

Toshiba to Sell Part of Its Westinghouse Holdings to Kazatomprom

On August 13, Toshiba Corporation concluded an agreement with Kazatomprom, a fully state-owned corporation of the Kazakhstan government, to sell a portion of its stake in the holding company of the Westinghouse Electric (WE). Toshiba will reduce its shareholdings in Westinghouse from 77% to 67%, giving Kazatomprom a 10% stake in the company. The sale price for the shares is \$540 million. The actual transfer of the shares will depend on administrative procedures in the related countries, but is expected to take about a month to complete. The shares of Westinghouse's other investors – 20% held by the U.S. engineering firm Shaw Group Inc. (SGR), and 3% by IHI Corporation of Japan – shall remain unchanged.

Toshiba and Kazatomprom have begun to explore specific projects as strategic partners, built upon the common perception that both can build a cooperative relationship in a variety of areas. Kazatomprom is a world leader in the development of uranium resources, and Toshiba characterizes the partial sale of its Westinghouse shares to the firm as “reinforcing the global activities of Toshiba Group’s nuclear-related businesses.”

The United States and Kazakhstan (which boasts the world's second largest uranium reserves after Australia) have already signed a cooperative agreement for the peaceful utilization of nuclear energy. Japan and Kazakhstan, too, had already agreed in April 2007 to reinforce their strategic partnership in the field of nuclear power. In the future, any technological cooperation will have to conform to U.S. and other countries’ laws concerning the control of exported materials, as well as other international regulations concerning the nuclear industry.

Kazatomprom was established in July 1997, and capitalized at 79.81 million tenge (approximately \$633,000 at current exchange rates). Kazatomprom has 22,000 employees, and enjoyed sales of some \$684 million in 2006. Its activities include the exploration and development of uranium, beryllium and niobium mines, as well as the processing and sale of such material. Kazatomprom also engages in nuclear fuel fabrication and power-generation activities.

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