TOSHIBA

Leading Innovation >>>

FY2016 First Quarter Consolidated Business Results

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TOSHIBA CORPORATION

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Forward-looking Statements

- This presentation contains forward-looking statements concerning future plans, strategies and the performance of Toshiba Group.
- These forward-looking statements are not historical facts, rather they are based on management's assumptions and beliefs in light of the economic, financial and other data currently available.
- 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 that, without limitation, relate to economic conditions, worldwide mega-competition in the electronics business, customer demand, foreign currency exchange rates, tax rules, regulations and other factors. Toshiba therefore wishes to caution readers that actual results might differ materially from our expectations.
- Toshiba's fiscal year (FY) runs from April 1 to March 31. 1H refers to the first six months (April-September), 2H refers to the latter six months (October-March); 1Q refers to the first quarter (April-June); 2Q refers to the second quarter (July-September); 3Q refers to the third quarter (October-December); and 4Q refers to the fourth quarter (January-March).
- All figures are consolidated totals for the first 3 months of fiscal year 2016, unless otherwise stated.
- Prior-period performance on consolidated segment information has been reclassified to conform with the current classification, unless otherwise stated.
- The Healthcare and the Home Appliances businesses are classified as discontinued operations, in accordance with the Accounting Standards Classification (ASC) 205-20 "Presentation of Financial Statements – Discontinued Operations". The results of the Healthcare and Home Appliances businesses have been excluded from net sales, operating income (loss), and income (loss) from continuing operations, before income taxes and noncontrolling interests. Net income of Toshiba Group is calculated by reflecting the Healthcare and Home Appliances businesses results to income (loss) from continuing operations, before income taxes and noncontrolling interests. Results for the past fiscal years have been revised to reflect this change, unless otherwise stated.
- Starting in FY2016, a part of income (loss) of "Others", previously allocated in all segments, is included in "Others", together with basic R&D expenses previously included in "Corporate and Eliminations". Results of the past fiscal years have been revised to reflect this change.

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1. Overall Business Results

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FY2016/1Q Consolidated Business Results Overall

(Yen in billions, except Earnings (Losses) per share)

	FY2015/1Q	**FY2016/1Q**	Difference
Net Sales	1,230.3	**1,207.4**	-22.9
Operating Income (Loss)	-6.5	**20.1**	26.6
%	-0.5%	**1.7%**	
Income (Loss) before income taxes and noncontrolling interests	-12.4	**7.2**	19.6
%	-1.0%	**0.6%**	
Income (Loss) from continuing operations, before noncontrolling interests	-8.3	**6.2**	14.5
Income (Loss) from discontinued operations, before noncontrolling interests	-3.2	**76.8**	80.0
Net Income (Loss)	-12.3	**79.8**	92.1
%	-1.0%	**6.6%**	
Earnings (Losses) per share attributable to shareholders of the Company	-¥2.90	**¥18.85**	¥21.75
Free cash flow	-82.9	**-84.9**	-2.0

	2016/3E	**2016/6E**	Difference
Equity attributable to shareholders of the Company	328.9	**336.1**	7.2
Shareholders' equity ratio	6.1%	**7.0%**	+0.9%
Net interest-bearing debt	481.2	**601.5**	120.3
Net debt-to-equity ratio	146%	**179%**	33%
Exchange rate (US$) as of the end date of the term	¥113	**¥103**	-¥10

* Hereinafter, "Net Income (Loss)" refers to Net Income (Loss) attributable to shareholders of the Company

* Hereinafter, "the Company" refers to Toshiba Corporation

* Net interest-bearing debt: Interest-bearing debt – cash and deposits

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Key Points of FY2016/1Q

Net Sales:

Toshiba Group as a whole saw slightly lower sales than in the year-earlier period. The consolidation of a new subsidiary of Westinghouse led to higher sales, also supported by an increase in HDD sales, but structural reform of the PC and TV businesses resulted in lower business volumes. The total impact of yen appreciation is -69.0 billion yen.

Net Sales	1,207.4 billion yen	(YoY:[*1] -22.9 billion yen)

*1 YoY: Year-on-year

Income:

Toshiba Group as a whole recorded an operating income surplus, and improvement of 26.6 billion yen from the year-earlier period. This was achieved by significant reductions of fixed costs from structural reforms implemented in the last fiscal year, and continuing emergency measures, such as cuts in bonuses. The Memory business achieved an operating profit margin of 9%, exceeding expectations, although the business saw lower operating income, mainly due to yen appreciation.

Net income was 79.8 billion yen, a 92.1 billion yen improvement from the year-earlier period. This was achieved by recording income from discontinued operations, including 83.9 billion yen as profit (before tax) on the sale of the Home Appliances business.

Operating Income	20.1 billion yen	(YoY: +26.6 billion yen)
Income before income taxes and noncontrolling interests	7.2 billion yen	(YoY: +19.6 billion yen)
Net Income	79.8 billion yen	(YoY: +92.1 billion yen)

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Key Points of FY2016/1Q

- ## Cash Flows:

  Toshiba Group recorded a negative cash flows from operating activities of -47.1 billion yen, a YoY deterioration of 8.0 billion yen, though operating income recorded a surplus. Payment of tax related to the sale of securities of KONE Corporation last fiscal year and of costs incurred for structural reforms in the previous fiscal year caused cash flows from operating activities to turn negative.

  Cash flows from investing activities was -37.8 billion yen, a YoY improvement of 6.0 billion yen by recording revenue from the sale of the Home Appliances business, while investments were promoted in the Memory business, a core business.

- ## Financial Structure:

  The shareholders' equity ratio was 7.0%, an improvement (increase) of just 0.9 points against the end of the last fiscal year (end of March 2016), due to deteriorated foreign currency translation adjustments resulting from yen appreciation, although net income of 79.8 billion yen was recorded.

  The net debt-to-equity (D/E) ratio was 179%, a deterioration (increase) of 33 points against the end of the last fiscal year (end of March 2016), due to negative free cash flow.

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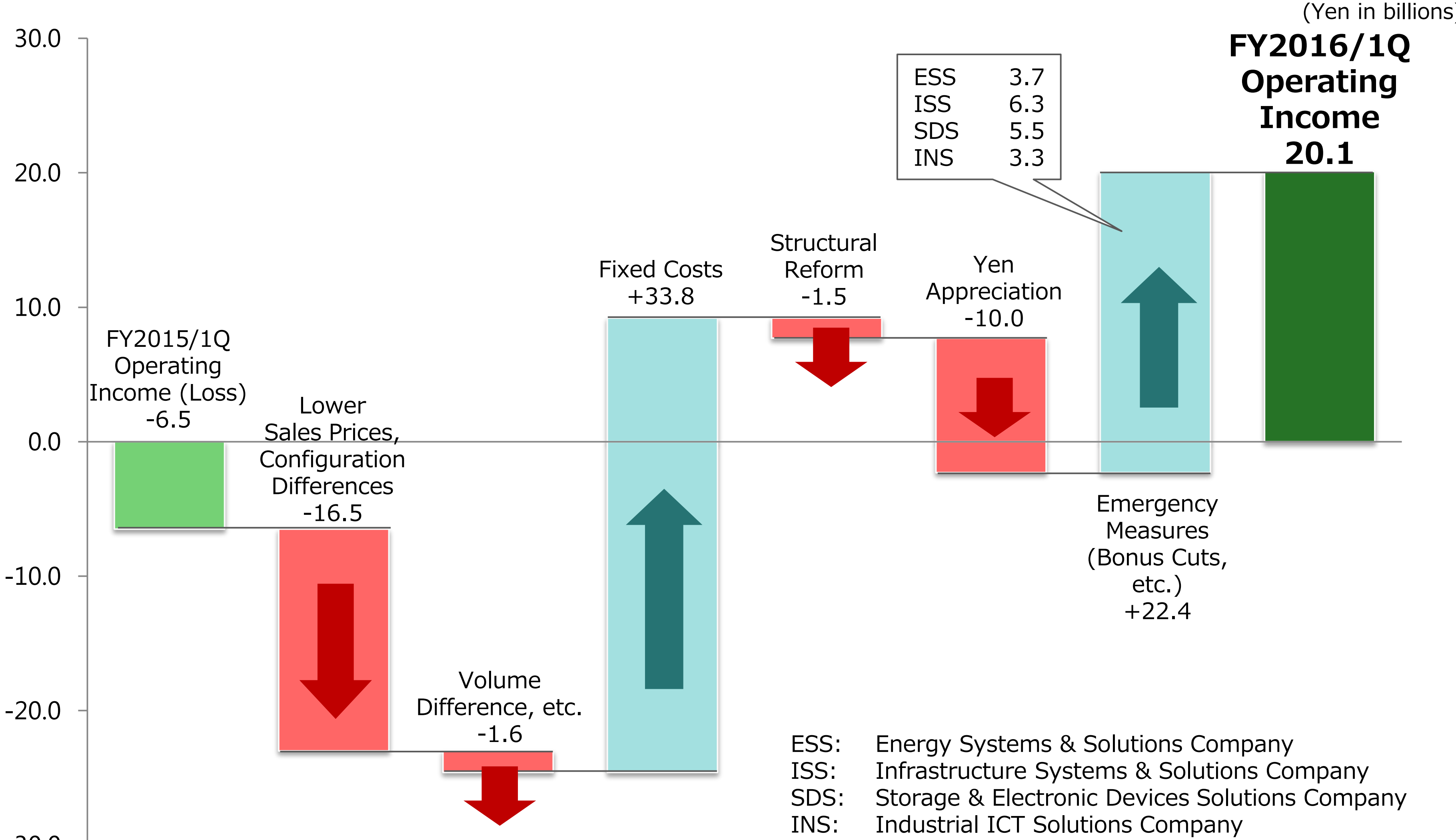
Operating Income (Loss) (YoY Analysis)

The effect of structural reform absorbed the impacts of exchange rate and lower sales prices, and operating income improved from the year-earlier period due to emergency measures.

(Yen in billions)



ESS: Energy Systems & Solutions Company
ISS: Infrastructure Systems & Solutions Company
SDS: Storage & Electronic Devices Solutions Company
INS: Industrial ICT Solutions Company

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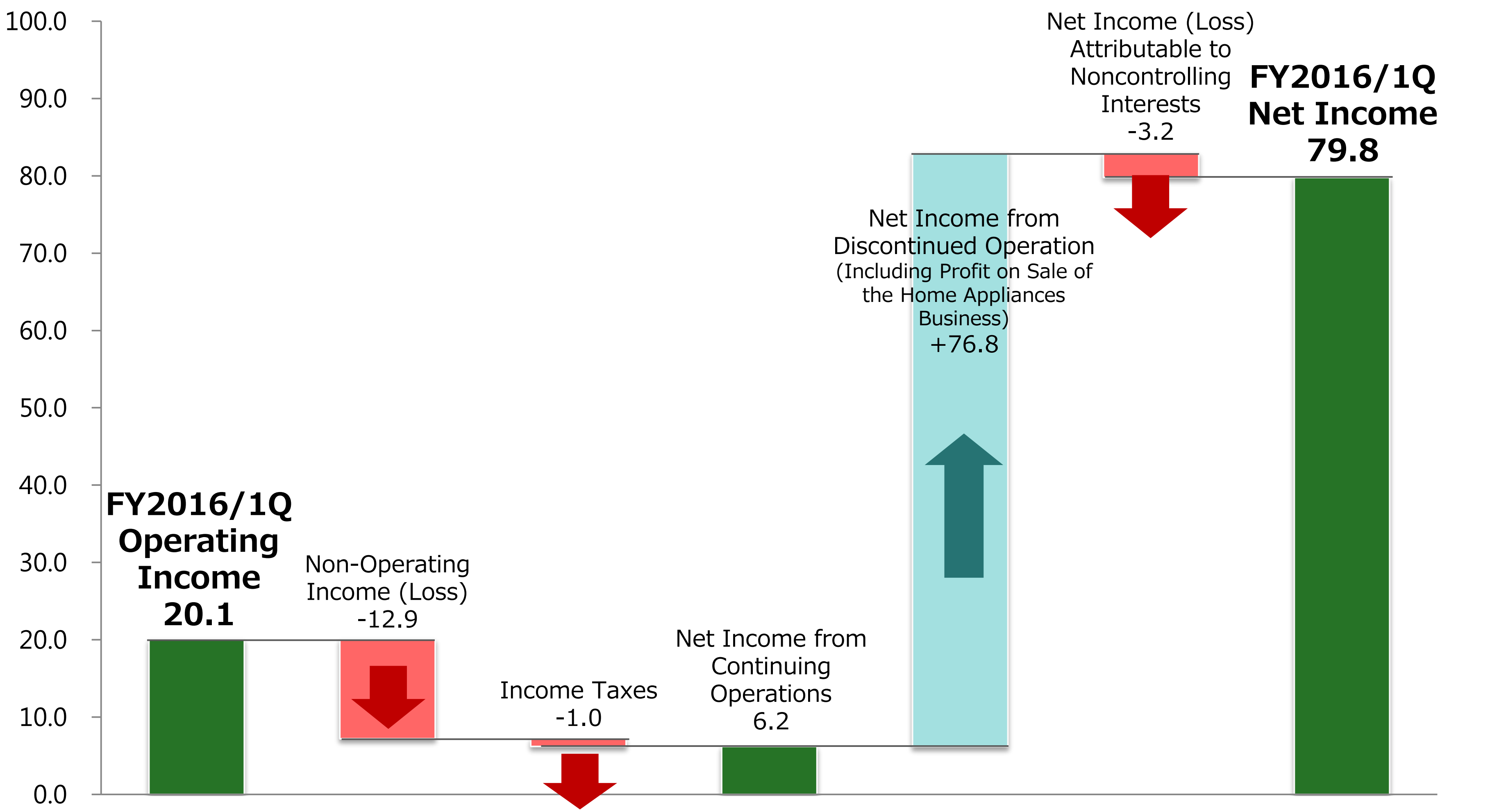
Net Income (Loss)

A significant surplus due to recording 83.9 billion yen in profit (before tax) on the sale of the Home Appliances business

(Yen in billions)



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Non-Operating Income (Loss) and Expenses

Foreign exchange income (loss) deteriorated due to yen appreciation.

(Yen in billions)

	FY2015/1Q	**FY2016/1Q**	Difference
Net financial Income (Loss)	-3.2	**-2.8**	0.4
Foreign exchange Income (Loss)	7.0	**-9.5**	-16.5
Income (Loss) on sales or disposal of fixed assets	-0.6	**0.2**	0.8
Income (Loss) on sales of securities	6.0	**2.8**	-3.2
Structural reform costs	-4.3	**0.0**	4.3
Settlement costs of lawsuits	-6.3	**-3.0**	3.3
Others	-4.5	**-0.6**	3.9
Total	-5.9	**-12.9**	-7.0

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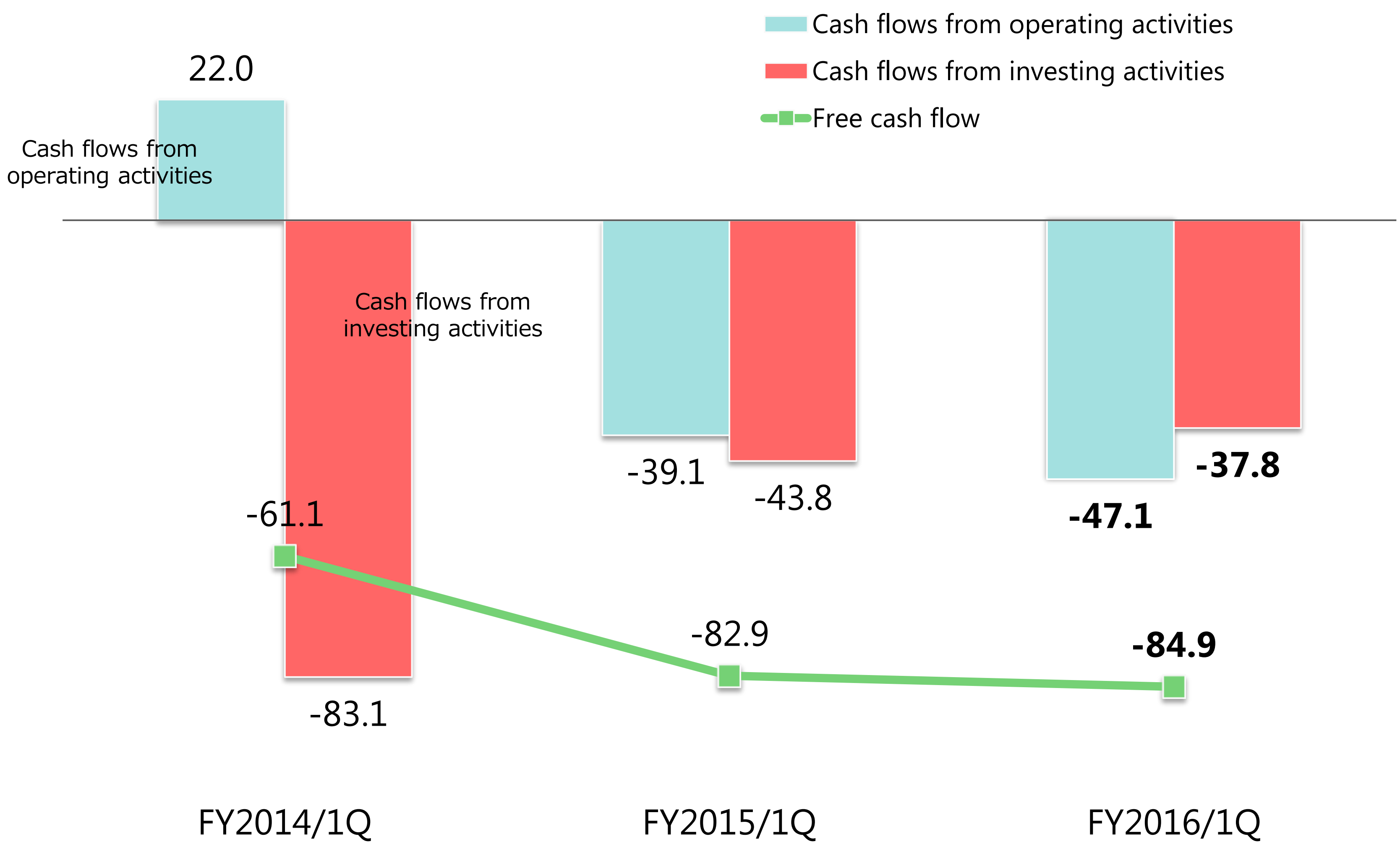
Free Cash Flows

Cash flows from operating activities was -47.1 billion yen, and free cash flow was -84.9 billion yen, due to payment of taxes and for structural reform, etc.

(Yen in billions)



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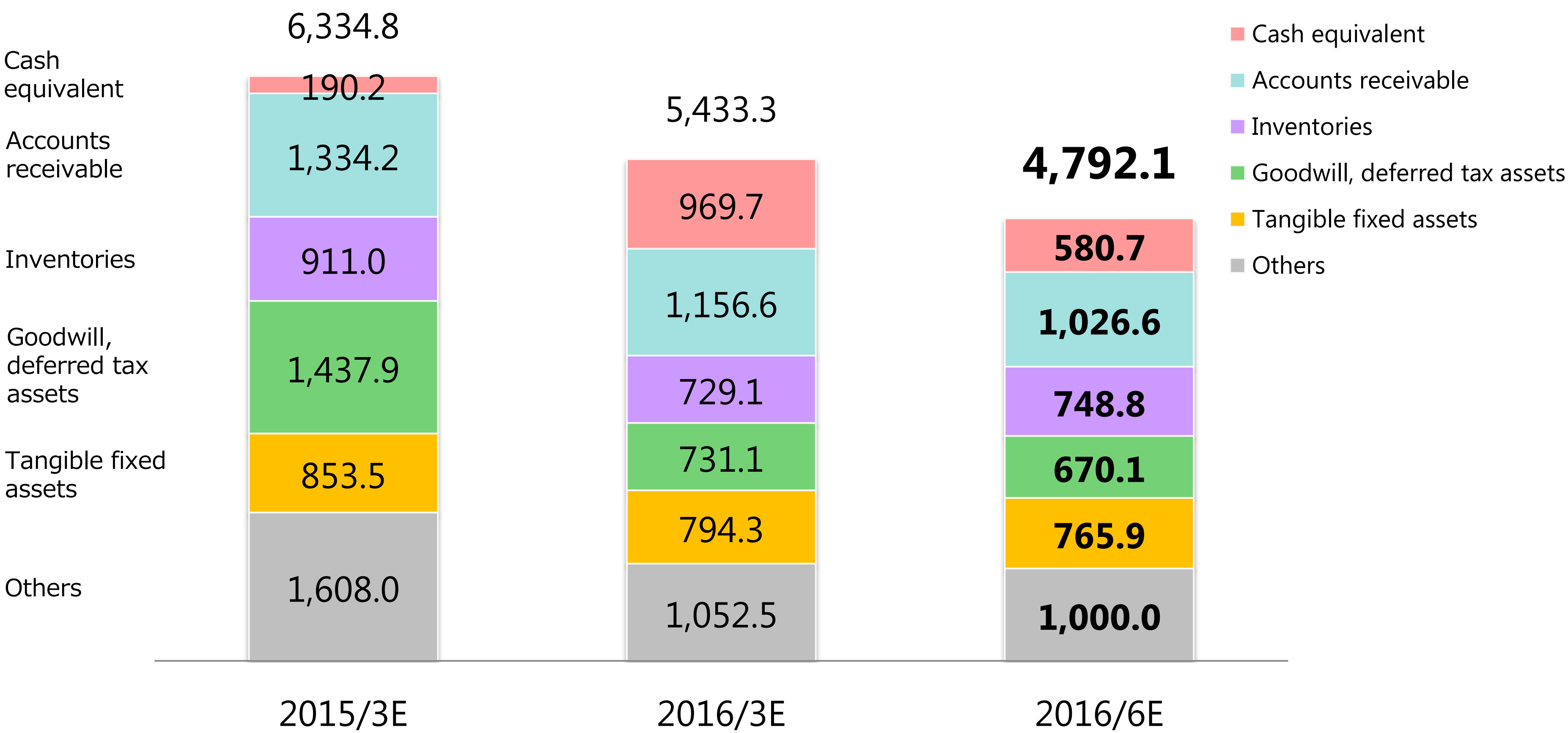
Consolidated Balance Sheets Assets

Total assets reduced to below 5 trillion yen by repayment of short-term borrowings.

(Yen in billions)



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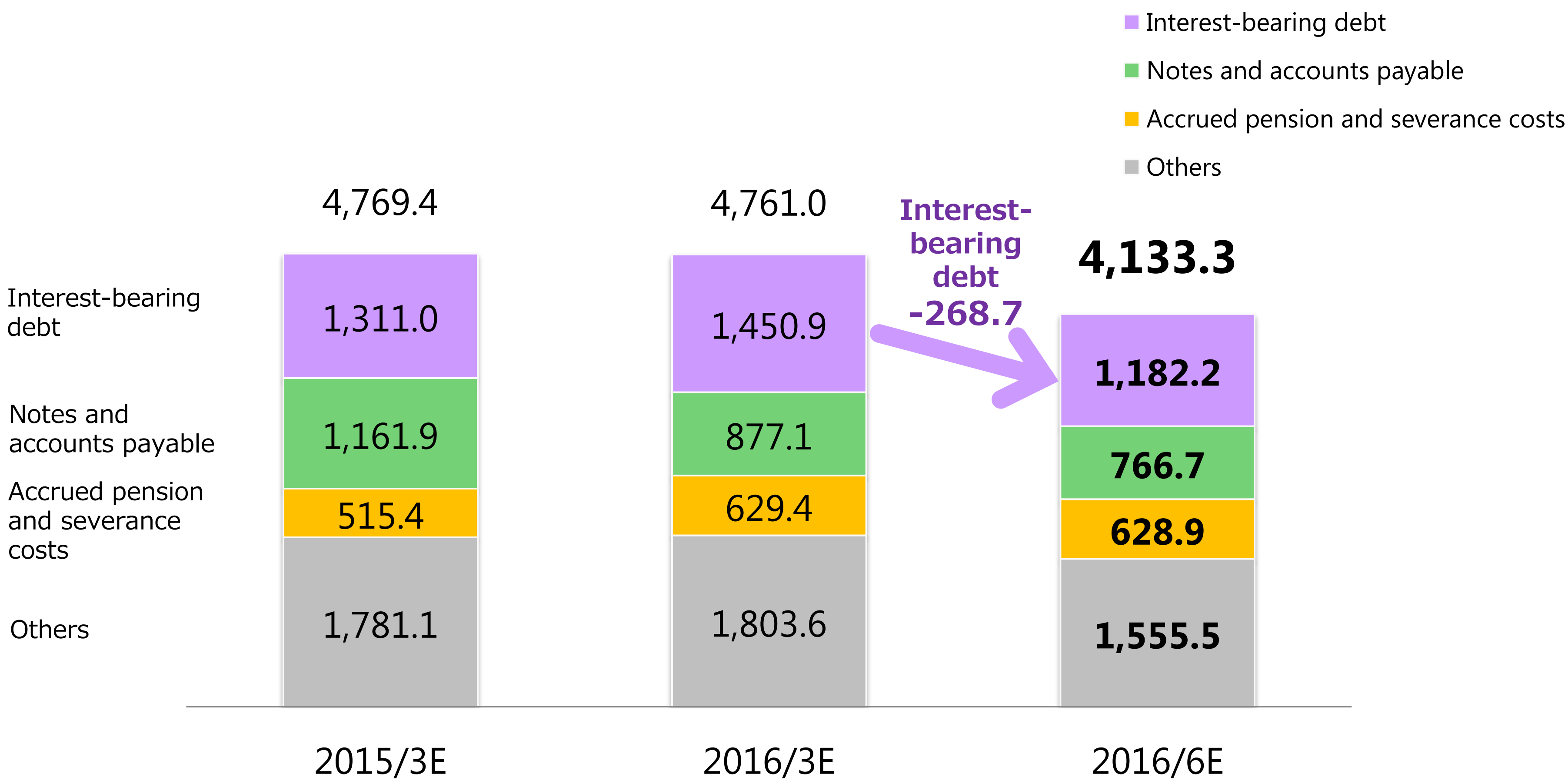
Consolidated Balance Sheets Liabilities

Interest-bearing debt reduced by repayment of short-term borrowings.

(Yen in billions)



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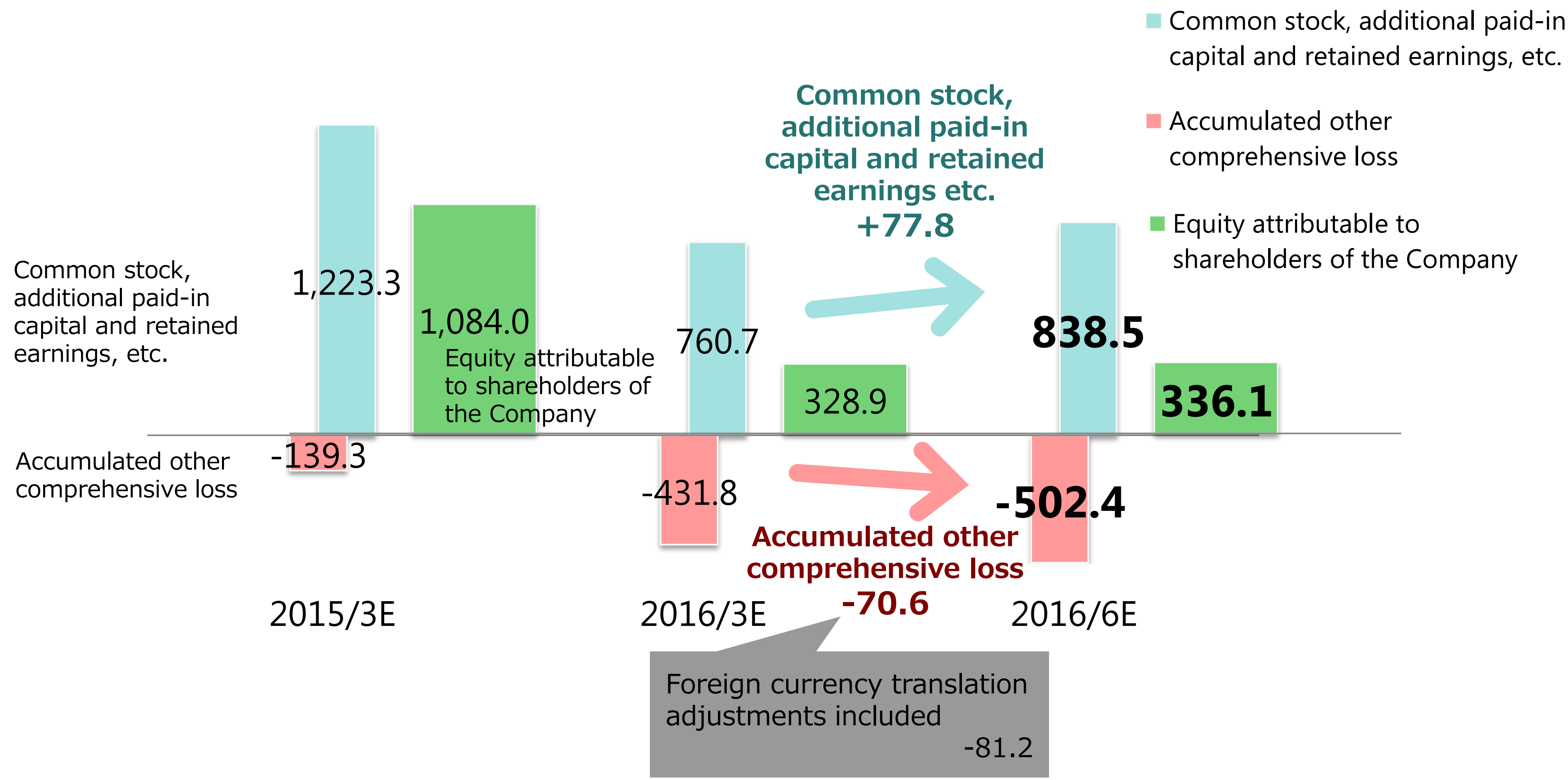
Consolidated Balance Sheets
Equity Attributable to Shareholders of the Company

Retained earnings increased from the end of last fiscal year, but foreign currency translation adjustments deteriorated on yen appreciation.

(Yen in billions)



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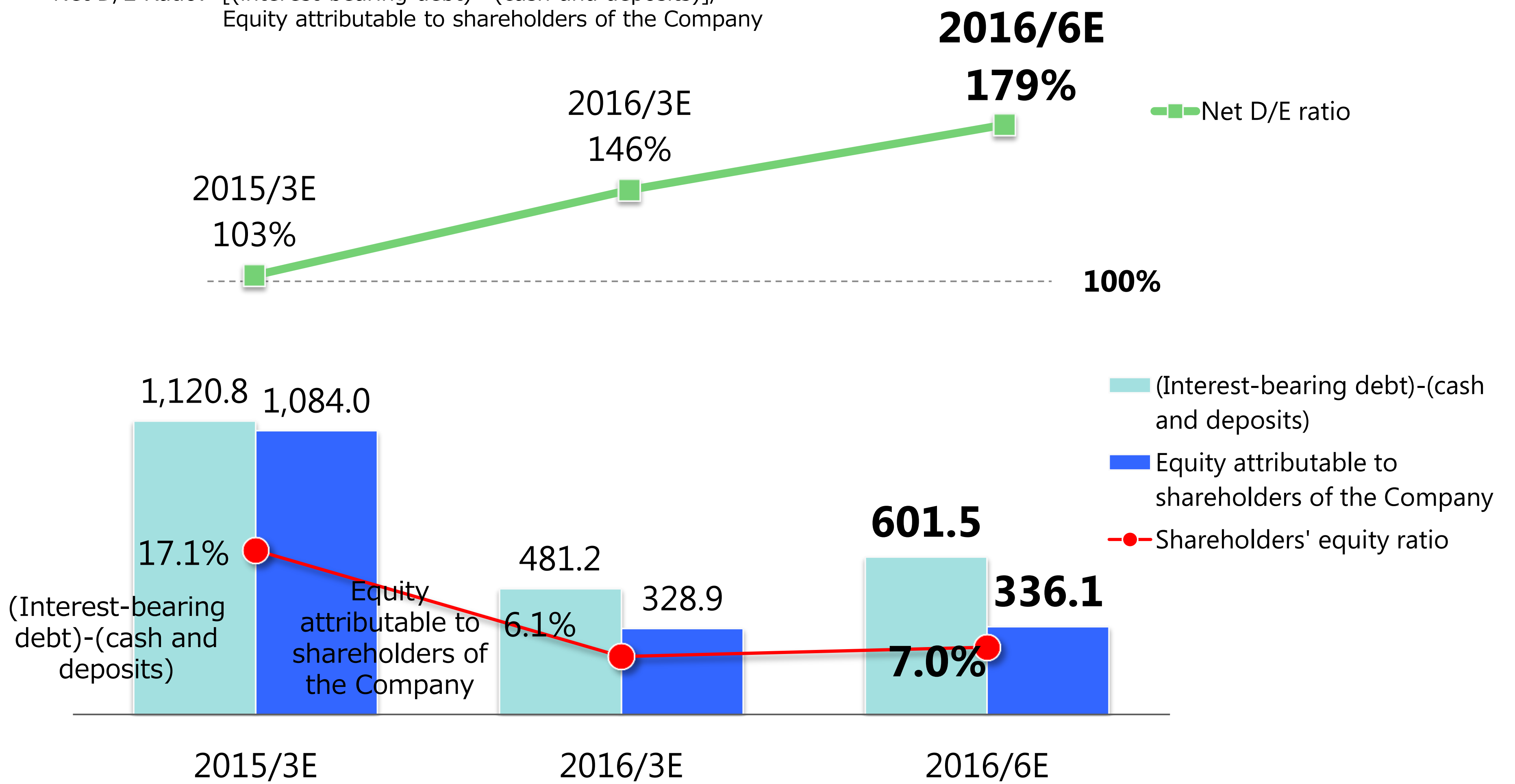
Financial Structure NET D/E Ratio

The shareholder's equity ratio remains as an important issue, though improvement has been seen since the end of the last fiscal year.

(Yen in billions)

*Net D/E Ratio: [(interest-bearing debt)—(cash and deposits)]/ Equity attributable to shareholders of the Company



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Goodwill and Fixed Assets

Goodwill decreased slightly on yen appreciation, but there is no significant change since the end of the last fiscal year.

(Yen in billions)

(Major Balances)	2016/6E Balance	vs. 2016/3E	Fixed Assets, etc.	vs. 2016/3E	Goodwill	vs. 2016/3E
Nuclear Power Systems (including Westinghouse)	**402.9**	-46.0	**325.6**	-35.5	**77.3**	-10.5
Landis+Gyr AG	**217.9**	-23.0	**72.1**	-8.9	**145.8**	-14.1
Transmission & Distribution Systems Solar Photovoltaic Systems	**15.9**	-0.5	**15.9**	-0.5	**0.0**	0.0
Lighting	**5.9**	-1.1	**5.9**	-1.1	**0.0**	0.0
Memories	**231.1**	9.4	**231.1**	9.4	**0.0**	0.0
Discretes	**7.9**	-1.5	**7.9**	-1.5	**0.0**	0.0
System LSIs	**8.1**	1.0	**8.1**	1.0	**0.0**	0.0
Storage Products	**7.5**	-3.1	**7.5**	-3.1	**0.0**	0.0
Total	**1,441.3**	-101.6	**1,137.9**	-67.7	**303.4**	-33.9

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2. Business Results by Segment

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FY2016/1Q Consolidated Business Results
by Segment

(Yen in billions)

		FY2015/1Q	**FY2016/1Q**	Difference (growth rate)	
Energy Systems & Solutions	Net Sales	299.9	**349.5**	49.6	(+17%)
	Operating Income (Loss)	-7.4	**-1.8**	5.6	
	ROS	-2.5%	**-0.5%**	2.0%	
Infrastructure Systems & Solutions	Net Sales	266.9	**258.7**	-8.2	(-3%)
	Operating Income (Loss)	-10.7	**2.3**	13.0	
	ROS	-4.0%	**0.9%**	4.9%	
Retail & Printing Solutions	Net Sales	130.0	**122.5**	-7.5	(-6%)
	Operating Income (Loss)	0.0	**1.8**	1.8	
	ROS	0.0%	**1.4%**	1.4%	
Storage & Electronic Devices Solutions	Net Sales	377.4	**371.6**	-5.8	(-2%)
	Operating Income (Loss)	34.3	**24.1**	-10.2	
	ROS	9.1%	**6.5%**	-2.6%	
Industrial ICT Solutions	Net Sales	50.0	**48.7**	-1.3	(-3%)
	Operating Income (Loss)	-1.8	**-0.9**	0.9	
	ROS	-3.7%	**-1.8%**	1.9%	
Others	Net Sales	205.0	**134.8**	-70.2	(-34%)
	Operating Income (Loss)	-22.1	**-6.0**	16.1	
Eliminations	Net Sales	-98.9	**-78.4**	20.5	
	Operating Income (Loss)	1.2	**0.6**	-0.6	
Total	Net Sales	1,230.3	**1,207.4**	-22.9	(-2%)
	Operating Income (Loss)	-6.5	**20.1**	26.6	
	ROS	-0.5%	**1.7%**	2.2%	

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Energy Systems & Solutions　Results Breakdown

(Yen in billions)

Segment	Item	FY2015/1Q	FY2016/1Q	Difference	(growth rate)	Comments
Energy Systems & Solutions	Net Sales	299.9	**349.5**	49.6	(+17%)	
	Operating Income (Loss)	-7.4	**-1.8**	5.6		
	ROS	-2.5%	**-0.5%**	2.0%		
Nuclear Power Systems	Net Sales	116.9	**171.1**	54.2	(+46%)	Higher sales due to new consolidation of WECTEC. Improved operating income (loss) on higher sales volume and emergency measures.
	Operating Income (Loss)	-4.0	**-0.5**	3.5		
	ROS	-3.4%	**-0.3%**	3.1%		
Thermal & Hydro Power Systems	Net Sales	65.1	**76.9**	11.8	(+18%)	Higher sales, mainly in domestic market. Higher operating income due to emergency measures, etc.
	Operating Income (Loss)	0.5	**0.9**	0.4		
	ROS	0.8%	**1.2%**	0.4%		
Transmission & Distribution Systems	Net Sales	73.5	**66.5**	-7.0	(-10%)	Lower sales in Solar Photovoltaic Systems, reflecting deteriorating market conditions. Improved operating income (loss) due to emergency measures, etc.
	Operating Income (Loss)	-3.4	**-2.3**	1.1		
	ROS	-4.6%	**-3.5%**	1.1%		
Landis+Gyr AG (Consolidated)	Net Sales	42.9	**42.2**	-0.7	(-2%)	Higher operating income, mainly in North America, though lower sales due to yen appreciation.
	Operating Income (Loss)	1.7	**2.4**	0.7		
	ROS	4.0%	**5.7%**	1.7%		

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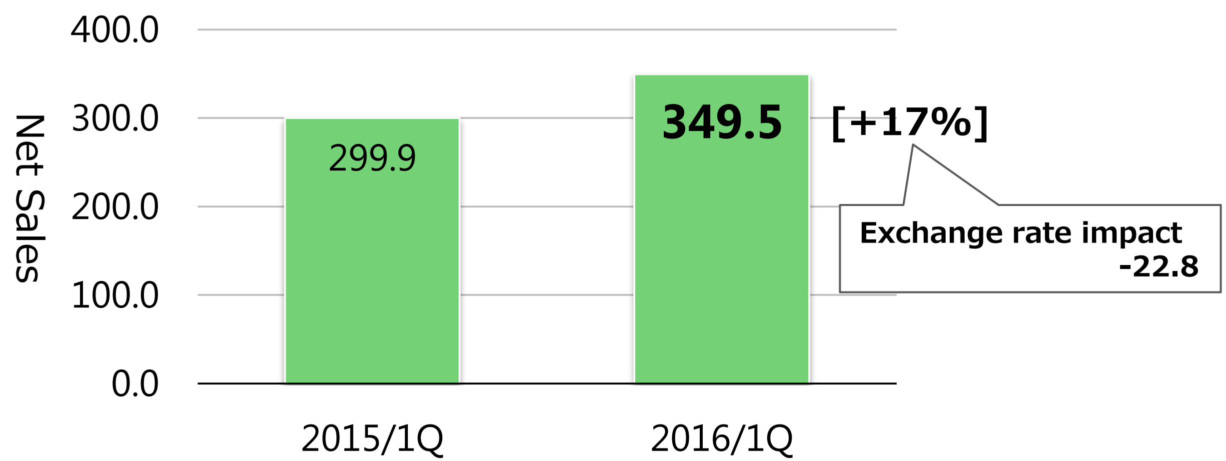
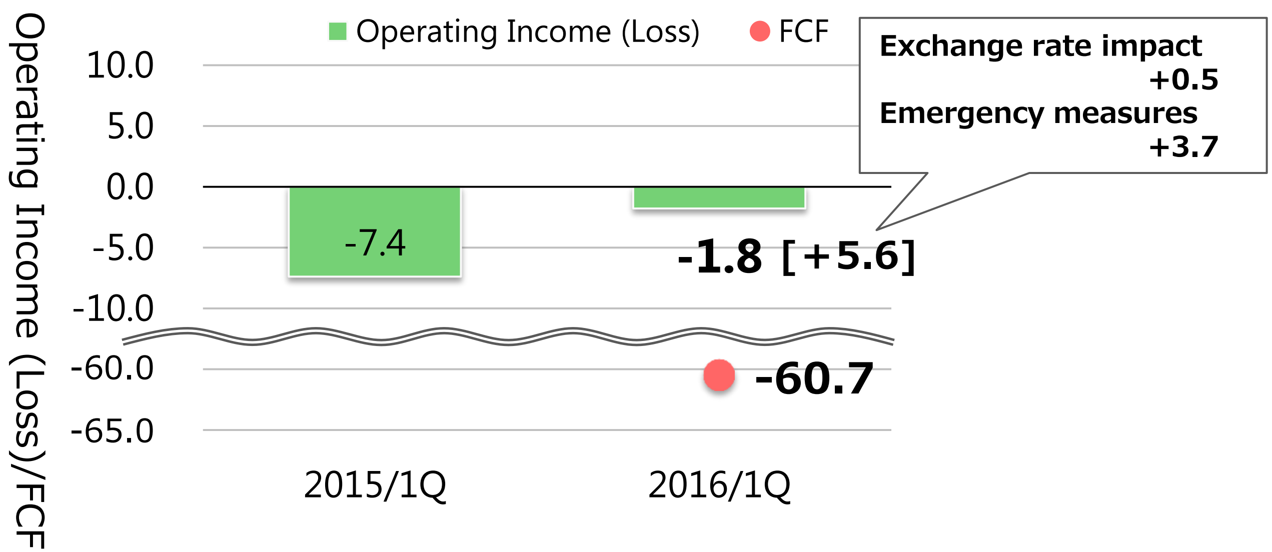
Energy Systems & Solutions

(Yen in billions)
[ ] = Year-on-year comparison



- The Nuclear Power Systems business saw significantly higher sales. The Thermal & Hydro Power Systems business also saw higher sales.
- The Transmission & Distribution Systems business saw lower sales, mainly in Solar Photovoltaic Systems.



- All the businesses saw higher or improved operating income (loss).

* FCF (free cash flow) by segment is a management index for in-house management only, and treatment of effect of exchange rate changes, etc. is different from free cash flow in the Cash Flow Statement.

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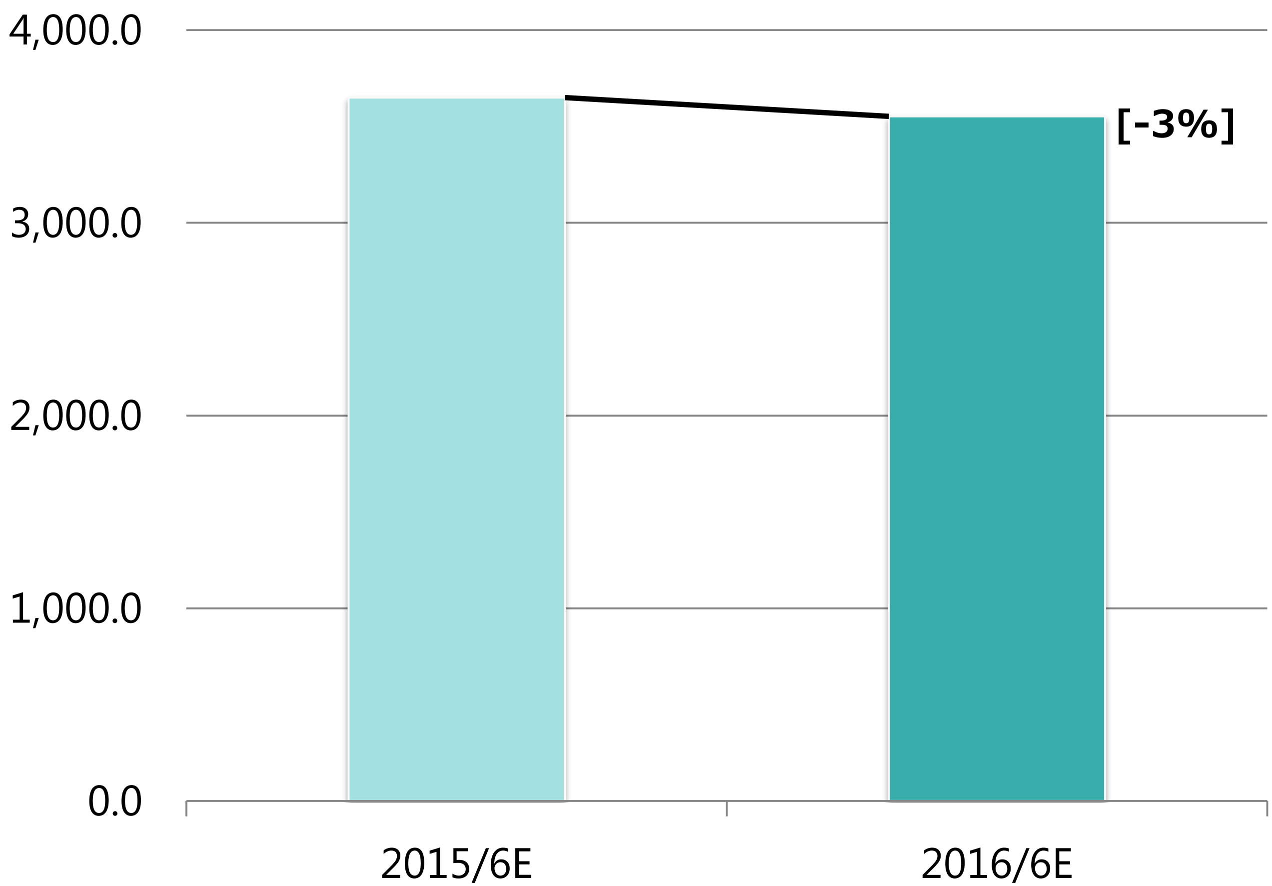
Energy Systems & Solutions Order Backlog

(Yen in billions)
[ ] = Year-on-year comparison

*Power Generation and Transmission & Distribution Systems businesses
(The Solar Photovoltaic Systems business is excluded.)



- Total order backlog is lower by 3%, mainly due to yen appreciation.
- The Nuclear Power Systems business backlog maintained the same level as last year, mainly on orders for fuel. The Thermal & Hydro Power Systems business backlog decreased due to unexpected delays in some overseas orders for thermal projects.

*Orders for WECTEC (the former CB&I Stone & Webster) are not included.

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Infrastructure Systems & Solutions Results Breakdown

(Yen in billions)

		FY2015/1Q	**FY2016/1Q**	Difference (growth rate)		
Infrastructure Systems & Solutions	Net Sales	266.9	**258.7**	-8.2	(-3%)	
	Operating Income (Loss)	-10.7	**2.3**	13.0		
	ROS	-4.0%	**0.9%**	4.9%		
Public Infrastructure	Net Sales	50.5	**53.7**	3.2	(+6%)	Higher sales due on increased orders. Improved operating income (loss) through emergency measures and higher sales.
	Operating Income (Loss)	-5.9	**-1.7**	4.2		
	ROS	-11.7%	**-3.2%**	8.5%		
Building and Facilities	Net Sales	152.9	**147.8**	-5.1	(-3%)	Lower sales due to yen appreciation. Operating income improved to record a surplus due to emergency measures and an improved gross profit margin.
	Operating Income (Loss)	-1.8	**5.4**	7.2		
	ROS	-1.2%	**3.7%**	4.9%		
Industrial Systems	Net Sales	73.5	**68.0**	-5.5	(-7%)	Lower sales due to yen appreciation and a decrease in orders. Improved operating income (loss) due to emergency measures, etc.
	Operating Income (Loss)	-3.0	**-1.4**	1.6		
	ROS	-4.1%	**-2.1%**	2.0%		

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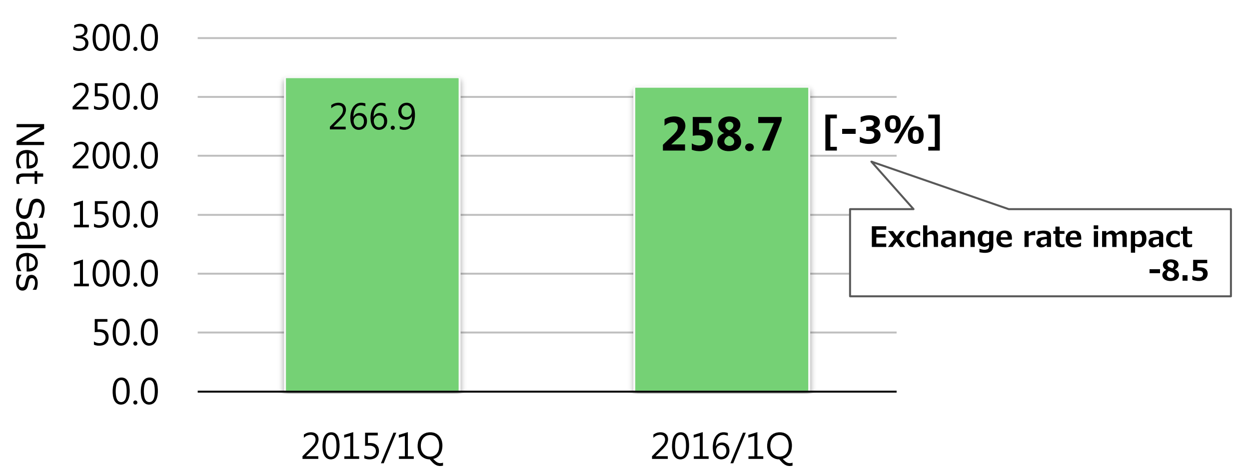
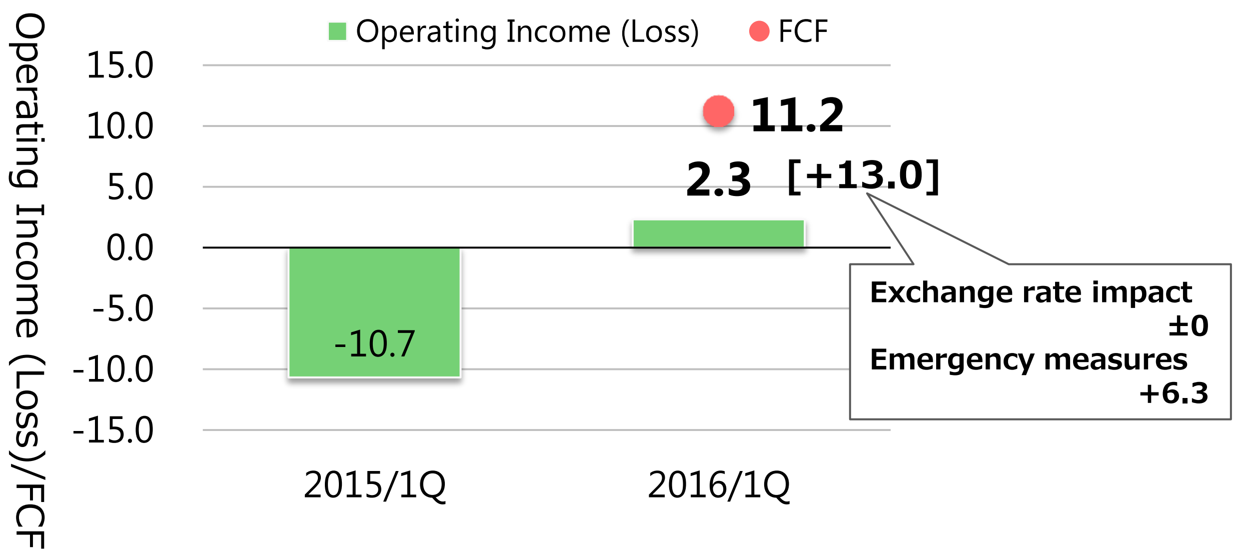
Infrastructure Systems & Solutions

(Yen in billions)
[ ] = Year-on-year comparison



- The Public Infrastructure business saw higher sales.
- The Building and Facilities and Industrial Systems businesses saw lower sales.



- All businesses saw improved operating income (loss).

* FCF (free cash flow) by segment is a management index for in-house management only, and treatment of effect of exchange rate changes, etc. is different from free cash flow in the Cash Flow Statement.

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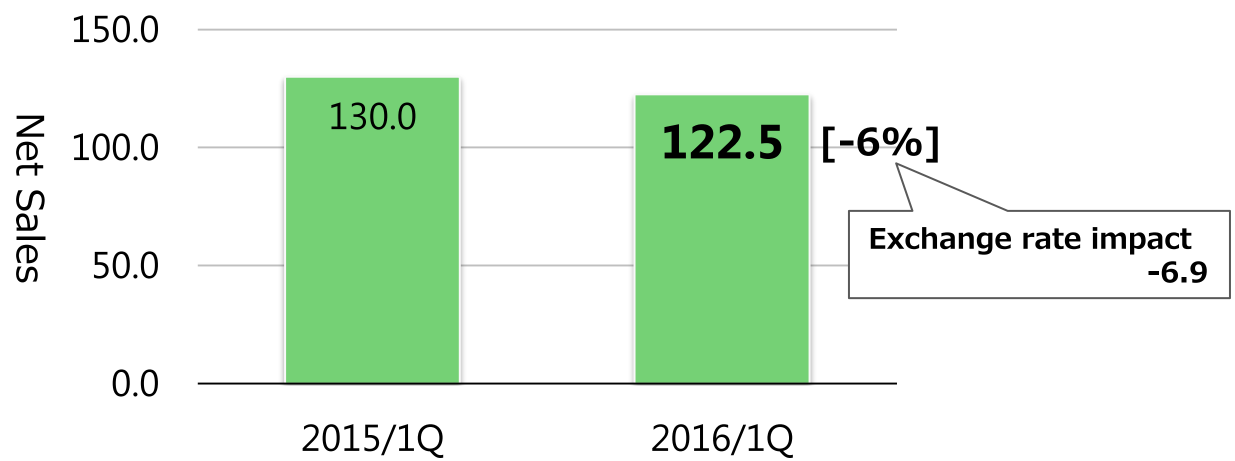
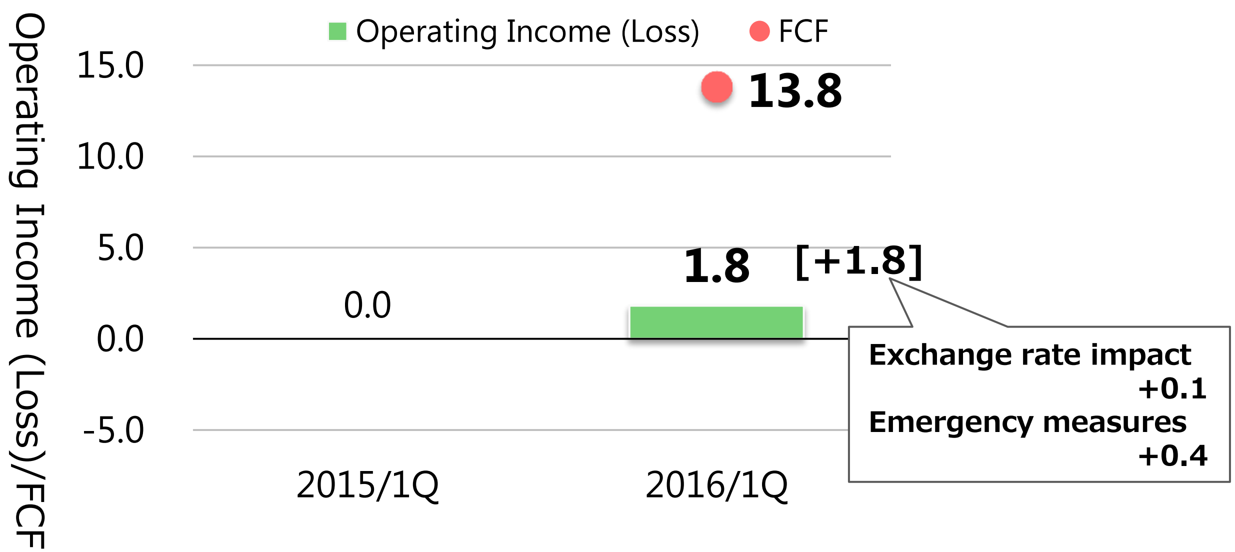
Retail & Printing Solutions

(Yen in billions)
[ ] = Year-on-year comparison



- The Printing business saw lower sales on yen appreciation, etc.



- Saw higher operating income due to higher sales in the domestic Retail business and reduction of fixed cost in the overseas Retail business.

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Storage & Electronic Devices Solutions
Results Breakdown

(Yen in billions)

			FY2015/1Q	FY2016/1Q	Difference	(growth rate)	
Storage & Electronic Devices Solutions		Net Sales	377.4	**371.6**	-5.8	(-2%)	
		Operating Income (Loss)	34.3	**24.1**	-10.2		
		ROS	9.1%	**6.5%**	-2.6%		
Storage	Memories	Net Sales	199.9	**191.1**	-8.8	(-4%)	Slightly lower sales and lower operating income due to yen appreciation, but both net sales and operating income were better than expectations due to slowing of price decline on high demand in 1Q.
		Operating Income (Loss)	42.9	**17.3**	-25.6		
		ROS	21.5%	**9.1%**	-12.4%		
	HDDs	Net Sales	88.3	**103.3**	15.0	(+17%)	Higher sales due to high demand for Toshiba HDD, even though the PC market is sluggish. Improved operating income to record a surplus due to structural reform and reduction in cost of parts.
		Operating Income (Loss)	-2.6	**4.7**	7.3		
		ROS	-2.9%	**4.5%**	7.4%		
Devices & Others		Net Sales	89.2	**77.2**	-12.0	(-13%)	Lower sales as a result of business withdrawal, but improved operating income to record a surplus, due to structural reform and cost-cutting measures.
		Operating Income (Loss)	-6.0	**2.1**	8.1		
		ROS	-6.7%	**2.7%**	9.4%		

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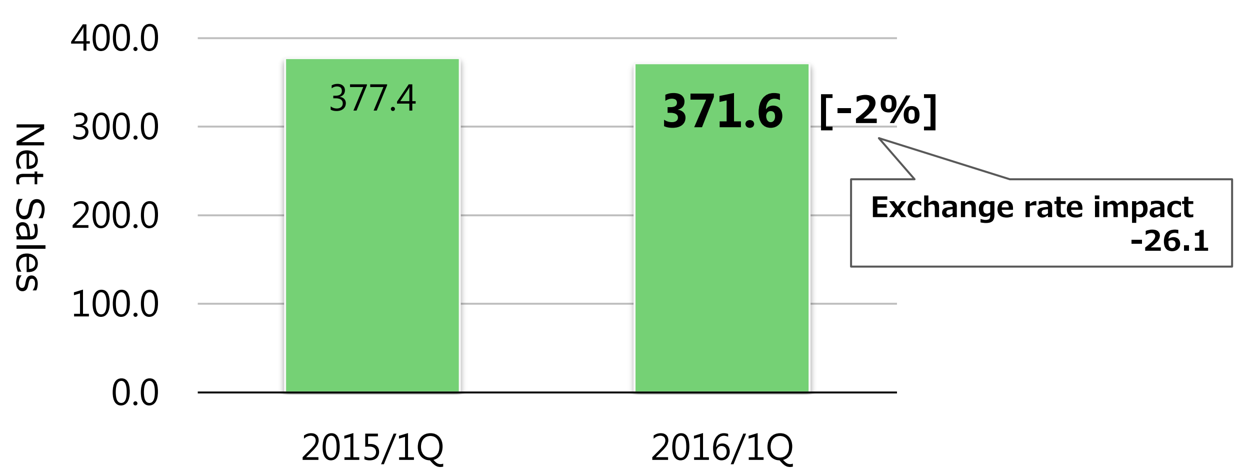
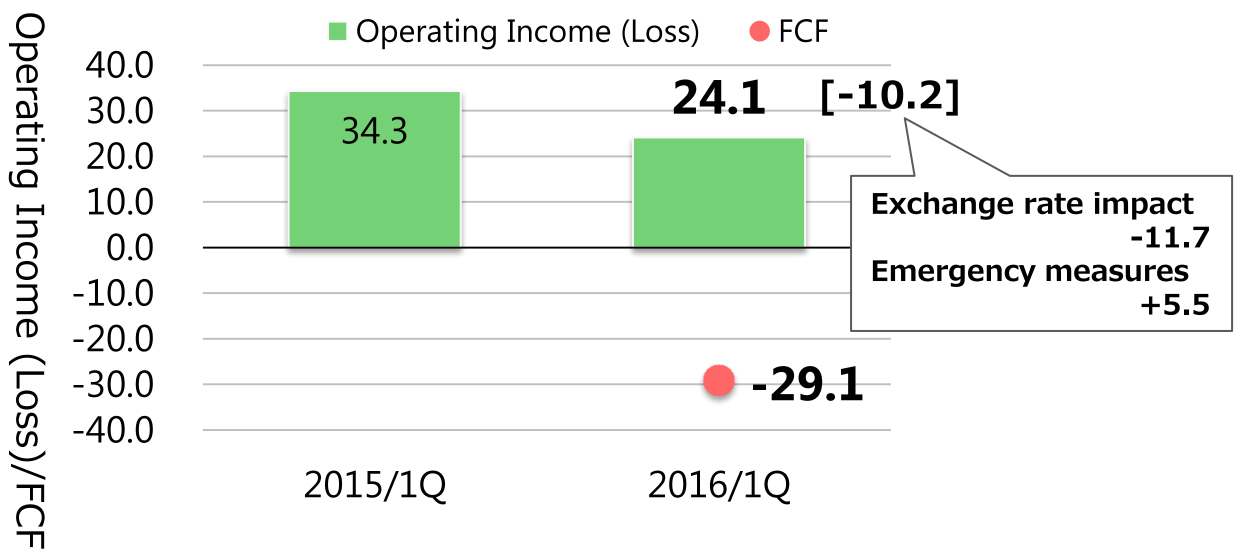
Storage & Electronic Devices Solutions

(Yen in billions)
[ ] = Year-on-year comparison



- Memories and Devices & Others saw lower sales.
- HDDs saw higher sales.



- Memories saw lower operating income.
- HDDs saw higher operating income. Devices & Others saw improved operating income, including Discretes and System LSIs.

* FCF (free cash flow) by segment is a management index for in-house management only, and treatment of effect of exchange rate changes, etc. is different from free cash flow in the Cash Flow Statement.

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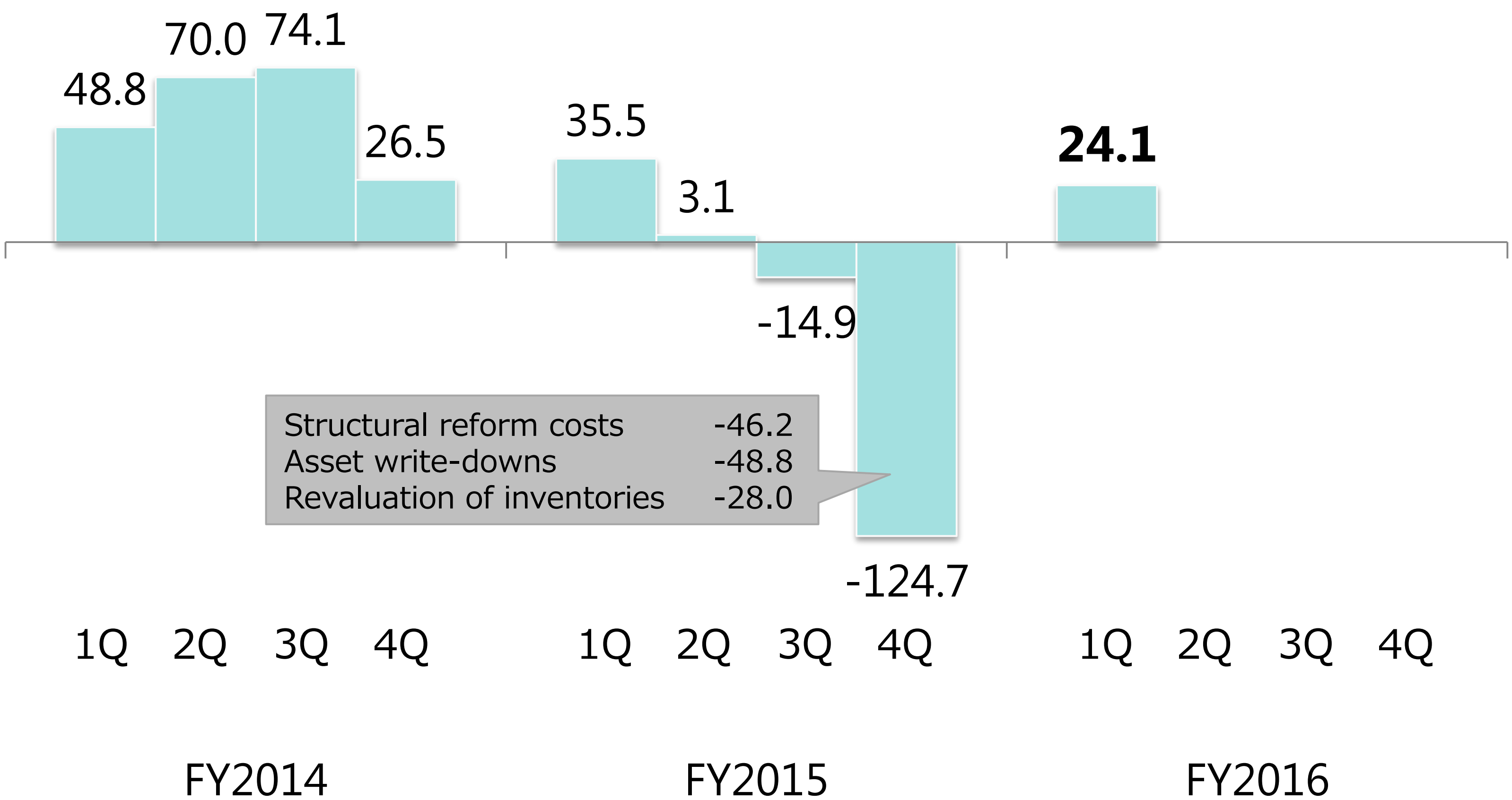
Storage & Electronic Devices Solutions
Quarterly Trend in Operating Income (Loss)

Against FY2015/4Q:
Improved by cease of price declines in Memories and increased sales of HDDs

(Yen in billions)



*For FY2014 and FY2015, the numbers are shown as those of Semiconductor & Storage Products Company, the previous organization, and numbers calculated before changing calculation method of operating income (loss) by segment.

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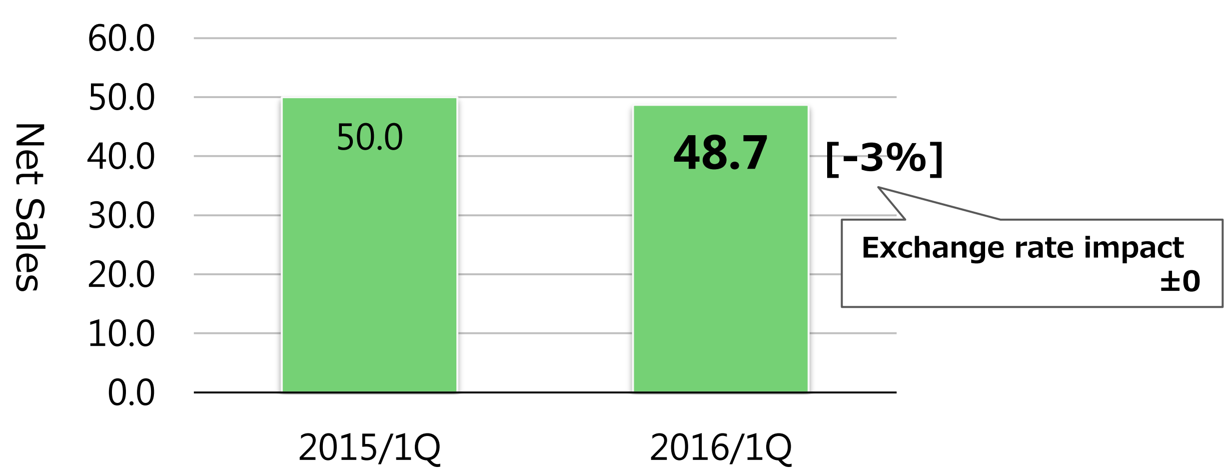
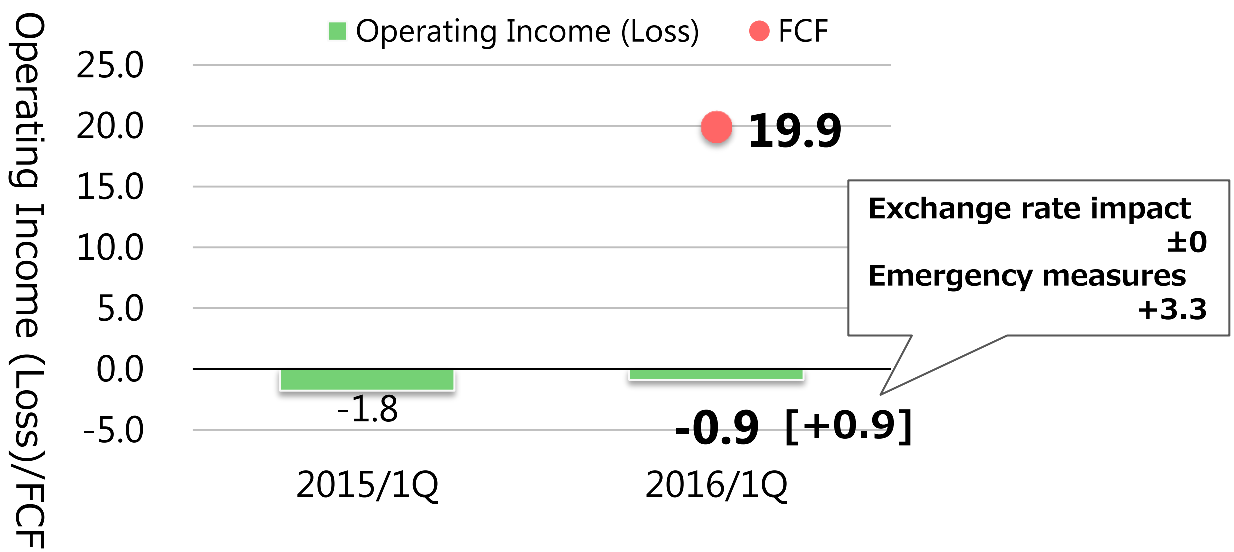
Industrial ICT Solutions

(Yen in billions)
[ ] = Year-on-year comparison



- Saw lower 1Q sales, as 1Q sales a year ago were boosted by a major project.



- Reduced the deficit through emergency measures.

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Others

(Yen in billions)

		FY2015/1Q	**FY2016/1Q**	Difference (growth rate)		
PC	Net Sales	116.8	**55.7**	-61.1	(-52%)	Reduced sales on withdrawal from US and Europe markets in the B2C business. Recorded surplus as PCs for domestic market lead 1Q.
	Operating Income (Loss)	-7.1	**0.2**	7.3		
	ROS	-6.1%	**0.4%**	6.5%		
Visual Products	Net Sales	26.6	**15.5**	-11.1	(-42%)	Reduced sales on migrating to brand licensing in overseas markets. Significantly improved operating income (loss) from last year.
	Operating Income (Loss)	-8.3	**-1.1**	7.2		
	ROS	-31.2%	**-7.1%**	24.1%		

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3. FY2016 Forecast

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FY2016/1H Forecast Overall

(Yen in billions)

	FY2016/1Q Actual	FY2016/2Q Forecast	**FY2016/1H Revised Forecast (as of August 12)**	FY2016/1H Last Forecast (as of May 12)	Difference (Revised-Last)
Net Sales	1,207.4	1,262.6	**2,470.0**	2,350.0	120.0
Operating Income (Loss)	20.1	9.9	**30.0**	-20.0	50.0
%	1.7%	0.8%	**1.2%**	-0.9%	
Non-Operating Income (Loss)	-12.9	-17.1	**-30.0**	-10.0	-20.0
Income (Loss) before income taxes and noncontrolling interests	7.2	-7.2	**0.0**	-30.0	30.0
%	0.6%	-0.6%	**0.0%**	-1.3%	
Income (Loss) from continuing operations, before noncontrolling interests	6.2	-6.2	**0.0**	-35.0	35.0
Income (Loss) from discontinued operations, before noncontrolling interests	76.8	-1.8	**75.0**	60.0	15.0
Net Income (Loss)	79.8	-9.8	**70.0**	20.0	50.0
%	6.6%	-0.8%	**2.8%**	0.9%	

- Operating Income in 2Q is expected to be lower than in 1Q, mainly due to the impact of the exchange rate on the Memory business. Non-operating income (loss) is expected to deteriorate, mainly due to lower income on sales of securities.
- Though 1H results looks better than last forecast, **the FY2016 forecast announced on May 12, 2016 is unchanged**, as the assumed 2H exchange rate has been revised to ¥100/US$.

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FY2016/1H Forecast by Segment

(Yen in billions)

Segment	Item	FY2016/1Q Actual	FY2016/2Q Forecast	**FY2016/1H Revised Forecast (as of August 12)**	FY2016/1H Last Forecast (base for May 12 announcement)	Difference (Revised-Last)
Energy Systems & Solutions	Net Sales	349.5	398.5	**748.0**	760.0	-12.0
	Operating Income (Loss)	-1.8	4.3	**2.5**	-5.0	7.5
Infrastructure Systems & Solutions	Net Sales	258.7	306.6	**565.3**	565.0	0.3
	Operating Income (Loss)	2.3	-1.9	**0.4**	-3.0	3.4
Retail & Printing Solutions	Net Sales	122.5	136.5	**259.0**	259.0	0.0
	Operating Income (Loss)	1.8	4.8	**6.6**	6.6	0.0
Storage & Electronic Devices Solutions	Net Sales	371.6	395.4	**767.0**	700.0	67.0
	Operating Income (Loss)	24.1	12.9	**37.0**	8.5	28.5
Industrial ICT Solutions	Net Sales	48.7	62.5	**111.2**	107.0	4.2
	Operating Income (Loss)	-0.9	4.4	**3.5**	6.5	-3.0
Others	Net Sales	134.8	104.9	**239.7**	240.0	-0.3
	Operating Income (Loss)	-6.0	-5.4	**-11.4**	-9.1	-2.3
Eliminations	Net Sales	-78.4	-141.8	**-220.2**	-281.0	60.8
	Operating Income (Loss)	0.6	-9.2	**-8.6**	-24.5	15.9
Total	Net Sales	1,207.4	1,262.6	**2,470.0**	2,350.0	120.0
	Operating Income (Loss)	20.1	9.9	**30.0**	-20.0	50.0

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Supplementary Explanation

Recent Market Interest in Toshiba

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Litigation Filed by CB&I Against WEC

<Impact to Toshiba's business result>
This litigation is solely to determine what matters are properly within the scope of the Independent Auditor's determination. Thus, this litigation will not have any impact to Toshiba's business result.

<Summary of contract conditions of S&W acquisition and circumstances>

- WEC acquired S&W (executed the Purchase Agreement on Oct 27, 2015 and closed on Dec 31, 2015)
- The monetary consideration for the acquisition was zero at closing. CB&I obliged to deliver a business with targeted value of $1,174M.
- The Purchase Agreement contains a process for determining post-closing purchase price adjustments to determine any differences between the targeted value of $1,174M and the actual value, including working capital. All disputes relating to the post closing process for determining the purchase price are to be resolved by the Independent Auditor under the agreement.
- WEC calculated the working capital amount to be less than the targeted value of $1,174M. CB&I has objected to WEC's calculation and calculated the amount in excess of $1,174M.

<CB&I's claims>

- CB&I's lawsuit seeks to prevent WEC from submitting its calculation to the Independent Auditor alleging that WEC's calculation is not properly within the scope of the Independent Auditor's determination.

<WEC's assertions>

- WEC disagrees with CB&I's claim. The parties should follow the process defined in the agreement when it determined the targeted value of the company to be delivered at closing.

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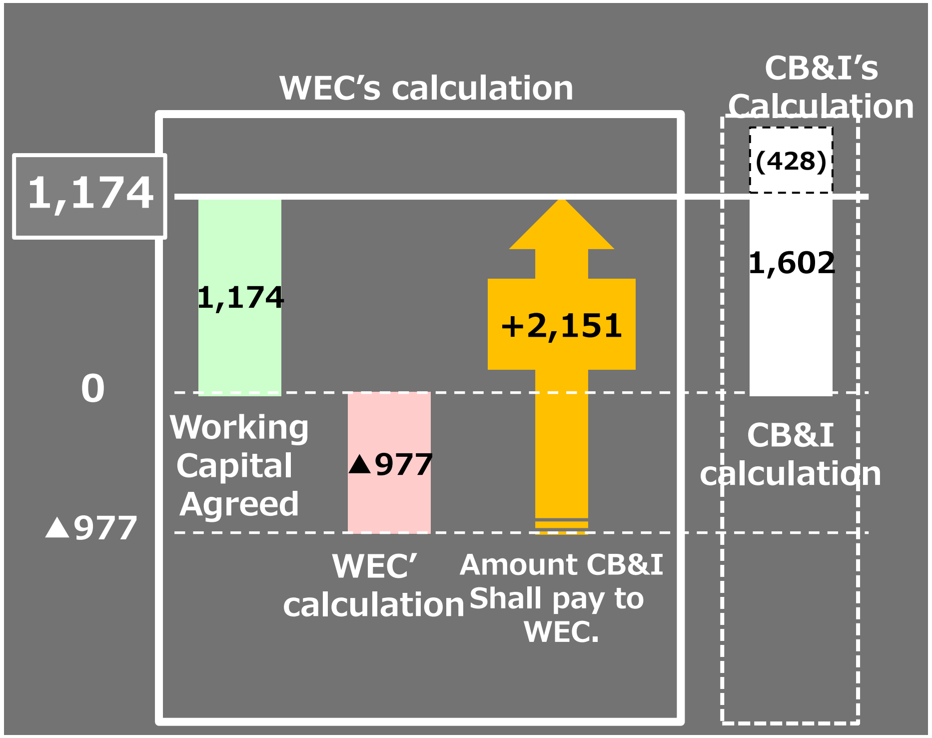
[Remarks]Post Closing Process and Other Assets to Be Estimated Through PPA



<Process>

No adverse impact to Toshiba's business result including to goodwill is expected, as long as the difference between the net working capital in the agreement and the one determined fairly by Independent Auditor is properly adjusted by applying the determination to the asset and liabilities acquired as part of the deal.

If the actual purchase price value, including net working capital is less than $1,174M, CB&I is required to pay WEC the difference promptly. If it exceeds $1,174M, WEC is required to pay CB&I the difference after the construction of four AP1000 nuclear power plants in US will be completed.

<Goodwill and Other Assets to Be Estimated Through PPA>

As announced in immediate release on Jan 5, 2016, the valuation of fair value of net assets including goodwill will be finalized by December 31, 2016 in accordance with U.S. GAAP policies and procedures.
It is likely that both Westinghouse Group and Toshiba will recognize goodwill in their consolidated financial statements.

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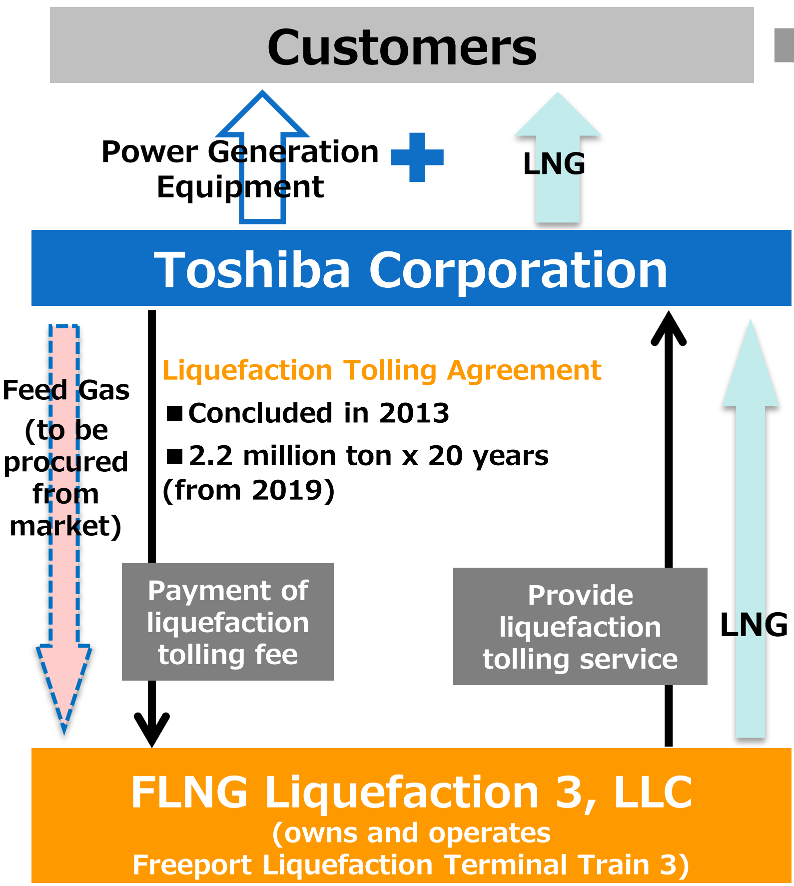
LNG Business (Freeport)

Supply LNG and Power Generation Equipment as a Total Package



■Toshiba receives liquefaction tolling service, converting natural gas to LNG.
■Toshiba does not invest in the liquefaction facilities.

Concentrating on Receiving Orders

- In the LNG industry, increased demand is expected in the early 2020s, but current investment in LNG supply facilities is stagnating, due to lower LNG prices. Therefore, LNG price is expected to rise because of undersupply.
- Have already concluded basic agreements (on volume and price) with multiple customers, though conditions must be met before they become effective.
- Currently in negotiations with multiple customers (total over 2.2 million tons).

- **Possible to conclude contracts by expanding marketing.**

Treatment in Accounting

- At present, in 2016/1Q, marketing policy is to sell LNG at a price over the cost. Actually, Toshiba has ① already concluded conditional basic agreements with multiple customers; and ② is in negotiation with multiple customers for over 2.2 million tons, so it is not necessary to record a provision.
- Toshiba will make provision for loss from the point one year prior to starting operation*1, for LNG for which sales agreements have not been concluded, on the premise that unsold LNG, for the advance one year, will be sold at low price in spot market. ⇒ Still under discussion with auditors.
(*1: Period considered necessary for arranging vessels and determining destinations)
- Toshiba's liquefaction tolling service is not subject to impairment, as it is not an investment in resource interests.
- It is noted in the 177th Securities Report, (29. Variable Interest Entity), as 971,384 M yen was estimated maximum probable loss as of Mar 31, 2016, for the LNG business and other business. The Estimated maximum probable loss for the LNG business represents the amount for purchase obligation for 20 years, and will be realized only if the Company cannot enter into contracts for liquefaction gas throughout the period.

Realize stable supply of LNG to customers

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Discount Rate of Retirement Benefit Obligations

Discount rate for Japanese pension plans is 0.6%, the same level as other companies

- Supplementary explanation to the contents of the 177th Fiscal Period Annual Securities Report (for FY2015, ending March 2016)

The weighted averages of discount rate used as the premises for calculating retirement benefit obligations as of March 31, 2015 and 2016 are as follows:

	As of March 31, 2015	As of March 31, 2016
Discount Rate	1.5%	1.1%

Discount Rates	FY2015	FY2016
Weighted average for Japanese plans:	**1.1%**	**0.6%**
Weighted average for overseas plans:	**3.3%**	**3.5%**
Total weighted average:	**1.5%**	**1.1%**

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