FOR IMMEDIATE RELEASE

TOSHIBA

TOSHIBA TO HOLD EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS ON MARCH 24TH

Recommends Shareholders Vote in Favor of Toshiba's Proposal Confirming Support for its Value Enhancing Separation Plan and Against 3D's Proposals

TOKYO, Japan — February 14, 2022 — Toshiba Corporation (TOKYO: 6502) ("Toshiba" or the "Company") today announced that it will hold an extraordinary general meeting of shareholders ("EGM") on March 24th relating to its Strategic Reorganization plan to enhance shareholder value.

As previously announced, Toshiba intends to separate into two independent, publicly traded companies:

- **Toshiba/ Infrastructure Service Co.**, comprising Toshiba's Energy Systems & Solutions, Infrastructure Systems & Solutions, Digital Solutions and Battery businesses, in addition to Toshiba's ownership stake in Kioxia Holdings Corporation ("KHC"); and
- **Device Co.**[1], consisting of Toshiba's Electronic Devices & Storage Solutions business.

The Strategic Reorganization will create two distinctive companies leading their respective industries in realizing the target of carbon neutrality and enhancing infrastructure resilience and supporting the evolution of social and IT infrastructure. This will allow each business to strengthen its competitiveness through clarifying growth strategies, facilitating more agile decision-making and optimizing cost structures, and deliver sustainable and profitable growth and enhanced shareholder value.

At the EGM, Toshiba's shareholders will have the opportunity to vote on three proposals. Proposal 1 is a Toshiba proposal, while Proposals 2 and 3 are shareholder proposals put forth by 3D INVESTMENT VALUE MASTER FUND (the "Shareholder Proposals"). **Toshiba recommends shareholders to vote for Proposal No.1 and against Proposals Nos. 2 and 3**.

Satoshi Tsunakawa, Interim Chairperson, President and Chief Executive Officer of Toshiba, said: "Toshiba's separation plan was decided by the Board based on the recommendation by the Strategic Review Committee following approximately five months of its detailed work, which included numerous conversations with shareholders, potential investors, market participants and other outside parties, to determine the best path to enhance corporate value, and thereafter was refined in order to increase the certainty. The Board and management team are confident that creating two more focused and agile standalone companies is the fastest, most effective and efficient way to deliver sustainable profitable growth, enhanced shareholder value and compelling benefits to customers, business partners and employees.

"We put forward our non-binding EGM proposal to confirm shareholder support and continue to get their feedback as part of our commitment of having an open and constructive dialogue. We will also give shareholders a final voice in the Strategic Reorganization after the details are finalized, and will seek a formal vote at our 2023 annual shareholders' meeting."

[1] *Official name to be announced in due course.*

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Extraordinary General Meeting Proposals

The Proposals and Toshiba's recommendations are detailed below. Toshiba urges shareholders to read the "Notice Regarding Convocation of the Extraordinary General Meeting of Shareholders and the Opinion of the Company's Board of Directors on the Shareholder Proposals", which are available on Toshiba's Investor Relations page.

For more details about Strategic Reorganization, please refer to the link at Toshiba Group's Strategic Reorganization.

Proposal No.1 (Company Proposal): Confirmation of Shareholders' Views on Proceeding with the Examination of the Strategic Reorganization.

On November 12, 2021, Toshiba announced a plan for a spin-off aimed at improving shareholder value to become three stand-alone listed companies, including Toshiba itself, through spin-offs of its core businesses - energy & infrastructure business and device & storage business - into two new listed companies. Since then, Toshiba has been in talks with a variety of stakeholders, including its shareholders and relevant authorities, concerning the spin-off scheme. As this is the first spin-off of such size in Japan, after the announcement, Toshiba consulted with parties concerned to confirm the details, and as a result, it turned out there were obstacles which were not initially expected. Therefore, in order to increase the certainty of realization, Toshiba refined the transaction scheme, while maintaining the fundamental policy of operating the two core business domains independently, and announced the outline thereof on February 7, 2022.

Specifically, Toshiba has determined it will conduct a spin-off of Toshiba's core business domain, Device & Storage Business, into a new publicly listed company (referred to herein as Device Co., official name will be announced when available), reorganizing into two independent listed companies, Device Co. and Toshiba (referred to herein as "Toshiba" or "Infrastructure Service Co."), which will run the energy and infrastructure business. Toshiba judged that this method can significantly reduce separation costs, secure financial soundness for each company, and significantly reduce spin-off uncertainty. It is planned that the spin-off of Device Co. from Toshiba will be by way of a share distribution to existing shareholders, and after this share distribution takes effect, Toshiba's shareholders will become shareholders of each of the two companies. The purpose of this proposal is to seek shareholders' views to achieve constructive dialogue with shareholders with respect to moving forward with our examination of this strategic reorganization, including the share distribution (the "Strategic Reorganization"). We hope to hear a wide range of views from our shareholders on the Strategic Reorganization, and will strive to improve the Strategic Reorganization based on our shareholders' comments.

The Strategic Reorganization includes a policy to monetize shares in Kioxia Holdings Corporation owned by Toshiba ("Kioxia Shares") as soon as practicable while maximizing shareholder value, and to return the net proceeds in full to shareholders, within the limits stipulated by applicable laws and regulations.

This proposal does not have a legally binding effect; given that the implementation of the Strategic Reorganization is a major strategic decision to improve the shareholder value of Toshiba Group, this proposal is intended to confirm the views of our shareholders regarding moving forward with the examination of the Strategic Reorganization. This proposal will be adopted by an ordinary resolution; however, Toshiba will disclose the breakdown and ratio of the shareholders' opinions in favor of, against or to abstain from voting with respect to the proposal in an extraordinary report to be released after this general meeting of shareholders.

The legally binding resolution of the general meeting of shareholders for the implementation of the Strategic Reorganization will be submitted at a general meeting of shareholders to be convened in 2023 after the details of the Strategic Reorganization have been finalized.

The Strategic Reorganization is planned to be implemented as a qualified reorganization utilizing the tax-qualified spin-off system under the Corporation Tax Act. Toshiba is aiming towards completing the Strategic Reorganization by listing Device Co. in the second half of fiscal year 2023 subject to the completion of various procedures, such as approval at the aforementioned Toshiba's general meeting of shareholders to be held in 2023 and approvals, etc., from the authorities concerned, including approval of listing from the Tokyo Stock Exchange, Inc.. A summary of the process as it currently stands is as follows. Toshiba also intends to receive approval for corporate restructuring plans under the Act on Strengthening Industrial Competitiveness in order to ensure the smooth execution of the Strategic Reorganization, but depending on the applicable laws and regulations (including securities listing regulations and U.S. laws and regulations), developments in the application, revision and enforcement of various regulatory regimes including tax regulations, interpretations thereof by the relevant authorities and other factors, the implementation of the Strategic Reorganization may take longer than expected and there may be changes in the structure. Nevertheless, Toshiba will continue to work with the relevant authorities and proceed with its examination of the best and the most effective and efficient way for the Strategic Reorganization to take place.

<u>Overview of the Strategic Reorganization</u>

(A) Summary of each company
- Infrastructure Service Co. will be formed of the energy system solutions, infrastructure system solutions, digital solutions, and battery businesses. It will also own Kioxia Shares.
- Device Co. will be formed of the electronic devices & storage solutions business.

(B) Summary of the procedures
- Toshiba is planning to transfer the necessary assets, liabilities, and functions to Device Co. through an absorption-type demerger etc.
- Toshiba will obtain legally binding approvals at the general meeting of shareholders by the first half of fiscal year 2023.
- Device Co. will submit an application for listing pertaining to Device Co. to the Tokyo Stock Exchange.
- Around the second half of fiscal year 2023, Toshiba will distribute Device Co.'s shares by way of a share distribution to the existing shareholders of Toshiba on the record date set by Toshiba (the "Record Date Shareholders").

Toshiba Group will be restructured into two listed companies by the method above, and the Record Date Shareholders will become shareholders of both companies.

(C) Kioxia Shares
- While maximizing shareholders' value, Toshiba will immediately monetize Kioxia Shares to the extent which is practically possible to conduct, and it will return the net proceeds in full to shareholders, within the limits stipulated by applicable laws and regulations.

The Strategic Reorganization will separate Toshiba into two distinctive companies leading their respective industries in realizing the target of carbon neutrality and enhancing infrastructure resilience (Infrastructure Service Co.) and supporting the evolution of social and IT infrastructure (Device Co.). The Strategic Reorganization will allow each business to strengthen its competitiveness through clarifying growth strategies, facilitating more agile decision-making and optimizing cost structures, and deliver sustainable and profitable growth and enhanced shareholder value.

Toshiba will also steadily move forward with the monetization of Kioxia Shares and the return of the proceeds to shareholders.

- *The Board's Recommendation:* The Board recommends that shareholders vote FOR this proposal.

  Toshiba established the Strategic Review Committee (the "SRC") in June 2021 and had been working on the formulation of a business plan to maximize shareholder value. After evaluating and examining various strategic options over a period of approximately five months with analysis and input from the SRC, Toshiba determined in November 2021 that the best option was to spin-off the two core businesses - the energy & infrastructure business and the electric device & storage business - from the Toshiba Group as new listed companies, making them independent listed companies.

  As the above scheme could be the first spin-off of such size in Japan, after the announcement, Toshiba consulted with parties concerned to confirm the details, and as a result, it turned out there were obstacles which were not initially expected. Therefore, in order to increase the certainty of realization, Toshiba refined the transaction scheme, while maintaining the fundamental policy of operating the two core business domains independently, and announced the outline thereof on February 7, 2022. Specifically, Toshiba decided that it would be more appropriate to get Device Co., engaging in Toshiba's electronic device & storage business, listed through a distribution of its shares to Toshiba's shareholders and restructure itself into two independent listed companies - Infrastructure Service Co., which would engage in the energy & infrastructure business, and Device Co., which would engage in Toshiba's electronic device and storage business - and to thereby simplify the spin-off scheme while keeping the essence of the original plan intact.

  (A) Significance of the Strategic Reorganization

  As Toshiba announced in November 2021, the Strategic Reorganization is the optimal measure to resolve our current issues, eliminate the conglomerate discount, and pursue sustainable and profitable growth and enterprise value creation, and we believe the following concerning the significance of the Strategic Reorganization.

  The first point is that this will enable the unlocking of existing value of each business: It will be possible to use the Strategic Reorganization as an opportunity to eliminate conglomerate discount and formulate clear growth strategies optimized for the unique characteristics of each business, including business cycle, market conditions, and CAPEX needs. While examining the strategy in detail, Toshiba carried out a comprehensive review of its portfolio, and as we announced on February 7, 2022, we were able to identify core/non-core businesses and solidify our plan to externalize the non-core businesses. After the announcement in November 2021, the SRC has reviewed the executive officers' considerations, including supervising the implementation of the "7 Recommendations" presented by the SRC. At the same time, the SRC held dialogues with shareholders and potential future shareholders, and utilized the feedback obtained from these dialogues into the review. All of these activities have been reported to the Board of Directors.

  Next, this will enable the formulation of capital allocation measures for R&D, CAPEX, M&A, shareholder returns, etc. based on each company's medium-to-long-term growth strategy. As we announced on February 7, 2022, we have also examined robust financial models and capital structure tailored to the operational risks of each business after the separation.

  Separation provides an opportunity for the current complicated organizational structure to become specialized, making it possible to establish a management structure comprising members who are equipped with expertise in each business. We believe this will also enable agile and flexible operations according to business characteristics of each in relation to examination of the actual businesses' operational and R&D structures. A streamlining of the management structure will also make it easier to facilitate strategic alliances with partners interested in a specific business domain.

Finally, the Strategic Reorganization will also allow us to create investment opportunities suited to the investment time horizon and risk-return profiles of each investor, providing more options for potential shareholders.

Toshiba has constantly evolved by changing its corporate structure in accordance with the change of the times over its more than 140-year history. The implementation of the Strategic Reorganization aims to make Infrastructure Service Co. and Device Co. leading companies in their respective business categories.

This bold strategic reorganization is aimed at becoming the first qualified reorganization by a large Japanese company to utilize the so-called tax-qualified spin-off system under the Corporation Tax Act, and we believe that this will contribute to the vitalization of Japanese industry. We believe that this will realize value for Toshiba Group's businesses, provide investment opportunities for shareholders and investors, and contribute to the benefit of all stakeholders, including customers, business partners and employees.

(B) Regarding the refinements to the scheme for the Strategic Reorganization

Toshiba refined the scheme for the Strategic Reorganization from a 3-way split to a 2-way split. The reasons are first, that compared to the 3-way split, the 2-way split allows for a more stable financial structure, eliminating uncertainties about maintaining Toshiba's stock listing.

Next, compared to the 3-way split, the 2-way split makes it easier to establish a strong, disciplined governance structure, by reducing the required number of management structures.

It also turned out that the 2-way split can significantly reduce the separation cost compared to the 3-way split.
The operational burden of the listing review can also be reduced significantly when listing only one company, instead of two, reducing the workload for the personnel in charge handling the listing review.

(C) Regarding governance

With respect to governance of those companies, both Infrastructure Service Co. and Device Co. are committed to improving governance as set out in the release titled "Notice Regarding Recurrence Prevention Measures Based on Suggestions in Investigation Report of Governance Enhancement Committee" dated December 16, 2021, and the Strategic Reorganization will divide businesses with differing characteristics into separate companies, which we believe will allow them to achieve more efficient and effective governance suited to the business characteristics of each company. It is planned for Device Co. to also adopt the "Company with Three Committees" corporate governance system for the purpose of improving governance, but Toshiba also hopes to receive opinions from a broad range of shareholders on the governance system and governance strategy, and will strive to make further improvements.

(D) Portfolio review

Since November 2021, Toshiba has continued to consider how to maximize shareholder value and particularly made focused efforts in response to the 7 Recommendations proposed by the SRC in November, 2021. The status of these efforts was also included in the February 7, 2022 announcement. Additionally, Toshiba is continuing its review with respect to its portfolio.

As announced in "(Update) Notice Regarding Toshiba Group's Strategic Reorganization" dated February 7, 2022, Toshiba has decided to review its business portfolio. Toshiba's elevator, lighting and air conditioning businesses have a stable earnings base; however, these have weak relationships with Toshiba's core businesses. Toshiba aims to realize the value of these by reorganizing with potential external business partners and raising external capital. Toshiba and US-based Carrier signed a share purchase agreement that anticipates completion of the transfer by September 2022, as detailed in its announcement titled “Notice Regarding Transfer of Shares of Toshiba's Consolidated Subsidiaries in the Air-Conditioner Business” dated February 7, 2022. Toshiba will start the process of selling its elevator and lighting businesses, and aim for definitive agreements by the end of FY2022. Next, in developing its strategic plan, Toshiba has designated Toshiba Tec Corporation as a non-core business. Toshiba will work with Toshiba Tec in the short term to the extent practically possible to facilitate Toshiba Tec's own mid- to long-term business plan following this designation.

(E) Shareholder returns, etc.

As announced in the release titled “Notice Regarding Shareholder Return Policy” dated February 7, 2022, Toshiba intends to maintain an average consolidated dividend payout ratio of at least 30% (*Note), and shareholders' equity in excess of the appropriate level will be used to provide shareholder returns, including share repurchases. The appropriate level of capital shall be reviewed by the Board of Directors on a regular basis. And, the capital in excess of the appropriate level will be used to provide shareholder returns, including share repurchase in FY22 and FY23, to the extent that it would not interfere with the smooth execution of the Strategic Reorganization. As stated in the “Outline of the proposal,” with respect to the policy for the return of Kioxia Shares, “While maximizing shareholders’ value, Toshiba will immediately monetize Kioxia Shares to the extent which is practically possible to conduct, and it will return the net proceeds in full to shareholders, within the limits stipulated by applicable laws and regulations.” It is expected that the capital will exceed the appropriate capital level by approximately 300 billion yen in the next two years, assuming the smooth execution of the business plan announced on February 7, 2022. This excess capital will be used for shareholder returns to the extent that it does not interfere with the smooth execution of the Strategic Reorganization.

The capital structure of Infrastructure Service Co. and Device Co. will be further considered by taking account of maintaining the issuer credit rating at the similar level with those of the benchmark companies.

(*Note) For the time being, equity method profit and loss for Kioxia Holdings Corporation is excluded from Toshiba's policy on shareholder returns.

Toshiba will continue to examine improvements in shareholder value.

Proposals Nos. 2 and 3 (Shareholder Proposals): The Board respectfully opposes both proposals for the following reasons:

(1) General

As described in Proposal No. 1, “Reasons, etc. for proposal,” the Toshiba’s Board of Directors has receivedthe SRC’s recommendations with regard to the strategic direction of the Company. The Board of Directors has also conducted thorough discussions before announcing the Separation Plan. Thereafter, Toshiba has continued, among other things, to refine the Separation Plan, review the portfolio, and review shareholder returns, based on further input from shareholders and management. Toshiba believes that the proposed Separation Plan is the best course of action for shareholders and other stakeholders of Toshiba.

The SRC, which consists of five independent outside directors, has conducted a thorough and rigorous review with appropriate advice from legal, financial and other advisers. The Board of Directors believes that this review process, including the structure and the proper exercise of business judgement, represents its best efforts.

(2) Opposition to Proposer's criticism regarding review process, etc. of the SRC

Although the Proposer has criticized the review process, etc. of the SRC, the Toshiba's Board of Directors does not accept such criticism for the following reasons:

- The Proposer states that "the process that the SRC followed to arrive at this recommendation was flawed and that the recommendation is therefore not reliable". As described in "Strategic Review Committee of Toshiba Board of Directors Provides Update to Shareholders on Process Leading to Separation Plan" dated November 12, 2021 (the "SRC Letter"), however, between June 25 and November 12, the SRC met 18 times, on a weekly basis. In addition, over 50 ad hoc sessions were held among the SRC members and with outside parties, including shareholders, potential investors and other market participants. As such, the SRC spent a great deal of time and effort reviewing strategic options, thoroughly and comprehensively, including the possibility of a change in ownership of the whole or parts of the Toshiba group, far beyond what is generally expected as a duty of outside directors. Toshiba believes that the Proposer's criticism is unfounded.
- The Proposer states that the exclusion of strategic investors from the review, and the discontinuation of discussions with financial investors regarding potential minority investments in Toshiba are based on "speculation". As stated in the SRC Letter, however, decisions concerning discussions with such parties were based on responses from strategic investors and after careful discussions with financial investors during the SRC's deliberations. The reason Toshiba did not provide financial investors with "formal due diligence" opportunities was that, as stated in the SRC letter, running a sales process would have led to a pre-determined outcome that would have precluded a thorough review of a more complete range of alternatives. Toshiba determined that it was not necessarily appropriate to invest a disproportionate amount of time and resources in providing formal due diligence opportunities at a time when the SRC was comparing and exploring the various strategic alternatives. Toshiba believes that the discussions between the selected SRC members and several PE funds, conducted over three rounds, provided a meaningful perspective on the price level at which the private equity funds believed a privatization could be accomplished.
- The Proposer argues that there are serious questions about the independence of the SRC from executive officers, but the reason for this assertion is not made clear. The SRC ran its own independent process with its own advisers and, as stated above, met multiple times to consider the way forward. In addition, the Proposer argues that "executive officers provided potential private equity investors with an extremely conservative business plan" and pointed out that private equity investors would not find the plan to be sufficiently ambitious to warrant their attention or capital. However, Toshiba's business plan was diligently prepared by the executive officers balancing feasibility and attainability taking into account the requirements of shareholders, the Board of Directors and the SRC. There is no reason to believe that the business plan presented to the potential equity investors were "extremely conservative" nor was different in any material respect to the plan presented on November 12, 2021.
- The Proposer has criticized the "concerns" expressed by the executive officers to the SRC regarding the impact on Toshiba's business following a change in the group's ownership structure as "pessimistic and undoubtedly led to concerns among potential private equity investors". However, such concerns were legitimate points to consider associated with a privatization of a listed company and were both considered by the SRC and were discussed with each PE fund. As described in the SRC Letter, the SRC heard the opinions from the PE funds on these points and took them into consideration during its review, decision-making and formulation of recommendations to the Board of Directors. The SRC heard the opinions of the executive officers and the PE funds (and certain of their investee companies) and conducted a fair and balanced assessment of the executive officers' concern. The Proposer argues that "the SRC process was distorted by an overly conservative business plans and executives that over emphasized certain

risks (regulation, employment, customer departure, etc.) associated with a change in ownership", but such argument is not consistent with the work carried out by the SRC.

- The Proposer concludes that, with respect to the SRC's recommendation, "there was a 'rush to judgment' and insufficient analysis of the opportunity an ownership change could present for Toshiba". However, the Proposer did not present any specific grounds for reaching this conclusion. For the reasons stated above, Toshiba believes that this conclusion is without foundation.

- *Summary of Proposal No.2 and the Board's Recommendation:* This Proposal seeks to add a new chapter to Toshiba's Articles of Incorporation – Chapter VI "Implementation of Board's Strategic Reorganization Plans". **The Board recommends that shareholders vote AGAINST this proposal.**

  <u>Legally binding resolution will be obtained at later stage.</u>

  Toshiba believes that the EGM is a forum for constructive discussions with the shareholders, and Toshiba is not reluctant to review and discuss the contents of the Strategic Reorganization with shareholders. Indeed, it has already done so after the November 12, 2021 and February 7/8, 2022 presentations. However, with respect to the Strategic Reorganization, the legally binding resolution will be adopted at the General Meeting of Shareholders to be held in 2023 after the details of the Strategic Reorganization are finalized. At this point, when not all the major elements of the Strategic Reorganization have been finalized, Toshiba believes that it would not be appropriate to adopt a legally binding resolution on the Strategic Reorganization: shareholders deserve to be in possession of all pertinent facts and considerations when being asked to vote on a legally binding matter.

  <u>The proposed amendment does not fit in the Articles of Incorporation.</u>

  Even if it was appropriate to adopt a legally binding resolution at this time, considering that (i) the Articles of Incorporation are supposed to document the basic matters related to the organization and management of the Company, and (ii) the Strategic Reorganization contains specific matters that should be subject to the business judgment of Toshiba's Board of Directors and management, Toshiba believes that the proposed amendment to the Articles of Incorporation of Proposal No. 2 falls outside the scope of the Articles of Incorporation, that is generally understood.

  <u>This is an extremely unusual proposal – Even the Proposer is opposing it.</u>

  The Proposer who made Proposal No. 2 has indicated that it intends to exercise its voting rights to oppose the relevant proposal. Such a contradicting shareholder proposal is extremely unusual, and it is doubtful whether the amendment to the Articles of Incorporation is constructive. Toshiba's Board of Directors cannot support the proposal which even the Proposer itself opposes. This contradiction begs the question of whether or not this is a proposal at all.

  <u>Disapproval of Proposal No. 2 does not mean disapproval of the Strategic Reorganization.</u>

  For the avoidance of doubt, support for the Strategic Reorganization should be determined upon approval or disapproval of Proposal No. 1, and even if Proposal No. 2 is disapproved, it does not necessarily imply that "shareholders are not supportive of the current conclusions of the SRC or the Reorganization at this time", as the Proposer states in its "Reason for the proposal." Accordingly, if the shareholders with a majority of voting rights agree to Proposal No. 1, regardless of the outcome of Proposal No. 2, Toshiba will respect such shareholders' intention and proceed with the Strategic Reorganization, for formal approval at a later date. Otherwise, the shareholders with one-third of the voting rights would enjoy negative control and would be able to prevent the possibility of implementing th
  e Strategic Reorganization against the wishes of a majority of shareholders. We believe that the intention of a majority of shareholders should be respected.

- *Summary of Proposal No.3 and the Board's Recommendation:* This Proposal is a request that the SRC and Board of Directors continue their strategic review to ensure all alternatives are fully considered and measured against the Reorganization Plan announced on November 12, 2021, including by (i) actively engaging in discussions regarding a take-private or minority investment in the Company, and (ii) regularly reporting in detail to shareholders on all efforts, proposals received, and matters evaluated. **The Board recommends that shareholders vote AGAINST this proposal.**

  Toshiba believes that the Strategic Reorganization is the best course of action

  After a thorough examination by the Board of Directors and the SRC, Toshiba believes that the Strategic Reorganization in Proposal No. 1 is the best course of action to enhance its corporate value; however, the Board of Directors and the SRC are continuing to consider measures to increase corporate value. Specifically, Toshiba, including the Board of Directors and the SRC, has continued to discuss individual proposals and portfolios reviews based on the Strategic Reorganization after the announcement of the Strategic Reorganization on November 12, 2021. If Proposal No. 1 is approved by shareholders, Toshiba will follow the shareholders' wishes and focus on implementation of the Strategic Reorganization, and make every effort for the promotion thereof.

  Toshiba will not eliminate other strategic options, but how to consider such options should be left to management decisions

  Although it is not clear what "(i) actively engaging in discussions regarding a going-private transaction or minority investment in the Company" means (which is proposed by the Proposer) and considering the reasons for the proposal to Proposal No. 2 by the Proposer, if this means, for example, immediate implementation of a bidding procedure for a going-private transaction or minority investment and providing "formal due diligence" opportunities, Toshiba believes that it is not necessarily appropriate to invest a disproportionate amount of time and resources in providing formal due diligence opportunities at this stage where Toshiba should focus on implementation of the Strategic Reorganization. Or, if this means a dialogue that does not provide "formal due diligence" opportunities and consideration based on such dialogue, it has already been implemented as a part of an objective and thorough review process by the SRC.

  Toshiba has thoroughly considered, and will continue to consider, whether this Strategic Reorganization is, compared to other strategic options, in the interests of (i) enhancing the corporate value of the Toshiba Group, and (ii) shareholders as well as stakeholders, such as customers, business partners, employees and local communities.

  In addition, as stated before, if a specific, realistic, and bona fide acquisition proposal is made, the Board of Directors will seriously consider it. However, whether to pursue one strategic option (in Toshiba's case, the Strategic Reorganization) while simultaneously considering other strategic options (in Toshiba's case, for example, a going-private transaction) is a matter to be decided, taking into account, among other things, time, management resources and likely benefits on a case by case basis, by a company's board of directors, which is charged with such a responsibility and which should be regarded as the most informed and the most appropriate body to rightfully exercise appropriate business judgment. Toshiba is concerned that if the Board of Directors is directed to follow a certain course of actions decided by a general meeting of shareholders, it would (i) undermine the management's responsibility to manage Toshiba and exercise its business judgment and (ii) prevent Toshiba from formulating flexible strategic policies for the future, which may hinder enhancement of corporate value and ultimately shareholder value. Such idea also contradicts the basic notion of the separation of ownership and management in publicly traded companies.

Full disclosure of information will work against Toshiba's and shareholders' interests

Proposal No. 3 states to "(ii) regularly reporting in detail to shareholders on all efforts, proposals received, and matters evaluated," but such information is often not suited for disclosure, and is generally subject to third party confidentiality considerations, so it is often not practical to regularly report the details of the proposals received and the review results to the shareholders. Indeed, the disclosure of certain sensitive information would damage the corporate value. Of course, Toshiba will continue to disclose information in a timely and appropriate manner based on reasonable judgment in compliance with laws and regulations, and has disclosed information, including the SRC review process, more frequently and in more detail than those generally required in practice. However, it is extremely unrealistic for a publicly traded company to disclose in detail all information concerning strategic policies. Rather than disclosing all such information, Toshiba believes that it is a common and reasonable approach to allow the directors and management (who are charged with such responsibility and subject to confidentiality obligations to Toshiba) to evaluate and review such information, and make strategic decisions for Toshiba based on such information. If a detailed information disclosure as requested by the Proposer is a prerequisite for the review procedure to compare and examine strategic options against the Strategic Reorganization with other strategic options, Toshiba believes that it may lead to Toshiba missing an opportunity to receive bona fide proposals or other strategic proposals that contribute to the enhancement of corporate value. If Toshiba is required to follow (ii) in Proposal No. 3, it will only make it more difficult to review, improve and implement the Strategic Reorganization.

Extraordinary General Meeting Details

Toshiba's EGM will be held on March 24 at the Belle Salle Takadanobaba, located at 8-2, Okubo 3-chome, Shinjuku-ku, Tokyo, Japan. The meeting will begin at 10:00 AM JST and the doors will open at 9 AM JST. Toshiba shareholders registered as of January 31, 2022, the record date for the EGM, will be eligible to exercise voting rights at the EGM.

About Toshiba Corporation

Toshiba Corporation leads a global group of companies that combines knowledge and capabilities from over 140 years of experience in a wide range of businesses—from energy and social infrastructure to electronic devices—with world-class capabilities in information processing, digital and AI technologies. Guided by the Basic Commitment of the Toshiba Group, "Committed to People, Committed to the Future," Toshiba contributes to society's positive development with services and solutions that lead to a better world. The Group and its 120,000 employees worldwide secured annual sales of 3.1 trillion yen (US$27.5 billion) in fiscal year 2020.

Find out more about Toshiba at www.global.toshiba/ww/outline/corporate.html

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Forward-looking Statements and Other Cautionary

This document has been prepared solely for the purposes of providing information regarding the strategic reorganization described herein (“Reorganization”) and does not constitute an offer to sell or a solicitation of an offer to buy any security of Toshiba, its subsidiaries or any other company in Japan, the United States or any other jurisdiction.

This document has been translated from the Japanese-language original document for reference purposes only. In the event of any conflict or discrepancy between this document and the Japanese-language original, the Japanese-language original shall prevail in all respects.

This document contains forward-looking statements and prospects concerning the future plans, strategies, and the performance of Toshiba group.

These statements are not historical facts; rather, they are based on assumptions and judgments formed by the management of Toshiba group in light of currently available information. They include items which have not been finalized at this point and future plans which have yet to be confirmed or require further consideration.

Since Toshiba group promotes business in various market environments in many countries and regions, its activities are subject to a number of risks and uncertainties which include, but are not limited to, those related to economic conditions, worldwide competition in the electronics business, customer demand, foreign currency exchange rates, tax and other regulations, geopolitical risk, and natural disasters. Toshiba therefore cautions readers that actual results may differ from those expressed or implied by any forward-looking statements. Please refer to the annual securities report (yuukashoken houkokusho) and the quarterly securities report (shihanki houkokusho) (both issued in Japanese only) for detailed information on Toshiba group’s business risks.

Unless otherwise noted, all figures are 12-month totals on a consolidated basis.

Results in segments have been reclassified to reflect the current organizational structure, unless stated otherwise.
Since Toshiba is not involved in the management of Kioxia Holdings Corporation (formerly Toshiba Memory Holdings; "KHC") and is not provided with any forecasted business results for this company, Toshiba group's forward-looking statements concerning financial conditions, results of operations, and cash flows do not include the impact of KHC.

The execution of the spin-off described in this document is subject to approval at Toshiba's general shareholders’ meeting and the fulfillment of all review requirements of the relevant regulatory authorities.

Depending on the applicable laws and regulations (including securities listing regulations and U.S. laws and regulations), developments in the application, revision and enforcement of various regulatory regimes including tax regulations, interpretations by the relevant authorities, further consideration in the future and other factors, the implementation of the Reorganization may take longer than expected and there may be changes in the structure of the Reorganization.