STRATEGIC REVIEW COMMITTEE OF TOSHIBA BOARD OF DIRECTORS PROVIDES UPDATE TO SHAREHOLDERS ON PROCESS LEADING TO SEPARATION PLAN

Dear Shareholders:

Today, Toshiba Corporation ("Toshiba", the "Company") announced a bold and ambitious plan to separate into three standalone companies to create enhanced value for our shareholders (the "Separation Plan", the "Plan"). This Plan is the culmination of nearly five months of work by the Strategic Review Committee (the "SRC") of Toshiba's board of directors (the "Board") to:

- Undertake a rigorously objective review process;
- Consider a full range of options to unlock shareholder value;
- Take into consideration the direct input of our shareholders and potential investors, both strategic and financial; and
- Develop the best approach for the Company to optimize value for shareholders and other important stakeholders.

For Toshiba, its shareholders, employees and customers, the Separation Plan also represents a significant inflection point in its evolution – a new initiative that capitalizes on the government's recent actions and looks beyond the confines of past Japanese business practices. It utilizes a tax-qualified spin-off structure permitted under recent legislation and represents a first for a major Japanese company of such size and importance. This approach reflects Toshiba's determination to follow a course that will enhance long-term value for shareholders and it advances the intent of the recent legislation to further open up and revitalize Japan's economy.

In advance of our discussions with shareholders, we are writing to provide background, as transparently as confidentiality considerations will allow, about the activities and deliberations that led to our decision to recommend the Separation Plan to the Board and its decision to unanimously endorse that recommendation.

Under the Plan, Toshiba would be rejuvenated following its transformation into three separate entities that are each better organized and focused to unlock shareholder value in a much more credible and effective way than the Company can achieve in its current form.

To be clear, the Separation Plan is only the beginning of a process that contemplates a significant transformation of each independent company, positioning them better for sustained profitable growth while securing near-term returns for shareholders. In addition, the SRC has recommended to the Board that it undertake immediately seven clearly defined commitments to enhance corporate value – including share buybacks and asset dispositions – during the preparation phase of the Separation Plan, as outlined at the end of the Appendix to this letter. The Company intends to provide regular updates on this process.

We would like to recognize the efforts of management in developing this proposal.

Please know that this is by no means the end of the work of the SRC. We shall continue to oversee the preparation of the Separation Plan until the shareholders vote on it at the proposed EGM in the first quarter of next calendar year, at which point it is expected that a board Steering Committee will be formed, which will include SRC members, in order to provide continuity and accountability for the successful completion of the Plan. Our collective backgrounds include highly relevant experience and expertise, and we expect to be supported in this effort by external experts and newly recruited executives to help round out the existing management team.

We look forward to hearing your reactions and responses, and receiving your support at the proposed EGM.

What follows is an Appendix with a detailed background and timeline of the work of the SRC. We hope you find it informative.

Paul J. Brough (Chairperson)
Jerry Black
Katsunori Hashimoto
Ayako Hirota Weissman
George Raymond Zage III

Appendix: Timeline and Background of Work of SRC Leading to Separation Plan

Formation of the SRC: Independent Board Committee to Enhance Toshiba's Corporate Value

The SRC was officially formed as a committee of the Board on June 25 immediately after the 2021 AGM, comprising five of eight Board members, all independent outside directors, supported by independent financial and legal advisors (UBS Securities Japan Co., Ltd, Nagashima Ohno & Tsunematsu, respectively). Paul Brough was asked by the Nomination Committee to chair the SRC, as it was considered that his prior experience was highly relevant to the circumstances faced by Toshiba, and he was joined by four other Board members with finance and business backgrounds.

From its inception, the SRC has been clear on its mission – to part ways with the past and explore afresh the various strategic alternatives available to Toshiba, in order to enhance its corporate value. This approach meant being objective, forward looking and not being predisposed to any particular solution.

Some shareholders and media assumed that the SRC was formed specifically to run an auction process to sell the Company. But this was not the SRC's mission. The Board determined that running a sale process takes careful preparation and execution that would create significant distraction for management while it developed its new mid-term business plan (the "MTBP") and would lead to a pre-determined outcome. Thus, the Board instructed the SRC to explore *whether the Company should pursue a sale process* among other options. We have been clear on this throughout our communications and in our work.

The Board and the SRC have consistently stated that any bona fide proposal would be welcome and would be given full consideration by the Board and/or a separate special committee of the Board. Since the inception of the SRC, no such proposal or enquiry leading to such proposal has been received for the whole Company, nor have any been rejected.

The members of the SRC have invested a significant amount of time in this process. Between June 25 and November 12, we met 18 times, on a weekly basis. In addition, over 50 ad hoc sessions were held among the members and with outside parties, including shareholders, potential investors and other market participants. To increase transparency, the Board provided updates to the public on the SRC's progress on July 30 and Sept 8.

Throughout this time, we have always sought to be inclusive of all stakeholders and have made ourselves available to any shareholder or investor who wished to make suggestions, observations or comments on the process.

While another group of managers may have reached a different conclusion on what Toshiba's future should look like, we wish to make it clear that such an outcome will inevitably arise given the different assumptions, interpretations, weightings and conclusions applied to a very complex set of facts across a very diverse collection of businesses.

Shareholder Engagement: Foundation to the Process

The first thing that the SRC undertook was to listen to the shareholders' voices. To that end, we and other Board members took part in active engagement with existing and prospective shareholders. More than 30 sessions were held, separate from the conversations with potential strategic and financial investors.

Some shareholders also chose to write to Toshiba to set out their views on the SRC process and the direction they felt the Company should be taking.

In addition, we asked for feedback via an extensive non-attributable survey of 26 shareholders undertaken by Makinson Cowell, an independent advisor to companies on investor relations, in July. Their feedback was clear – shareholders who participated in the survey commonly expressed an urgent requirement for a bold new direction from the Company, including a significant portfolio review and consideration of a privatization. The feedback was clear that the Board should not wait for a new CEO or Board members to make a decision.

Mid-Term Business Plan: Challenging Management on Credibility and Execution

Based on this feedback, and the commitments made by the Company, the SRC advised management that the new MTBP could not be just an incremental extension of the previous Toshiba Next Plan but needed to tackle the key concerns that shareholders had raised.

These included: the conglomerate discount applied to Toshiba's share price and a perceived lack of management focus; an inefficient balance sheet and sub-optimal capital allocation; under-investment leading to poor growth and diminishing competitiveness in the core businesses; and poor governance.

Management began sharing its early drafts of the MTBP ("Draft MTBP") with the SRC starting in August. EY Strategy & Consulting Co., Ltd., an external management consulting firm, was retained to provide the feasibility of the assumptions underlying the Draft MTBP. There were more than 15 interactions between the SRC and management where we pressed management on whether its plan would be convincing enough for shareholders and asked for further work to be undertaken.

What became apparent to the SRC from an early stage, was that while management could produce a realistic plan for significant portfolio reorganization including sizeable divestitures, leveraging the balance sheet to the level of global peers, and returning higher levels of cash to shareholders, it was difficult to develop a credible growth path for the core businesses which have been under-invested for some time and are predominantly domestic in footprint. Toshiba's poor track record, over a number of years, in delivering according to plan, or in successfully integrating large acquisitions, meant that it appeared unlikely that shareholders would be convinced of the Draft MTBP's feasibility and management's ability to achieve it. Furthermore, despite the planned non-core divestitures, the resulting entity still appeared to be challenged by its complexity and burdened by a high cost structure.

As such, the SRC noted that the implied intrinsic value of Toshiba under the Draft MTBP would be a wide range depending on the confidence one had in the achievability of the plan numbers, and the discount to be applied to the resulting cash flows, and one's view on the lingering conglomerate discount. The SRC believed that market participants would likely apply higher discounts and assign lower probability weightings to support only the bottom end of such range. This view was confirmed in the SRC members' dialogue with several shareholders.

What concerned the SRC in particular was a possibility that, after the short-term benefits to shareholders of returning cash using the proceeds from divestiture of non-core assets and leveraging the balance sheet, Toshiba would still struggle to win the patient support of shareholders to implement the growth plans for the core businesses, including major acquisitions and investments in capacity, such that the Company would be forced to sell itself in the future, but in a more depleted state than it is in today – thus destroying shareholder value.

Strategic and Financial Investor Engagement: Key to Assessing Options beyond the MTBP

As such, the SRC proactively engaged in dialogue with potential partners to explore strategic alternatives beyond the management's Draft MTBP case.

Regarding strategic investors, the SRC determined early on that strategic interest for the whole of Toshiba would be unlikely given its extensive conglomerate portfolio. This was validated by the fact that so far only a very limited number of enquiries have been received from strategic parties and, in each case, only for a specific business. Management will continue to engage with any party to the extent they are relevant buyers for potential divestitures as the new plan proceeds.

With financial investors, the Board and the SRC decided to prioritize global private equity funds that had the scale, experience and expertise to execute and manage a transaction of Toshiba's complexity and magnitude in Japan. Based on due consideration of confidentiality, we refrain from disclosing their names, but the SRC met with six such funds. Only one other private equity fund approached the SRC; given this fund was only interested in divestitures coming out of Toshiba, they were asked to wait to be contacted when circumstances became more relevant to their expressed interest.

Two alternative investment themes emerged – one party from the outset indicated their interest in investing as a minority investor, while keeping Toshiba publicly listed; the others were more interested in a full privatization and approached an investment on this basis, although as discussions progressed one of these also stated its willingness to accommodate a minority investment.

Minority Investment: Partner Opportunity Thoroughly Explored

With the minority investment theme, given that the party who had expressed interest from the outset had an extensive portfolio of assets and operating capabilities relevant to Toshiba's core energy and infrastructure businesses, the SRC encouraged management to join the discussions and regard such party as, effectively, a long-term strategic partner. More than 25 meetings were held in August, September and October to explore how the party would invest, involve itself in governance and management, and help increase the value of Toshiba's core for the benefit of all shareholders. The Draft MTBP was shared to facilitate informed discussions.

The SRC viewed this alternative as potentially additive to the standalone case developed by management, as the partnership would create more market confidence around Toshiba's ability to make the operational changes required to put it back on a profitable growth trajectory, meet its projections, and win shareholder support for investments to be made in the core businesses, including overseas acquisitions. While still preliminary, management and the party were able to identify some synergies between the two portfolios, and best practices that could be introduced in Toshiba. Although hard to be precise quantitatively, we noted that, directionally, the intrinsic value should be higher than the Draft MTBP.

However, after much deliberation, the party could only suggest transaction structures that would be challenging to gain the support of existing shareholders, given its requirements for economics, downside protection and control rights that were not well aligned with its minority position nor balanced with the rights of other public shareholders, and, moreover, difficult to justify relative to the lack of certainty of the above benefits.

In October, one of the other private equity funds with whom the SRC was in dialogue, indicated that it would also be prepared to consider a minority investment in a publicly listed Toshiba, while maintaining its interest in a full privatization. The SRC determined that this fund also had the business portfolio and operating experience that warranted encouraging management to engage. It also felt it was important to introduce a sense of competition in the ongoing discussions with the original party.

While the discussions were still in their early stages, this fund also demonstrated that it could add credibility to the execution of Toshiba's reform plans but appeared similarly unlikely to culminate in an investment structure that fully aligned with the interests of other public shareholders.

Privatization: Discussions with Private Equity Firms Significant Component of SRC Assessment

With the privatization theme, the SRC received instructions from the Board to engage with private equity funds, but to do so discreetly in order to avoid creating unnecessary attention and coverage in the market, given the heightened scrutiny of the situation surrounding Toshiba.

The SRC initially met with five funds, which it considered to be credible parties, starting in August, to hear their respective credentials and to gauge their level of interest in Toshiba. Of these, we proceeded with four funds to hold another round of discussions in September, this time to delve deeper into their views on Toshiba, how they intended to create value under their ownership, to navigate potential regulatory hurdles and to deal with customer and employee motivation and retention. These discussions were qualitative but an important prerequisite to any price discussions for the SRC to understand to what extent the funds had understood and therefore would appropriately price in the complexities unique to Toshiba.

Once the Board had determined that it was satisfied with the progress thus far, it instructed the SRC to proceed to a third round of discussions in October and November, with the same four funds, to properly understand their thoughts on price, structure and timeline to closing. Certain latest MTBP numbers were provided to them ahead of time to facilitate informed discussions.

While noting that a carefully orchestrated competitive auction process with proper due diligence had not yet been conducted, given the amount of data, analysis and thought generated by the funds, the SRC felt that these conversations nonetheless provided a meaningful perspective on the price levels at which the private equity funds thought a privatization could be accomplished.

The SRC noted that the range of such prices was not compelling relative to market expectations expressed to date in the media. One thing to bear in mind, however, was that to the extent certain existing shareholders found an offer price to be insufficient, all the private equity funds were amenable to having them roll into the privatization and remain as shareholders if they so desired.

The SRC also noted feedback from some shareholders that while entertaining investors would help establish value, other shareholders observed they did not want to see Toshiba's upside value unnecessarily transferred to private equity funds if the Company could itself execute some of the actions the funds would likely undertake during their ownership and secure that upside value for existing shareholders.

There were also several uncertainties that the private equity funds raised, including: 1) FEFTA and global anti-trust hurdles under the current political climate, which were not insurmountable but complex, multi-jurisdictional and changing daily, and subject to heightened regulatory scrutiny, possibly resulting in certain restrictions or remedies; 2) anti-trust regimes in certain countries could delay closing by as long as 18+ months in addition to the 6-12 months required to undertake an auction process and conduct a TOB; and 3) outcome for Kioxia Holdings Corporation (former Toshiba Memory Holdings Corporation, "Kioxia") is presently uncertain and hence it is challenging to price this very significant asset today.

Moreover, all the funds cited the importance of upfront alignment with management, but management expressed their concerns to the SRC regarding the potential negative impact of privatization on the businesses, including employee recruitment and retention issues and loss of customers (particularly those in the public sector, in light of the sensitive nature of Toshiba's business with such customers). The SRC, however, also noted that the private equity funds (and certain of their investee companies) shared their experiences in mitigating most, if not all, of such risks in prior transactions.

Having received a full debriefing from the SRC, the Board believes a significant amount of groundwork has already been undertaken with credible private equity funds who have invested the time and resources in developing privatization plans for Toshiba.

Separation Plan: Emerged as Highly Compelling Alternative Option to Unlock Value

Largely because the Kioxia stake was consistently raised by potential investors as a challenge to valuation, in addition to the strategic alternatives described above, the SRC also considered whether the Kioxia stake could be passed on to Toshiba shareholders on a tax-free basis, and if Kioxia and other non-core businesses could be placed in a single divestiture entity to facilitate clarity and future planning. While we discovered there were practical challenges to such ideas, this line of thought led us to begin examining the concept of the Separation Plan in September, as an extension of these debates. The SRC encouraged management to examine this approach in detail.

Management investigated the concept and reverted to the SRC after several weeks with the conclusion that such a transaction, while challenging, appeared feasible and accretive, and therefore modified their MTBP proposal to incorporate the Separation Plan for the SRC to consider.

The SRC noted that by separating Toshiba into three entities, as described below, using the recently available tax-qualified spin-off structure in Japan, Toshiba could, in a comprehensive and tax-efficient manner, reduce its conglomerate discount by eliminating much of the Company's structural complexities.

Two new, focused listed companies would be created, split not along the lines of core vs non-core, but along distinct business domains of infrastructure and energy, on the one hand, and electronic devices on the other. With this greater focus, each could attract board and management talent more directly suited to their respective needs, who could each then pursue growth strategies and reforms utilizing capital and resources in a way that specifically matched their respective business profiles and capital allocation requirements. Management would be much more focused and employees in each entity should become highly motivated, with an even better connection to and focus on the needs of customers.

Meanwhile, the existing Toshiba entity would effectively become a standalone entity that is committed to selling the significant Kioxia stake and returning the entire net proceeds to shareholders as soon as practicable, to the extent that it would not interfere with the smooth execution of the Separation Plan. The ownership stake in Toshiba Tec Corporation ("Toshiba Tec") would also remain with this entity while its strategic direction is further considered. The significant NOLs at Toshiba would be available to be utilized against capital gains tax liabilities.

While the separation would be expected to cost approximately JPY10 billion to implement, and there would be ongoing duplication of public listing costs, these would be offset by continued SG&A cost reductions.

The SRC noted that, while the separation process could take until the second half of FY2023, and the details of the Separation Plan are subject to further review, based on the initial analysis supported by its advisors, the Company is not aware of any regulatory approval risks that would be considered as substantial negation of the viability of the Separation Plan.

While difficult to quantify, the SRC's assessment was that reduction in conglomerate discount arising out of this Plan, greater capacity of the companies to successfully pursue their separate value creation strategies, and placement of Kioxia and Toshiba Tec shares in a standalone entity directly owned by shareholders, would have a strong positive impact on Toshiba's combined corporate value.

Conclusions of the SRC: Tax-Qualified Separation Plan Offers Superior Value Potential with Greater Certainty and Choice for Shareholders

On November 5 and 12, the SRC met to debate its conclusions. The above strategic alternatives were laid out and compared qualitatively and quantitatively, and discussed at length among the SRC members and the SRC's advisors.

The SRC considered that the Separation Plan would be highly attractive to shareholders, as it enhances, in a tax-efficient manner, the options available for shareholders to more credibly unlock the combined value of the shares in three entities and to choose for themselves whether they want to keep or sell each of them.

The SRC particularly felt that isolating the Kioxia stake, arguably the biggest valuation variable according to private equity funds' feedback, in a standalone entity ensured transparency as it is monetized and avoids its value being arbitraged by a prospective buyer for the whole of Toshiba.

The Separation Plan, in the SRC's view, also offered superior value potential with greater certainty than the other strategic options, and should benefit Toshiba's shareholders and other stakeholders.

The Draft MTBP could potentially achieve significant upside in the future, but: 1) value creation in the core was quite uncertain given Toshiba's past record of failing to meet guidance; 2) it was fraught with execution risks and tax leakages regarding the non-core divestitures; and 3) despite that, Toshiba still remained somewhat of a conglomerate.

These concerns could be partially alleviated by partnering with a "smart money" minority investor, but to ensure such an investor would commit their support required transaction structures that did not fully align with the interests of other public shareholders.

As noted above, while the SRC has undertaken a great deal of work to understand the private equity funds' approach to a TOB, we also took into important consideration the feedback from other shareholders that they did not want to see Toshiba's upside value unnecessarily transferred to private equity funds if the Company could itself execute some of what the funds would do under their ownership and instead secure that upside value for existing shareholders.

This led the SRC to form a view that Toshiba should now undertake near-term shareholder value enhancement action, such that any value that the Company can create by itself was properly reflected in its share price, before a prospective TOB premium from a private equity fund were to be applied.

The SRC concluded that the Separation Plan was indeed that very action that Toshiba should be embarking upon, by itself. In this way, Toshiba's value could be enhanced beyond the price levels potentially achievable if an auction process were to be commenced today.

Board Recommendations: Separation Plan plus Additional Corporate Value Commitments

The SRC therefore recommended to the Board to endorse the Separation Plan with the following additional commitments to be undertaken by Toshiba to continue to enhance corporate value during the preparation phase, in conformity with the smooth execution of the Separation Plan:

1. Identify a transition team, supplemented where necessary by external experts and newly recruited executives, to take responsibility for successfully completing the Separation Plan by no later than the second half of FY2023 (expediting if possible), with the full resources of Toshiba being made available;
2. Monetize shares in Kioxia and return net proceeds in full to shareholders as soon as practicable while maximizing shareholder value, to the extent that it would not interfere with the smooth execution of the Separation Plan. Continue to expand Toshiba Tec and review its position within Toshiba;
3. Leverage and buy back shares (to the extent that doing so would not interfere with the smooth execution of the Separation Plan) to ensure that Toshiba addresses the issue of its inefficient balance sheet and shareholders are getting near-term benefits while waiting for the Separation Plan to be completed;
4. Install an appropriate management team in each entity after a thorough external and international search from a broader pool of talent as the required qualifications in the respective entities become more focused;
5. Identify partnership opportunities from a greater set of potential candidates now available to each entity;
6. Continue further portfolio review including disposals of businesses, and reduce costs, while investing prudently in R&D and core businesses, including M&A and production capacity; and
7. Enhance governance and become a leader in ESG, with sustainability built into each new independent entity, and implement the recommendations of the Governance Enhancement Committee.

The SRC shall continue to oversee the preparation of the Separation Plan until the shareholders vote on it at the proposed EGM in the first quarter of next calendar year, at which point it is expected that a board Steering Committee will be formed which will include SRC members in order to provide continuity and accountability for the successful completion of the Plan.

On November 12, the Board received this recommendation from the SRC, and unanimously resolved to approve the Separation Plan.

Final SRC Reflections: Critical Importance of a Thorough Process

The SRC recognizes that there is no panacea that satisfies all shareholders and other stakeholders. Indeed, while certain shareholders were vocal in pressing the Board to move straight to an auction process, other shareholders were equally supportive of other ideas and prepared to support Toshiba as a listed company. As such, the SRC felt compelled to explore all the alternatives available to the Company, rather than moving ahead with an auction process.

The Board is therefore further developing a detailed road map for the period leading up to the proposed EGM and for the coming weeks and months as discussions with regulators, professional advisors and other stakeholders continue. The SRC is confident that it conducted a very thorough process, well beyond the legal requirements of any Japanese board, and free from any bias toward past practices, to determine the right course of action overall for Toshiba's shareholders and other stakeholders.

The SRC thanks all the people that participated in this important effort and looks forward to continuing working together closely to oversee and implement the exciting transformation that Toshiba has committed to undertake.

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