporation
(2) Address	1385 Shimoishigami, Otawara-shi, Tochigi
(3) Name and Title of Representative	Toshio Takiguchi, President and CEO
(4) Business Outline	Development, manufacture, sale and technical services for medical equipment (including diagnostic X-ray systems, medical X-ray CT systems, magnetic resonance imaging systems, diagnostic ultrasound systems, radiation therapy systems, diagnostic nuclear medicine systems, medical sample testing equipment, and information systems for medical equipment)

(5) Capital Stock	20,700 million yen			
(6) Establishment	September 23, 1948			
(7) Major Shareholders and Shareholding Ratios	Toshiba Corporation 100%			
(8) Relationship between Toshiba and TMSC	Capital	Toshiba's wholly-owned subsidiary		
	Personnel	Toshiba's employees are on temporary transfer to TMSC		
	Business	Rental fees and outsourcing expenses	17,561 million yen	
		Deposit	475 million yen	
		Short-term borrowings	504 million yen	
		Currency reservation (long position)	58,643 million yen	
		Currency reservation (short position)	64,866 million yen	
(9) Operating Performance and Financial Condition in the Last Three Fiscal Years				
Fiscal Years	FY2012	FY2013	FY2014	
Net Assets (Equity)	50,608 million yen	56,388 million yen	70,432 million yen	
Total Assets	168,556 million yen	190,110 million yen	196,170 million yen	
Shareholder's Equity per Share	374.93 yen	417.75 yen	521.80 yen	
Net Sales	277,450 million yen	287,126 million yen	279,967 million yen	
Operating Income	17,298 million yen	22,279 million yen	17,700 million yen	
Recurring Profit	22,889 million yen	31,953 million yen	22,190 million yen	
Net Income (Loss)	15,867 million yen	22,924 million yen	15,849 million yen	
Net Income (Loss) per Share	117.55 yen	169.83 yen	117.42 yen	
Dividend per Share	45.35 yen	45.90 yen	51.10yen	

In addition, TMSC's subsidiaries, Toshiba Medical Systems Europe B.V., Toshiba America Medical Systems, Inc. and 39 other subsidiaries will also be transferred.

(2) Outline of Purchaser

(1) Name	Canon Inc.
(2) Address	30-2 Shimomaruko 3-chome, Ota-ku, Tokyo
(3) Name and Title of Representative	Fujio Mitarai, Chairman & CEO
(4) Business Outline	Office business, imaging system business, and industry and

	others business	
(5) Capital Stock	174,762 million yen	
(6) Establishment	August 10, 1937	
(7) Net Assets (Equity)	3,184,463 million yen	
(8) Total Assets	4,427,773 million yen	
(9) Major Shareholders and Shareholding Ratios	The Master Trust Bank of Japan, Ltd. (Trust Account)	5.7%
	Japan Trustee Services Bank, Ltd. (Trust Account)	4.4%
	The Dai-ichi Life Insurance Company, Limited	3.4%
(10) Relationship between Toshiba and Canon Inc.	Capital	As of December 31, 2015, Canon Inc. holds Toshiba's 6,398,000 shares
	Personnel	None
	Business	Toshiba sells Canon semiconductor products including memories and ICs. Toshiba purchases from Canon semiconductor lithography equipment.
(11) Status of Related Parties	None	

(3) Outline of MS Holding

(1) Name	MS Holding [*]	
(2) Address	10-1, Roppongi 6-chome, Minato-ku, Tokyo	
(3) Name and Title of Representative	Kenji Miyahara, Director Shuichi Yoshikai, Director Motoharu Yokose, Director	
(4) Business Outline	Shareholdings and investment	
(5) Capital Stock	30,000 yen	
(6) Establishment	March 8, 2016	
(7) Net Assets (Equity)	Not applicable	
(8) Total Assets	Not applicable	
(9) Major Shareholders and Shareholding Ratios	Kenji Miyahara	33.3%
	Shuichi Yoshikai	33.3%
	Motoharu Yokose	33.3%
(10) Relationship	Capital	None

between Toshiba and MS Holding	Personnel	None
	Business	None

* MS Holding is a third-party company independent of both Toshiba and Canon. It is a special-purpose company with three directors, Kenji Miyahara (Senior Adviser at Sumitomo Corporation), Shuichi Yoshikai (attorney, and former President of the Tokyo High Court) and Motoharu Yokose (CPA, former Executive Board Member of KPMG AZSA LLC.), and was established to hold and invest shares.

(4) Sales Price

Approximately 665.5 billion yen.

In addition, today, and prior to the Transaction, Toshiba transferred to TMSC shares of US subsidiaries such as Toshiba America Medical Systems, Inc., previously held by Toshiba America, Inc., Toshiba's holding company in the U.S. TMSC has paid Toshiba America approximately 22.5 billion yen as compensation, which is separate from the above mentioned sales price.

3. Future Outlook

If Toshiba recognizes gains from the sale within FY2015, as a result of the Transaction in which Toshiba has determinately transferred all of its shares of TMSC, the company is expected to record approximately 590.0 billion yen (consolidated, profit (loss) before taxes, approximate). The company is currently working on its accounting treatment in a careful manner.

In addition, TMSC will be classified as a discontinued operation in Toshiba's FY2015 consolidated profit and loss statements, in accordance with Accounting Standards Codification 205-20, "Presentation of Financial Statements - Discontinued Operations". The financial performance of TMSC will be excluded from net sales, operating income (loss) and income (loss) from continuing operations, before income taxes and noncontrolling interests of the company's FY2015 profit and loss statements.

Toshiba is currently recalculating its financial forecast for FY2015 to reflect the impact of various items, including the Transaction, and the company will promptly announce the forecast once it has been determined.

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