June 22, 2020

Toshiba Corporation

FOR IMMEDIATE RELEASE

Notice Regarding Shareholder Return Policy

TOKYO—Toshiba Corporation (TOKYO: 6502, hereinafter “Toshiba”) has announced today that its board of directors has agreed upon an amended policy for distributions to shareholders (shareholder return policy).

1. Reasons for the amendment

In the five years following the occurrence of the accounting issues which occurred in 2015, Toshiba has divested seven businesses with revenues of JPY 3 trillion (based on the consolidated results of 2014). In the last two years, Toshiba has divested non-core businesses such as its U.S. LNG business and its U.K. nuclear power plant construction project. In addition, during this same two-year period Toshiba has disposed of other non-core assets, such as strategic cross-shareholdings, of approximately JPY 16 billion, subsidiaries for JPY 21billion, and real estate and related assets worth JPY 29 billion. Furthermore, in late 2019 Toshiba completed a JPY 700 billion share buy-back program using the proceeds gained from the sale of the Memory business.

Regarding Toshiba’s 40.2% holding in KIOXIA, as already announced, Toshiba has no strategic intention to remain in the Memory business. Therefore, Toshiba intends to realize the value of its investment in KIOXIA and continues to evaluate alternative means of monetizing its stake. Once such a monetization event is completed, Toshiba, in principle, intends to return a majority portion of the net proceeds to shareholders.

As part of its continuing efforts to rationalize its business portfolio, Toshiba will seek to further grow the infrastructure service businesses and data services businesses. As for monitored businesses, as previously defined, such as the System LSI business and the Printing business, Toshiba is considering its available options. As for the Printing business, since Toshiba TEC Corporation is a listed subsidiary and Toshiba recognizes the independence of Toshiba TEC’s board and management, Toshiba will continue to closely monitor its recovery plans and progress. Toshiba will discuss the measures necessary to be taken for the Printing business from its position as Toshiba TEC’s shareholder.

Toshiba views the distribution of profits to shareholders as one of its most important management objectives, and has worked to strengthen returns through various means, including share repurchase programs, while endeavoring to maintain stable dividends in order to maximize medium- to long-term shareholder value. Taking the above into account, and in order to further clarify Toshiba's stance on returning profits to shareholders, Toshiba has made certain amendments to its distribution policy, which are described below.

2. Amendments in shareholder return policy

(Before amendment)

Toshiba intends to maintain an average consolidated dividend payout ratio of at least 30% (*Note), and shareholders' equity in excess of the appropriate level of shareholders' equity will be used to fund shareholder returns, including share repurchases. The appropriate level of capital shall be reviewed by the Board of Directors on a regular basis.

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

(After amendment)

Toshiba intends to maintain an average consolidated dividend payout ratio of at least 30% (*Note), and shareholders' equity in excess of the appropriate level of shareholders' equity 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. While Toshiba will focus in the short term on ensuring its financial stability during the unpredictable COVID-19 situation, it is Toshiba's intention in principle, to return the majority of the net proceeds from any KIOXIA divestiture to shareholders. Furthermore, if the external environment stabilizes, enabling capital markets and the global pandemic to be more predictable in the fall, Toshiba expects to be in a position to undertake more proactive portfolio streamlining and divestures, including the assessment of highly accretive M&A opportunities to continuously improve capital allocation in order to further enhance shareholder returns and the long term value of Toshiba.

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

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