

Toshiba Completes Westinghouse Acquisition

On October 17, the Toshiba Corporation announced the completion of its acquisition of a majority stake in the Westinghouse Electric Company, placing it under its control as a consolidated company within the Toshiba Group.

On the same day, Pres. Atsutoshi Nishida of Toshiba spoke at a press conference, saying that the aim of the acquisition was “to create a global nuclear power group, making Toshiba a leading company in the promotion of both boiling water reactors (BWRs) and pressurized water reactors (PWRs).” He also outlined the plans of the Toshiba Group to significantly enlarge the size of its nuclear power division over the next decade and a half, from the current level of some ¥200 billion (\$1.7 billion at \$1=118 yen) to around ¥700 billion (\$5.9 billion) in 2015 and approximately ¥900 billion (\$7.6 billion) in 2020.

In reference to Toshiba’s 77% stake in Westinghouse shares – up from the original plan of just 51% – Pres. Nishida said that it was “regrettable” that negotiations aimed at getting the Marubeni Corporation to invest in a minority 25% stake had broken down, forcing Toshiba to pick up the slack through bank borrowings in order to complete the deal. “Had Marubeni expressed its desires at an earlier stage,” he said, “we would have conducted negotiations with another potential corporate investor.” Still, Toshiba will continue to seek another corporation to invest in Westinghouse so as to reduce its own stake. As far as relations between Toshiba and Mitsubishi Heavy Industries (MHI) were concerned, Nishida said that he hoped to pursue friendly discussions with MHI in the future concerning various items.

Toshiba established two holding companies in the U.S. and the U.K., Toshiba Nuclear Energy Holdings (US) Inc. and Toshiba Nuclear Energy Holdings (UK) Limited, to carry out the acquisition, with Acting Executive Vice President Masao Iwano serving as chairman of the board of the two companies. As a consultative organization to the holding companies, an owner’s board was newly established, composed of representatives from Toshiba, the Shaw Group Inc. of the United States, and Ishikawajima-Harima Heavy Industries (IHI) Co., Ltd. of Japan. Iwano will also serve as chairman of that board.

Even after the acquisition, Westinghouse will retain its operating autonomy and remain headquartered in Monroeville, Pennsylvania, and President and CEO Steve Tritch will keep his post. A Coordinating Office will be set up within Westinghouse’s premises to which personnel from the investing companies will be posted.

Meanwhile, the nuclear power division of Toshiba’s Power Systems Company will continue to pursue business in the field of BWRs, with a new Westinghouse Management Department being set up to coordinate with Westinghouse’s Coordinating Office.

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