

TOSHIBA

2018

Annual Report

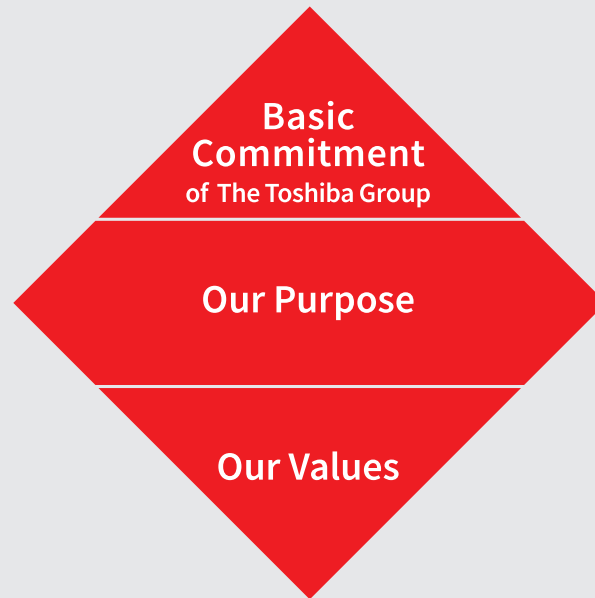
Year ended March 31, 2018 Operational Review



Committed to People, Committed to the Future.

The Essence of Toshiba

Toshiba Corporation introduces the “Essence of Toshiba” on July 1st, 2018.



The Essence of Toshiba illustrates our unwavering direction and values in all future corporate activities, and is the unifying force of Toshiba Group.

It comprises three components: Basic Commitment of the Toshiba Group, Our Purpose, and Our Values.

Basic Commitment of The Toshiba Group

Committed to People, Committed to the Future.

At Toshiba, we commit to raising the quality of life for people around the world, ensuring progress that is in harmony with our planet.

Our Purpose

We are Toshiba. We have an unwavering drive to make and do things that lead to a better world.

A planet that's safer and cleaner.
A society that's both sustainable and dynamic.
A life as comfortable as it is exciting.

That's the future we believe in. We see its possibilities, and work every day to deliver answers that will bring on a brilliant new day. By combining the power of invention with our expertise and desire for a better world, we imagine things that have never been – and make them a reality.

That is our potential. Working together, we inspire a belief in each other and our customers that no challenge is too great, and there's no promise we can't fulfill.

We turn on the promise of a new day.

Our Values

Do the right thing

We act with integrity, honesty and openness, doing what's right—not what's easy.

Look for a better way

We continually strive to find new and better ways, embracing change as a means for progress.

Always consider the impact

We think about how what we do will change the world for the better, both today and for generations to come.

Create together

We collaborate with each other and our customers, so that we can grow together.

Editorial Policy

This annual report is published for shareholders and investors after the close of the business year for the purpose of reporting Toshiba Group business performance in the target business year.


We utilize the Internet and constantly strive to provide the latest IR information in a timely manner. We post materials that include IR news and earnings releases on our IR website. We also provide a site that can be accessed from smartphones.

Information on our continuing efforts in ESG, including non-financial information, is posted in the following reports and on our website.

Reports


Financial and non-financial information

Annual Report
Financial reports (main), non-financial outlines




<http://www.toshiba.co.jp/about/ir/en/finance/ar/index.htm>

Non-financial details



CSR Report
Overview of CSR activities

<http://www.toshiba.co.jp/csr/en/report/download.htm>



Environmental Report
Overview of environmental activities


<http://www.toshiba.co.jp/env/en/communication/report/index.htm>

Website

Sources of timely information


Financial information

IR website
Financial information; legal disclosures



<http://www.toshiba.co.jp/about/ir/index.htm>


IR website for smartphones
Financial information; legal disclosures



<http://www.toshiba.co.jp/about/ir/sp/index.htm>


Non-financial information

CSR website
CSR information



<http://www.toshiba.co.jp/csr/en/>

Environment website
Environmental information



<http://www.toshiba.co.jp/env/en/>

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To Our Shareholders

Working together
we will make all-out efforts to create
a new Toshiba by boldly rebuilding and
reforming Toshiba Group,
putting the Company back on the path
to robust future growth



Nobuaki Kurumatani
Representative Executive Officer, Chairman and CEO

Satoshi Tsunakawa
Representative Executive Officer, President and COO

We wish to express our heartfelt appreciation to all our shareholders for the exceptional support they have extended to Toshiba Group during the very critical business situation we faced over the past three years.

From April 1, 2018, Toshiba Group has made a transition to a new management system, putting in place a new representative executive officer, chairman and chief executive officer (CEO) and reappointing the representative executive officer, president and chief operating officer (COO). Nobuaki Kurumatani was appointed to the position of representative executive officer, chairman and CEO, and will oversee the entirety of Toshiba Group's business operations and lead the development and execution of the Group's new medium- and long-term business strategies. In the position of representative executive officer, president and COO, Satoshi Tsunakawa will be responsible for taking charge of directing the day-to-day execution of the business operations of the Company.

Working together we will make all-out efforts to create a new Toshiba by boldly rebuilding and reforming Toshiba Group, putting the Company back on the path to robust future growth. We are going to establish the basic foundations needed to promote a company-wide rejuvenation, as we aim to strengthen core earning power starting from 2018. We would like to ask for your continued support and encouragement.

Looking back over the past three years, Toshiba Group has been faced with a severe business situation resulting from such matters as the discovery of inappropriate accounting in 2015, the designation of Toshiba's shares as Securities on Alert by the Tokyo Stock Exchange and Nagoya Stock Exchange, the huge losses amassed by the subsidiary Westinghouse Electric Company (WEC), the filing of a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code by the WEC Group, the extension of the deadline for the filing of the Annual Securities Report, and the shifting of the listing of our Company's stock to the Second Section of the Tokyo Stock Exchange and Nagoya Stock Exchange due to our negative consolidated shareholders' equity.

During the past year, we especially targeted our efforts at stabilizing our operations and finances. As a result of the strengthening of our internal management system, we were able to receive cancellation of the designation as Securities on Alert. At the same time, by carrying out such measures as raising capital of about ¥600 billion through a third-party allotment of new shares in December 2017, concluding a lump-sum settlement of parent company guarantees concerning the construction of U.S. nuclear power plants and the sale of WEC-related claims and assets, as of the end of March 2018, we were able to resolve the issue of the negative consolidated shareholders' equity of the Company and avoid the delisting of Toshiba's shares.

The table on the next two pages summarizes the main events of the past three years.

In a more specific context, with regard to its internal management system and corporate governance of Toshiba, Toshiba received the investigation report of the Independent Investigation Committee concerning its inappropriate accounting in July 2015, and on September 8 of the same year submitted its restated past Annual Securities Reports and other documents. Based on the facts concerning the misstatements of Annual Securities Reports and other information, the Tokyo Stock Exchange and the Nagoya Stock Exchange deemed that improvements in such areas as Toshiba's internal management system were highly necessary, and on September 15 of the same year, Toshiba's stock was designated as Securities on Alert. We immediately instituted a new system for management reform and strove to improve our corporate governance by taking such steps as making the number of outside directors on our Board of Directors a majority and implementing fundamental changes regarding our corporate culture. On September 15, 2016, a year following the original date of the designation, Toshiba submitted a written confirmation of its internal management system to both stock exchanges. However, they considered that it was still necessary to further verify the implementation and progress of the Company's improvement measures, and in December of the same year, both stock exchanges decided to continue the designation of Toshiba's stock as Securities on Alert.

After receiving notice of the continuation of the designation, in addition to its ongoing existing measures, Toshiba implemented further measures designed to thoroughly enforce compliance and to strengthen the monitoring of Group companies – measures that were put in place to respond to the reasons given for the continuation of the designations. Toshiba also assiduously worked to improve issues with regard to its managerial decision-making process. As a result, as of October 12, 2017, we were able to receive notifications cancelling the designation of Toshiba's stock as Securities on Alert and Securities under Supervision (Examination).

Main Events of the Past Three Years

	<ul style="list-style-type: none"> Investigation Execution/Reinforcement of Governance, Internal Control Systems and others Matters related to the Annual and Quarterly Securities Reports 	Matters related to the Stock Exchanges	<ul style="list-style-type: none"> Main Management Matters General Meetings of Shareholders
Feb. 2015	<ul style="list-style-type: none"> Received a report order from the Securities and Exchange Surveillance Commission 		
Mar. 2015	<ul style="list-style-type: none"> Identified matters requiring investigation in relation to accounting pertaining to the % of completion method for certain infrastructure projects undertaken by the Company 		
Apr. 2015	<ul style="list-style-type: none"> Established the Special Investigation Committee 		
May 2015	<ul style="list-style-type: none"> Established the Independent Investigation Committee Submission of applications for approval of postponement of the deadlines for submission of the FY2014 Annual Securities Report 		
Jun. 2015			<ul style="list-style-type: none"> Holding of FY2014 Ordinary General Meeting of Shareholders
Jul. 2015	<ul style="list-style-type: none"> Received the Investigation Report from the Independent Investigation Committee Established the Management Revitalization Committee 		<ul style="list-style-type: none"> Completion of share transfer of Finnish KONE Corporation
Aug. 2015	<ul style="list-style-type: none"> Submission of Applications for Approval of Postponement (re-extension) of the Deadlines for Submission of the FY2014 Annual Securities Report 		
Sep. 2015	<ul style="list-style-type: none"> Restatement of the past Annual Securities Reports and Quarterly Financial Reports Submission of FY2014 Annual Securities Reports, Submission of FY2015 Q1 Quarterly Securities Reports Establishment of Executive Liability Investigation Committee Reform of Management and Governance Structure <ul style="list-style-type: none"> Decided that outside directors will constitute over half the members of the Board of Directors. In principle, all members of the Nomination Committee, Audit Committee, and Compensation Committee must be outside directors. Amended the Company's Articles of Incorporation allowing the appointment of an outside director as the chairman of the Board of Directors Newly established Internal Audit Division under the Audit Committee 	<ul style="list-style-type: none"> Designation of Toshiba Shares as Securities on Alert Levied a listed penalty 	<ul style="list-style-type: none"> Completion of share transfer of Topcon Completion of share transfer of NREG Toshiba Building Holding of the Extraordinary General Meeting of Shareholders
Oct. 2015			<ul style="list-style-type: none"> Announced the withdrawal from CMOS image sensor business and the transfer of 300mm wafer production lines at Oita operations to Sony Announced the termination of White LED business
Nov. 2015	<ul style="list-style-type: none"> Filed an action for compensatory damages (an "action to enforce liability" as provided for in the Companies Act) against former executives Submission of FY2015 Q2 Quarterly Securities Report 		
Dec. 2015	<ul style="list-style-type: none"> Received an order for Administrative Monetary Penalty Payment Established the Corporate Governance Guideline 		<ul style="list-style-type: none"> Announced the Toshiba Rebuilding Initiative WEC completed the acquisition of 100% share of CB&I Stone & Webster Inc.
Jan. 2016	<ul style="list-style-type: none"> Informally selected PwC Aarata as corporate auditor from FY2016 		
Feb. 2016	<ul style="list-style-type: none"> Submission of FY2015 Q3 Quarterly Securities Report 		
Mar. 2016	<ul style="list-style-type: none"> Released the Improvement Plan and Situation Report 		<ul style="list-style-type: none"> Completion of the share transfer of Toshiba Medical Systems
Apr. 2016	<ul style="list-style-type: none"> Established the Information Disclosure Office 		
May 2016			
Jun. 2016	<ul style="list-style-type: none"> The board decided to no longer appoint advisers to the board (Sodanyaku) Submission of the FY2015 Annual Securities Report 		<ul style="list-style-type: none"> Holding of FY2015 Ordinary General Meeting of Shareholders Completion of the share transfer of Toshiba Lifestyle Products & Services, which operates a home appliances business
Jul. 2016			
Aug. 2016	<ul style="list-style-type: none"> Submission of FY2016 Q1 Quarterly Securities Report Released the Status of Improvement Situation Report 		
Sep. 2016		<ul style="list-style-type: none"> Submitted a written confirmation of internal management system 	
Oct. 2016			
Nov. 2016	<ul style="list-style-type: none"> Submission of FY2016 Q2 Quarterly Securities Report 		
Dec. 2016		<ul style="list-style-type: none"> Continuation of Designation of Toshiba Shares as "Securities on Alert" 	<ul style="list-style-type: none"> Announced the sale of Toshiba Ome Complex Announced possibility of recognition of goodwill and loss related to WEC's acquisition of CB&I Stone & Webster
Jan. 2017			<ul style="list-style-type: none"> Decided to implement a company split for the memory business

Implemented measures to reform the corporate culture. Formulated and continuously executed additional measures.

	<ul style="list-style-type: none"> ● Investigation Execution/Reinforcement of Governance, Internal Control Systems and others ■ Matters related to the Annual and Quarterly Securities Reports 	Matters related to the Stock Exchanges	<ul style="list-style-type: none"> ● Main Management Matters ■ General Meetings of Shareholders
Feb. 2017	■ Submission of applications for approval of postponement of the deadlines for submission of the FY2016 Q3 Quarterly Securities Report		
Mar. 2017	■ Submission of applications for approval of postponement (re-extension) of the deadlines for submission of the FY2016 Q3 Quarterly Securities Report	<ul style="list-style-type: none"> ● Toshiba's stock was designated as a Securities Under Supervision (Examination) ● Resubmitted the Written Confirmation of Internal Management System 	<ul style="list-style-type: none"> ● Sale of stock of Toshiba Machine owned by Toshiba ● Chapter 11 Filing by WEC and its Group entities ■ Holding of Extraordinary General Meeting of Shareholders
Apr. 2017	<ul style="list-style-type: none"> ● Notes relating to assumptions for the going concern were included in the notes to consolidated financial statements ■ Submission of FY2016 Q3 Quarterly Securities Report ■ Independent Auditors expressed Disclaimer of Opinions on Quarterly Review Reports 		<ul style="list-style-type: none"> ● Transferred the memory business to Toshiba Memory Corporation
May 2017			
Jun. 2017	■ Submission of applications for approval of postponement of the deadlines for submission of the FY2016 Annual Securities Report		■ Holding of FY2016 Ordinary General Meeting of Shareholders
Jul. 2017			<ul style="list-style-type: none"> ● Split off Infrastructure Systems & Solutions Company, Storage & Electronic Devices Solutions Company and Industrial ICT Solution Company ● Completion of the share transfer of Landis & Gyr
Aug. 2017	<ul style="list-style-type: none"> ■ Submission of the FY2016 Annual Securities Report* ■ Submission of FY2017 Q1 Quarterly Securities Report* 	● Toshiba's stock transferred from the 1st section to the 2nd section of stock exchanges	
Sep. 2017			<ul style="list-style-type: none"> ● Signed a share purchase agreement with a Bain Capital-led Consortium for the sale of Toshiba Memory
Oct. 2017	● Released the Report on Improvements of Internal Management System	● Cancellation of Designations as Securities on Alert and Securities under Supervision	<ul style="list-style-type: none"> ● Split off Energy Systems & Solutions Company and Nuclear Energy Systems & Solutions Division ■ Holding of the Extraordinary General Meeting of Shareholders
Nov. 2017	■ Submission of FY2017 Q2 Quarterly Securities Report*		<ul style="list-style-type: none"> ● Resolved to raise capital by issuing new shares through third-party allotment
Dec. 2017			<ul style="list-style-type: none"> ● Raised capital of approx. ¥600 billion through third-party allotment ● Toshiba and Western Digital reached global settlement and agreed to strengthen flash memory collaboration
Jan. 2018			<ul style="list-style-type: none"> ● Completed the sale of shares of Shibaura Mechatronics ● Completed the sale of WEC-related claims
Feb. 2018	<ul style="list-style-type: none"> ● The events and conditions causing substantial doubt about the Company's ability to continue as a going concern have been resolved. ■ Submission of FY2017 Q3 Quarterly Securities Report* 		<ul style="list-style-type: none"> ● Completed the share transfer of Toshiba Visual Solution, which operates a TV business
Mar. 2018			<ul style="list-style-type: none"> ● WEC Group's voluntary rehabilitation plan was approved by the U.S. Bankruptcy Court. ● Completed the share transfer of Toshiba South America, which operates a T&D business
Apr. 2018	● Shift to the new management team		<ul style="list-style-type: none"> ● Completed the transfer of business of Toshiba General Hospital
May 2018			<ul style="list-style-type: none"> ● Announced the outline of Toshiba Next Plan
Jun. 2018	■ Submission of the FY2017 Annual Securities Report*	<ul style="list-style-type: none"> ● Cancellation of Designations as Entry into Grace Period pertaining to Delisting, owing to having avoided two consecutive years of negative shareholders' equity at the end of March 2018. 	<ul style="list-style-type: none"> ● Completion of the share transfer of Toshiba Memory ● Signed an agreement to transfer shares of Toshiba Client solutions, which operates a PC business ● Announced a policy on shareholder returns with a plan to implement approx. ¥700 billion share buyback ■ Holding of FY2017 Ordinary General Meetings of Shareholders
Jul. 2018	● Released the Report on Improvements Progress of Internal Management System		<ul style="list-style-type: none"> ● Announced the introduction of the restricted stock compensation system
Aug. 2018	■ Submission of FY2018 Q1 Quarterly Securities Report		

*The independent auditor expressed a Qualified Opinion on the FY2016 consolidated financial statements and non-consolidated financial results. The auditor expressed a Qualified Opinion on the quarterly financial statements from FY2017 Q1 to Q3, and expressed Qualified Opinion on the FY2017 consolidated financial statements and non-consolidated financial results, because of the comparability of the amounts and corresponding figures in the FY2016 consolidated financial statements and non-consolidated financial results. The auditor expressed an Adverse Opinion on the FY2016 Internal Control Report and an Unqualified Opinion on the FY2017 Internal Control Report.

Since then, Toshiba has continued to work toward carrying out further reforms while checking to confirm the satisfactory status of the various measures that have been taken and the situation with regard to the fulfillment of each principle of the “Principles for Preventing Corporate Scandals and Protecting Corporate Value,” which had been drawn up for listed companies to follow by the Japan Exchange Regulation organization in March 2018.

Moreover, although we have caused many inconveniences and concerns to our shareholders due to the repeated postponement of the announcement of financial statements and the postponement of the due date of the annual securities report, the independent auditors expressed an unlimited, unqualified opinion concerning the fairness and appropriateness of our FY2017 consolidated financial statements as per the Companies Act. In addition, with regard to FY2017’s consolidated financial statements, although a qualified opinion was expressed regarding excepted items dealing with comparative information, an unqualified opinion was expressed with regard to the results of the evaluation of our Company’s filing, which stated that the FY2017 financial report on internal control is valid. We consider that this was the result of the continuous efforts we made to implement various kinds of further improvement measures and their taking root and clearly showing good results in our operations. In July of 2018, we released a “Report on Improvements of the Internal Management System” in order to again inform all stakeholders about the implementation status regarding the current situation of our business operations, while also looking back on and assessing the work we have done so far.

With these continued improvement efforts and the entire company united as one, we confidently believe that three years after the discovery of the inappropriate accounting issues, we have finally returned to the starting line to revitalize the Company. We consider FY2018 to be the first year for the execution of bold reforms and restructuring aimed at the rejuvenation of Toshiba Group that will turn us into a stronger, more globally competitive company as we further globalize our business operations and return to the essence of the Company. We will work to strengthen the Group’s core earning power and promote engines of growth. We are presently in the process of drawing up the “Toshiba Next Plan,” a strategic plan that will detail how we plan to bring about major changes in our business operations. The Plan will enumerate the measures we will carry out to strengthen the foundations of our earning power as well as the medium-term growth strategies for each business, which will include concrete quantitative targets. The Plan will be announced in November of this year.

Furthermore, in June 2018, we closed the sale of Toshiba Memory Corporation and our Company’s financial situation greatly improved. With regard to a portion of the capital gained as a result of the closing of this sale, Toshiba decided on a policy of rewarding shareholders by implementing as early as possible a program of share buybacks to the tune of about ¥700 billion. With regard to the measures and timing of our execution of the share buybacks, we are concretely studying the matter so that we can implement it as early as possible, while taking into account legal and other restrictions such as insider trading regulations under the Financial Instruments and Exchange Act and the Companies Act as well as the effect on the supply and demand of Toshiba stock. We are also studying the most appropriate way to implement a stable dividend.

Because of the dedicated efforts of all of our employees over so many years, Toshiba Group can say with great pride that we have been in business for over 140 years, and during all this time in various phases of its evolution, both in Japan and globally, we have been developing business activities aimed at the realization of a sustainable society. Based on our long, illustrious history and impressive record of achievements, we have decided to take this opportunity to newly expand upon and reiterate the statement of the basic management principles of Toshiba Group, whose main theme is “Commitment to People, Commitment to the Future.” Our new statement emphasizes that Toshiba’s purpose is to help contribute to “a planet that is safer and cleaner, a society that is both sustainable and dynamic, and a life as comfortable as it is exciting.” It codifies the Company’s core values as: “Do the Right Thing, Look for a Better Way, Always Consider the Impact, and Create Together.” With all staff members of Toshiba sharing in this commitment to the Company’s basic purposes and values, we will reconfirm the essence of our corporate identity and sense of values and grow as a corporate group that everyday can be deeply useful to society. We will continue to aim to bring Toshiba into a new era of business creation and technological innovation that will lead to the development of products that will greatly change people’s lives and lead to the growth of Toshiba Group.

Toshiba Group will continue to focus on our four business domains of “Social Infrastructure,” “Energy,” “Electronic Devices” and “Digital Solutions,” all of which support people’s daily lives and society. The rich value harvest of these business domains will help to create better lives for people around the world through the development and application our distinctive, innovative


technologies, and contribute to the achievement of the U.N.'s Sustainable Development Goals (SDGs). Going forward, with Toshiba Group united as one, we will make great efforts to speed the recovery of the trust of all of our stakeholders, including customers, shareholders and society. We would like to ask for your continued support.

September 2018

Message from the CEO

Rebuilding and Reforming Toshiba into a Stronger, More Resilient and Excellent Company

Nobuaki Kurumatani
Representative Executive Officer
Chairman and Chief Executive Officer



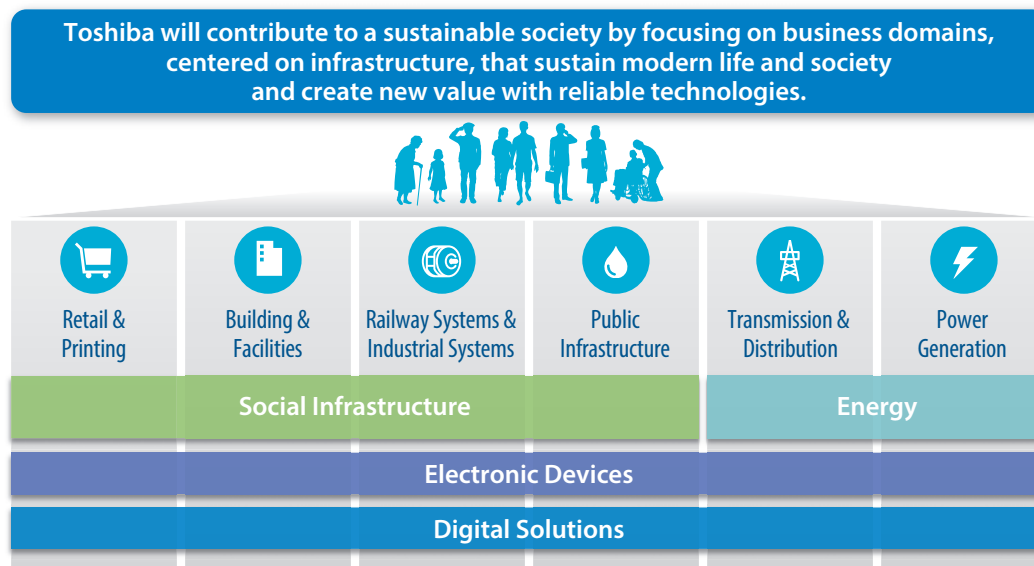
I assumed the office of Representative Executive Officer, Chairman and Chief Executive Officer of Toshiba on April 1, 2018. I fully recognize that I am strongly expected to bring new knowledge, fresh perspectives and impetus to the management of Toshiba Group by making good use of my past experience in financial and investment institutions. With all my heart, mind and strength, I intend to devote all my efforts to leading the rebuilding and reforming of Toshiba Group so that it becomes a stronger, leaner, more resilient and excellent company that ranks among the top global blue chip companies. I ask for your continued support.

Since I assumed my position I have visited our research centers, offices and plants and have directly communicated my thinking to over 3,000 staff members. What I took away from these many conversations was that Toshiba's corporate DNA has realized countless Japan- and world-first distinctive, innovative technologies and products that have made Toshiba a source of pride for the Company over its 140-year history, and I was powerfully convinced that with Toshiba's DNA, knowhow and customer base, Toshiba Group will definitely be able to make a powerful comeback. I immediately gathered together staff members from throughout the company, formed a team, and we started to draw up the "Toshiba Next Plan." We expect to announce this business plan for the next five years in November this year.

I would like to explain our policy approach regarding the making of this plan in the following manner:

1 Toshiba Group Management Policy and Focus Areas

The Toshiba Group will continue to focus on business areas that support people's daily lives and the progress of society. Specifically, the Group will endeavor to contribute to the realization of a sustainable future society by focusing on the four core business domains of "Social Infrastructure," "Energy," "Electronic Devices" and "Digital Solutions"—all of which provide the basic infrastructure that sustains modern life and society—as we continue to strive to create a rich harvest of value to society through the use of our distinctive, innovative technologies.



2 Outline of the "Toshiba Next Plan"

(1) Strengthen Core Earning Power

As a short-term measure, Toshiba will strengthen its core earning power by concentrating on measures to "build up a strong, streamlined management infrastructure," "improve business operations" and "make further structural reforms."

Introduce measures that shape a muscular organization

Build Strong Management Infrastructure	<ul style="list-style-type: none"> • Visualize Key Performance Indicators (KPI) for individual businesses • Broaden internal audit functions • Establish a CEO Office • Bring talents of young employees into the "Next PJ"
Improve Operations	<ul style="list-style-type: none"> • Revisit procurement and engineering value chains • Reinforce project evaluation and monitoring • Implement working capital improvement PJ • Strengthen sales & marketing structures
Further Structural Reform	<ul style="list-style-type: none"> • Energy business • Indirect staff, number of Group companies

(2) Create Medium-term Business Strategies

Toshiba will create a medium-term strategy for each of our businesses based on targets set by benchmarking the world's leading companies. In achieving these targets, each business will focus on free cash flow (FCF) and return on invested capital (ROIC), which better indicate the power to generate cash than do net sales figures.

Working from scratch, develop transformation plans for all businesses

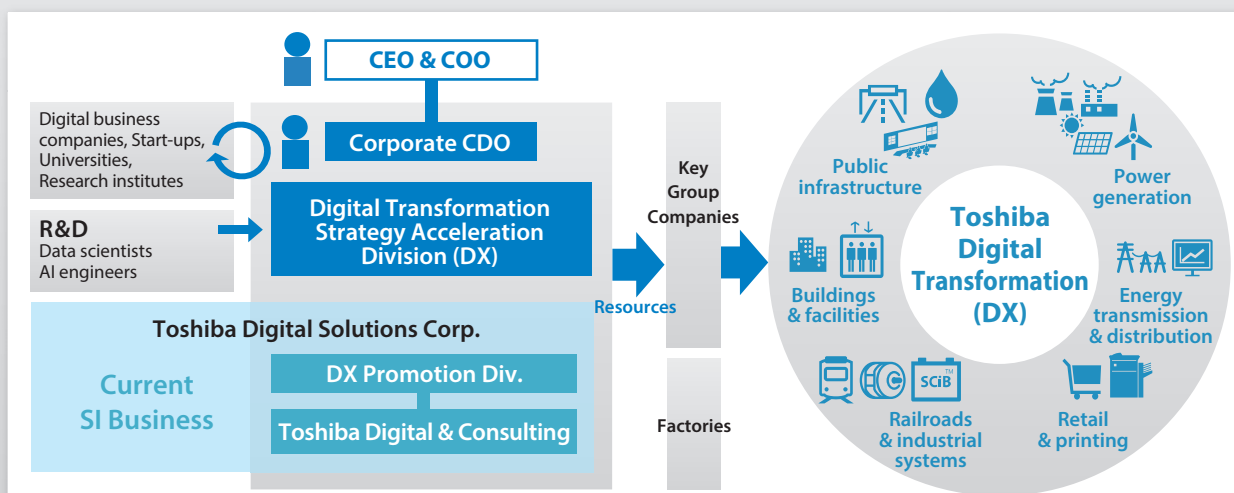
Action Plan	<ul style="list-style-type: none"> • Implement KPI-based monitoring • Make investments in growth engines —businesses facing difficulties must make structural improvements
Target Setting	<ul style="list-style-type: none"> • Emphasize enhanced cash-generation abilities, and metrics including FCF and ROIC • Implement measures that bridge the gap with benchmarked target companies
Creation Process	<ul style="list-style-type: none"> • Set goals, making use of outside advisors • Direct CEO review of all business units

(3) Shift to a “Recurring Business” Model to Achieve Higher Profit and Higher Continuity of Business

Building on the medium-term strategy of each business Toshiba intends to use Digital Solutions to promote the transformation of its businesses to a profitable “recurring business” model. Defining the ideal shape desired for each business over the next five years, and then combining their strengths with Toshiba’s digital technologies in AI (Artificial Intelligence) and IoT (Internet of Things), will drive forward a shift enabling businesses to deliver more services and solutions that will maximize Toshiba’s value to its customers. Through this approach, Toshiba aims to transition to a recurring business model that realizes consistently profitable results.

Transitioning to consistently profitable businesses

- Appointed Chief Digital Officer (CDO) (as of Apr. 1, 2018)
- Introduced Digital Transformation Strategy Acceleration Division (as of Apr. 1, 2018)
- Established Toshiba Digital & Consulting Corporation (as of Apr. 2, 2018)



3 Implementation of a New Compensation System

In parallel with the drawing up of the “Toshiba Next Plan,” Toshiba introduced a new restricted stock compensation system for Toshiba Group that puts a strong emphasis on medium- and long-term corporate value. The aim is to provide officers with an incentive to drive forward medium- and long-term business growth by deepening the commitment of individual officers to improving business results. A restricted stock compensation system is now being implemented for Toshiba’s executive officers and for some directors of key Toshiba Group companies starting from July of this year. Under this system, officers will be required to hold onto these stocks for a specified period.

Specifically, this compensation system enables Toshiba and some of its Group companies to grant to Toshiba’s 12 executive officers and eight directors of applicable Toshiba Group companies monetary compensation receivables that they can use as assets for investing in Toshiba common stock.

Align executive compensation system with medium- and long-term enterprise value

Introduce restricted stock compensation system for executive officers in July 2018



- Increase incentives linked to achieving Toshiba’s transformation
- Operate businesses from the stakeholder perspective

4 Policy on Shareholder Returns

On June 1, 2018, Toshiba completed the transaction closing the sale of Toshiba Memory Corporation. With this important development, Toshiba has now decided to implement a new policy with regard to shareholder returns, which will channel a targeted amount of approximately ¥700 billion into a share buyback plan at the earliest possible date.

The ¥700 billion figure is based on the estimated balance of the distributable amount after incorporating the profit from the sale of the Toshiba Memory transaction into the non-consolidated distributable amount, a total of a ¥1.1 trillion, and was arrived at following conservative estimates of the scale of current potential business risks, including the impact of a liquefied natural gas liquefaction tolling agreement, securities-related litigation and structural reform costs, along with the need to realize a stable distribution of dividends. Toshiba is also giving careful consideration to investment in growth, especially in respect to M&A, which has been a source of increased risk and caused the Company to record several past years of enormous losses.

Furthermore, Toshiba is continuing to study the execution of a stable dividend, and at the same time, in line with the currently ongoing progress in the drawing up of the “Toshiba Next Plan,” while carefully looking at such situations as the generation of surplus capital, we will study measures for additional shareholder returns as they are deemed to be necessary. Toshiba is confident that it can secure a healthy shareholders’ equity ratio even after execution of a share buyback of about ¥700 billion, as the Company no longer holds the Memory and overseas nuclear power plant construction businesses.

Toshiba will also consider the mechanics and other details of share buybacks, so as to be able to execute them at the earliest possible date, including the use of an Off-Auction Owned Shares Repurchase Trading System (ToSTNeT-3). In making its decisions, Toshiba will take into account legal and other restrictions, the impact on supply and demand of Toshiba’s shares in the market, the trajectories of future economic and business environments, and the details of the “Toshiba Next Plan.”

Toshiba also respects the views of shareholders, particularly investors from around the world who believe that Toshiba's corporate worth and shareholder value are undervalued, and that appropriate management and capital policies will allow the Company to maximize them as it promotes its business revitalization. Toshiba will continue to have constructive, transparent communications with shareholders as it works to secure sustainable growth for the Group and enhance corporate and shareholder value in the medium- to long-term. Toshiba's main concern is to deliver benefits to all stakeholders, starting with shareholders and investors.

I would like to take this opportunity to answer some of the many questions we have recently received from our shareholders and investors.

Q

Could you tell us more about Toshiba's plans for reform of its business structure and its business portfolio as it moves towards the rejuvenation of its management?

After holding many thorough discussion meetings with the people working in our various business departments, we are coming to the final stages of our comprehensive analysis aimed at crystallizing our "Toshiba Next Plan" to carry out the necessary measures to reform our business structure and business portfolio. With regard to the review of our portfolio, We will use as important indices FCF, ROIC, ROE and other indicators of ability to generate cash flow to cover capital costs.

Q

We think that the setting of target values for the FCF and ROI of each business from now on is a good strategy; however, for the Company as a whole, what do you think is the necessary profit ratio in percentage terms that should be achieved with regard to ROE or ROIC in order to meet the expectations of shareholders?

Currently, we are determining how far we can go when we remove all restrictions for each business. After looking at the potential of each business, we will decide upon the quantitative target values for the entire company. On the other hand, considering the perspective of shareholders and investors, I am keenly aware of the general expectation that both ROE and ROIC should be in double digits.

Q

Could you explain your thoughts about Toshiba Group's CSR policy and what you are endeavoring to do to enhance CSR management, ESG and SDGs?

Grounded on our long-held Basic Commitment of Toshiba Group "Committed to People, Committed to the Future," we recently issued "The Essence of Toshiba," a restatement of the purposes and values that encapsulate our management's commitment to "raising the quality of life for people around the world and ensuring progress that is in harmony with our planet." The Essence of Toshiba is a restatement of the purposes and values that have guided Toshiba for over 140 years as we have taken our business to the global level and that still inspire us today as we work for a sustainable future. We endeavor to make and do things that lead to a better world and we place the highest priority on respect for all people as a basic corporate management principle. We aim to be a corporate group that will create rich quality-of-life values and contribute much to people's lives and cultures around the world.

In addition, based on our basic management principles, we are also prioritizing "respect for human rights," "promotion of supply chain CSR," and "sound environmental management" as important issues, as we carry out

our CSR management with great care and perseverance. In addition, we are working continuously to strengthen our corporate governance and are carrying out ESG (environment, society and governance) activities that are essential to ensuring sustainable growth. We will also continue our efforts to contribute to achieving the SDGs (Sustainable Development Goals) that were adopted by the UN General Assembly in 2015. We understand and believe in the high expectations that are placed on corporations, and in each of our business domains of “Social Infrastructure,” “Energy,” “Electronic Devices,” and “Digital Solutions” we are dedicated to providing to the world our distinctive, innovative technologies and solutions.

Q

What measures are you thinking about continuing to carry out that are aimed at the further improvement of Toshiba’s internal management system?

We will continue to go forward with making further improvements and significant reforms. With regard to Toshiba Group’s concrete improvement measures, in addition to the validity checks of accounting processes that we have executed hitherto as a further strengthening measure, we are going to beef up our project review function for the purpose of expanding this process in order to improve the profitability of new orders, and as well build-up of a wide range of internal audit functions including expense regulations and business processes. We will continuously and transparently report on our efforts in this regard to all stakeholders, including shareholders and investors, through the “Toshiba Next Plan” and other means.

In addition, we believe the goals of the strengthening of our corporate governance and our internal management system, and other such measures as well, represent a never-ending quest. We will review the progress of the measures we are taking at an appropriate time in accordance with changes in the outside environment and in the contents of our businesses, and we will aim to be able to always realize the highest level of governance and to forge and operate an optimally effective internal management system.

Q

When do you foresee Toshiba’s return to the First Section of the Tokyo Stock Exchange?

In order to be able to return to the First Section of the Tokyo Stock Exchange it is necessary to fulfill the requirements that are stipulated in the provisions governing listing on the stock exchange. With regard to the specific time that the return will be possible, it depends on the judgment of the Tokyo Stock Exchange, and so we are not in a position to provide an answer at this time.

In the meantime, in order to be able to return to the First Section of the stock exchange, Toshiba will, as soon as possible, do our utmost to take any possible actions that we can that would allow us to further improve our internal management system.

Q

What are you planning to do with the 40.2 % of Toshiba Memory’s shares that Toshiba Corporation now holds?

For the time being, our policy is to continue to hold on to our 40.2% of the shares. Toshiba Memory has announced it is considering listing by IPO in about three years. At such a time, Toshiba Corporation will make a comprehensive decision taking into consideration all relevant factors, including the situation at that point in time.

September 2018

Financial Highlights (Consolidated)

➔ Please see P. 64 for the 5-year consolidated financial summary.

(Billions of yen)

	FY13	FY14	FY15	FY16	FY17
Financial performance					
Net sales	¥4,723.0	¥4,851.1	¥4,346.5	¥4,043.7	¥3,947.6
Japan	2,318.7	2,360.8	2,243.8	2,270.1	2,257.2
Overseas	2,404.3	2,490.3	2,102.7	1,773.6	1,690.4
Operating income (loss) (Note 1)	8.8	(72.5)	(581.4)	82.0	64.1
Income (loss) from continuing operations, before income taxes and noncontrolling interests	(64.9)	(122.3)	(499.4)	44.9	82.4
Net income (loss) (Note 2)	60.2	(37.8)	(460.0)	(965.7)	804.0
Financial position and indicators					
Total assets	6,172.5	6,334.8	5,433.3	4,269.5	4,458.2
Equity attributable to shareholders of the Company (Note 3)	1,027.2	1,084.0	328.9	(552.9)	783.1
Net interest-bearing debt (Note 4)	1,104.8	1,070.9	497.2	682.9	191.6
Shareholders' equity ratio (%)	16.6	17.1	6.1	(13.0)	17.6
Net debt/equity ratio (Times)	1.1	1.0	1.5	—	0.2
Investment					
R&D expenditures	222.7	235.8	249.9	189.9	178.7
Capital expenditures	190.8	161.7	167.6	91.5	85.9
Depreciation	108.8	117.2	146.3	89.3	81.7
Return indicators (%)					
Return on investment (ROI) (Note 5)	0.3	(2.6)	(23.7)	5.4	4.9
Return on equity (ROE)	6.5	(3.6)	(65.1)	861.9	698.6
Return on assets (ROA)	1.0	(0.6)	(7.8)	(19.9)	18.4
Free cash flow					
Net cash provided by (used in) operating activities	284.1	330.4	(1.2)	134.2	41.6
Net cash provided by (used in) investing activities	(244.1)	(190.1)	653.4	(179.0)	(150.9)
Free cash flow	40.0	140.3	652.2	(44.8)	(109.3)
Per share of common stock (yen)					
Net income (loss) (Note 6)					
—basic	14.23	(8.93)	(108.64)	(228.08)	162.89
—diluted	—	—	—	—	—
Cash dividends	8.00	4.00	—	—	—
Number of employees (Thousands)					
Number of employees	200	199	188	153	141
Japan	112	111	105	95	91
Overseas	88	88	83	58	50

Notes: 1. Operating income (loss) is derived by deducting the cost of sales and selling, general and administrative expenses from net sales.

2. Net income (loss) attributable to shareholders of the Company is described as Net income (loss).

3. Equity attributable to shareholders of the Company is based on U.S. GAAP.

4. Net interest-bearing debt is derived by deducting cash and cash equivalents from interest-bearing debt.

5. $ROI = \text{Operating income} / (\text{Average equity attributable to shareholders of the Company} + \text{Average equity attributable to noncontrolling interests} + \text{Average interest-bearing debt}) \times 100$

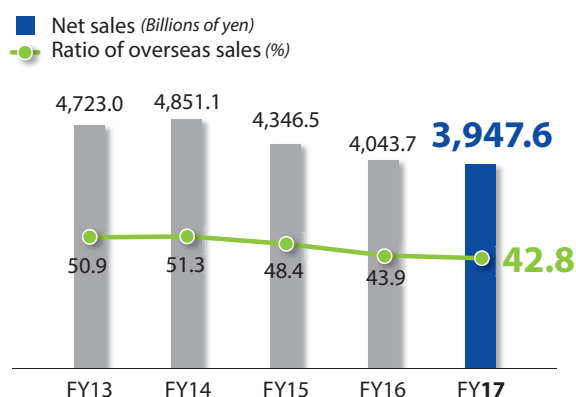
6. Basic earnings (losses) per share attributable to shareholders of the Company (EPS) is computed based on the weighted-average number of shares of common stock outstanding during each period. Diluted EPS assumes the dilution that could occur if convertible bonds were converted or stock acquisition rights were exercised to issue common stock, unless their inclusion would have an antidilutive effect.

7. The Healthcare Systems & Services segment and Home Appliances business are discontinued operations as of the end of March 2016. Results of the past fiscal years have been revised to reflect this change.

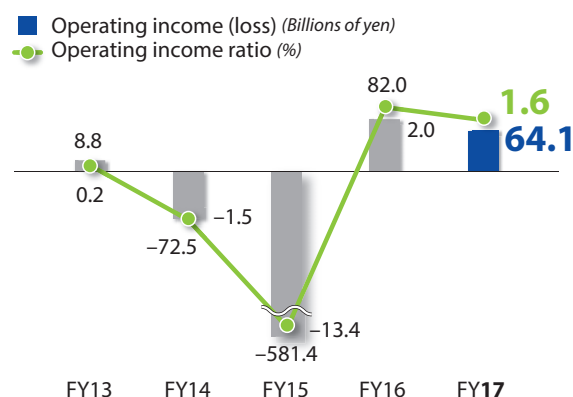
8. The WEC Group's Nuclear Power Business is classified as discontinued operations in the fiscal year ended March 31, 2017. Results of the prior years have been revised to reflect these changes.

9. The memory business is classified as discontinued operations in the fiscal year ended March 31, 2018. Results of the prior years have been revised to reflect these changes.

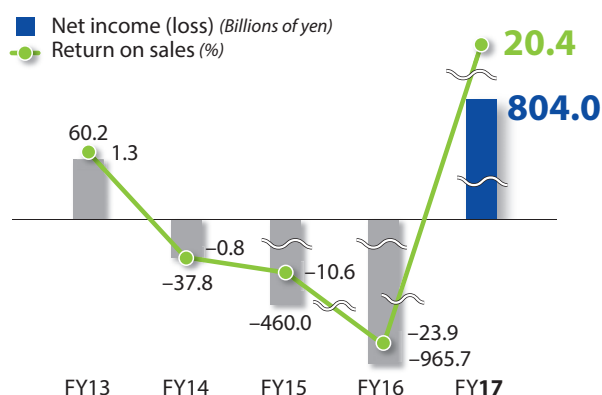
➔ Please see the Data Section from P. 63 for Consolidated Financial Statements.



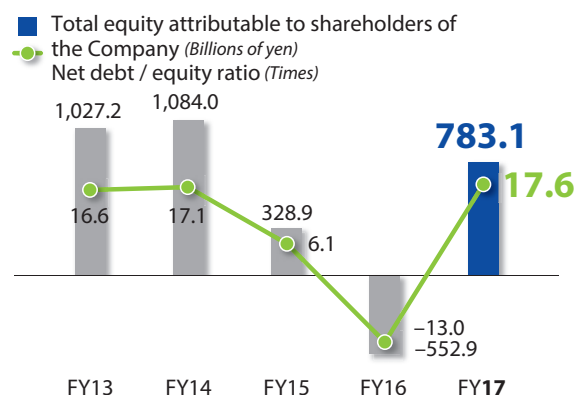
Despite the positive impact from yen depreciation, overall sales decreased by ¥96.1 billion to ¥3,947.6 billion, due to the impact of the deconsolidation of Landis+Gyr as a result of its initial public offering.



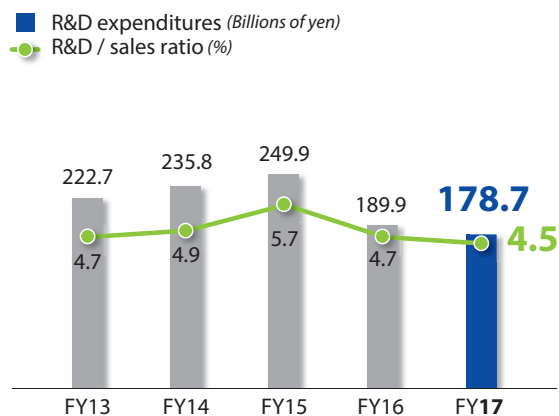
As a result of structural reform costs, one-time expenses, provisions for unprofitable businesses, mainly for Energy Systems & Solutions, and scaling back of emergency measures including bonus reductions, consolidated operating income decreased by ¥17.9 billion to ¥64.1 billion.



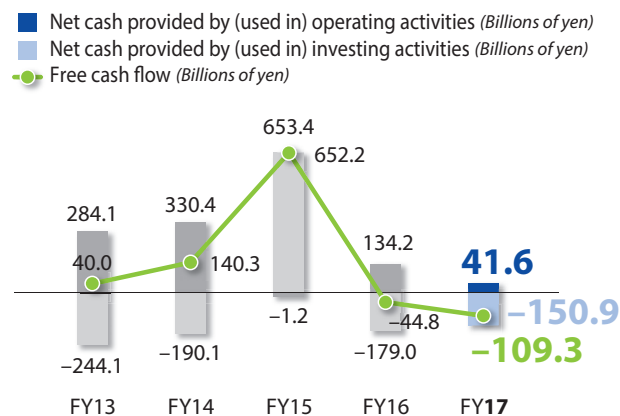
Net income from discontinued operations was ¥696.1 billion, due to the Memory business achieving a margin equivalent to an ROS of 40.0%, the profit from selling Westinghouse (WEC)-related claims, and a tax reduction, as WEC-related claims and shares were treated as a tax loss, etc. As a result, net income attributable to shareholders of the Company increased by ¥1,769.7 billion to ¥804.0 billion.



Equity attributable to shareholders of the Company increased by ¥1,336.0 billion to ¥783.1 billion, as a result of capital increase of approximately ¥600.0 billion by third-party allotment in December 2017, as well as increased net income. Shareholders' equity ratio was 17.6%, an improvement of 30.6% from that at the end of March 2017.



R&D expenditures amounted to ¥178.7 billion, down 6% from the previous year. The R&D expenditure to sales ratio decreased by 0.2% to 4.5%.

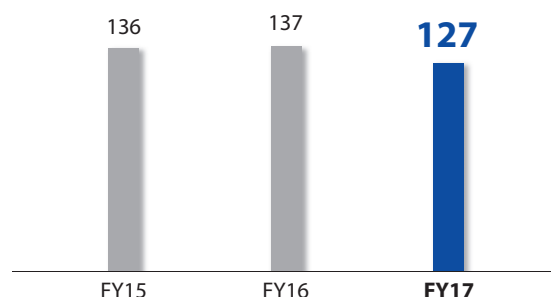


While cash outflows from investing activities were decreased from the previous year, owing to the proceeds from the sale of Landis+Gyr shares, cash inflows from operating activities declined especially due to the influence of the payment of WEC parent company guarantees. As a result, free cash flows saw deterioration by ¥64.5 billion from the previous year to -¥109.3 billion.

Non-Financial Highlights (Consolidated)

Environment

Total Emissions of Greenhouse Gases (10kt-CO₂)

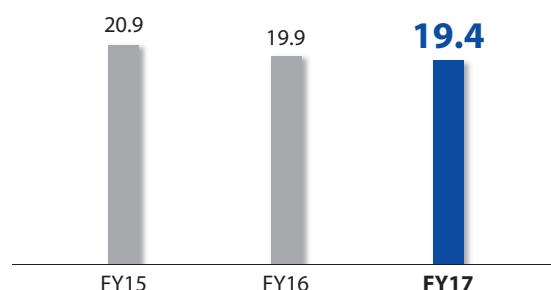


* The CO₂ emissions coefficient for electricity in Japan is based on 5.31 t-CO₂/10,000 kWh. Overseas electricity is based on the GHG Protocol data. GHG is an abbreviation of Greenhouse Gas.

In FY2017, we reduced CO₂ emissions by 100,000 tons year on year through proactive energy-saving measures that included the installation of PFC (perfluorocarbon) removal equipment. Since the Great East Japan Earthquake, we have seen deterioration in the CO₂ emissions coefficient for electricity, a trend that is forecast to continue. However, we will go forward with our steady efforts to reduce emissions by investing proactively in high-efficiency equipment.

Environment

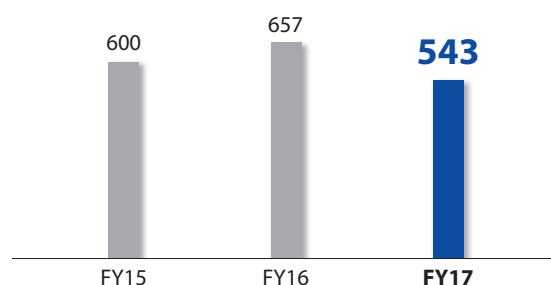
Volume of Water Received (1,000 km³)



In FY2017, we cut the total amount of water received to 19,400,000m³, a decrease of 500,000m³ year on year, as a result of active measures, such as reuse of wastewater inside our production sites and the introduction of a system for rainwater use. We will continue to take such actions as reuse of wastewater and use of rainwater.

Environment

Emission of Chemical Substances Targeted for Reduction (kt)

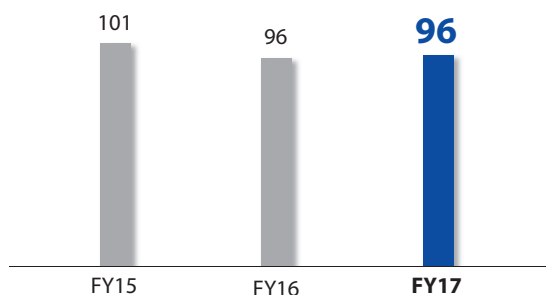


* 551 substances, including chemical substances designated as Type 1 under the PRTR (Pollutant Release and Transfer Register) law as well as volatile organic compounds (VOC) and other substances.

In FY2017, emissions of chemical substances targeted for reduction decreased by 114 tons year on year thanks to measures to reduce use of materials that accounted for a large volume of the total emissions, and to increase use of alternative substances. We will continue to promote use of alternative substances and increase material efficiency by improving processes as an incoming countermeasure and introduce emission removal and collection equipment as an outgoing countermeasure.

Environment

Total Waste Generated (kt)

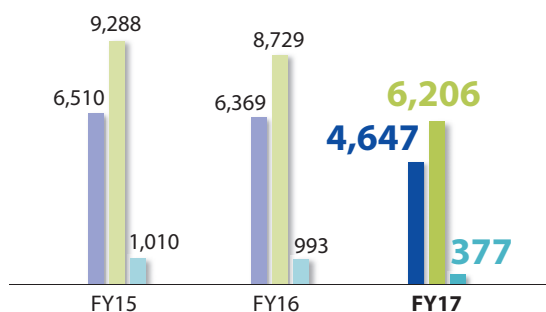


In FY2017, the total waste generated by Toshiba Group remained at the same level as the previous year.

As a result of improving production processes and generating valuables through segregation at the emission stage, the amount of waste, excluding sold valuables from total waste generated, was reduced to 37 kt. We will further promote measures to control waste generation.

Number of Suppliers Covered by CSR Survey (Total number of Companies*)

■ Participation in briefings
■ Surveys
■ On-site audits



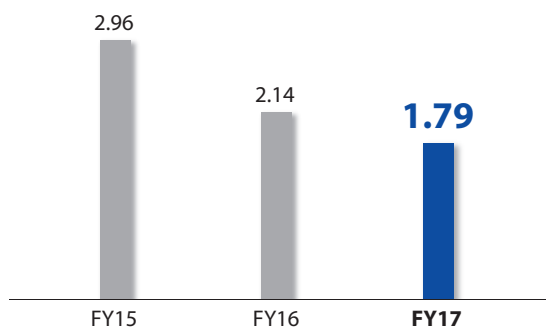
* Total number of companies: Toshiba Group companies conduct surveys based on each contract. For this survey multiple contracts with a supplier are counted as one contract.

* Westinghouse Group is included until FY2015.

Toshiba Group requests our suppliers to consider human rights, labor, occupational health and safety, as well as the environment, in their operations. We provide briefings on CSR management in the supply chain and monitor their implementation at business sites in Japan and overseas. In FY2017, we gave briefings on our policy to 4,647 companies, conducted CSR surveys in 6,206 companies and carried out on-site audits in 377 companies.

Expenditures on Corporate Citizenship Activities

(Billions of yen)



* Expenditures include cash contributions to support disaster recovery.

* Westinghouse Group is included until FY2015.

In FY2017, Toshiba Group conducted a wide range of social contribution activities around the world to support science and technology education, disaster recovery, sports and culture promotion, social welfare, healthcare, protection of the natural environment, and international exchanges programs and friendship. We will continue to conduct corporate citizenship activities by considering our contributions and effectiveness.

Message from the COO

**We will aim to recover trust in our company,
and while strengthening the foundations
of our earning power, we will work to realize
stable growth and maximize corporate value**

S. Tsunakawa

Satoshi Tsunakawa
Representative Executive Officer
President and Chief Operating Officer



Starting with the discovery of inappropriate accounting in 2015 and subsequently with the appearance of such issues as our subsidiary Westinghouse Electric Company (WEC)'s registering of huge losses in its nuclear power operations and the designation of Toshiba's stock as Securities on Alert, we have caused a great deal of concern and uncertainty to all of our stakeholders, including shareholders and investors.

During FY2017, we have in a serious and determined way implemented various improvement measures such as the strengthening of our corporate governance and management decision-making processes, as well as in the management of our subsidiary companies, including overseas affiliated companies. As a result, our company has now been able to emerge out of the critical situation.

I would like to explain in more detail the main developments that took place concerning Toshiba in FY2017.

Consolidated business results of FY2017

In FY2017, equity attributable to shareholders of the Company increased by ¥1,336.0 billion to stand at ¥783.1 billion at the end of March 2018. Our shareholders' equity ratio also rose to 17.6%. Thus, the Company recovered from the issue of consolidated negative shareholders' equity.

We have moved forward with a review of our business portfolio and make improvements in our financial structure by such ways as executing a share issue through third-party allotments, transferring WEC-related assets and claims and selling off Landis+Gyr and our Visual Products Business, as

well as transferring a subsidiary company in Brazil. In FY2017 we focused on cutting off the risks of unprofitable business operations, strengthening our internal management system and achieving financial recovery through structural reforms. This year we are working hard at drawing up by November 2018 the "Toshiba Next Plan," which places importance on strengthening our core earning power and nurturing growth businesses. We are comprehensively carrying out thorough examinations of all aspects of our business operations as we strive to meet the business challenges that we face and as we endeavor during this first year of the turnaround to remake Toshiba into a stronger, more resilient and excellent company.

Removal of grace period pertaining to delisting

As of the end of FY2016 (March 31, 2017), Toshiba was in a situation in which our liabilities were in excess of assets, and at that juncture the Company's stock was put into a grace period pertaining to delisting from both the Tokyo Stock Exchange and Nagoya Stock Exchange. However, with such measures as the execution of a share issue by means of third-party allotments, transfer of WEC-related assets and claims, and sale of the Visual Products Business, the shareholders' equity ratio improved enormously. We submitted our Annual Securities Report to the Kanto Local Finance Bureau in June 2018, and because its liabilities in excess of assets were eliminated, the issue has been cleared by both stock exchanges, and as of the end of FY2017 (March 31, 2018), Toshiba Corporation's stock was removed from the grace period pertaining to delisting.

Share issue through third-party allotments and transfers of WEC Group-related assets and claims

To make a lump-sum settlement of the parent company's guarantee concerning WEC's U.S. nuclear power construction projects, on December 5, 2017, we issued an allotment of about 2.3 billion new shares and raised capital of about ¥600 billion, completing a major recapitalization.

By executing a lump-sum settlement of the parent company's guarantee, we completed the third-party transfer of WEC-related assets, including subrogated rights. On January 18, 2018, we selected Nucleus Acquisition LLC (Nucleus) as the buyer of the claims against WEC LLC and Brookfield WEC Holdings LLC (BWH) as the buyer of the WEC-related shares. We entered into an assignment and purchase agreement with Nucleus and a share purchase agreement with BWH. As a result, we achieved a recapitalization of about ¥600 billion as well as the benefits from the sale of WEC-related assets. By these measures we were able to resolve the negative shareholders' equity issue with regard to our consolidated balance sheets.

Closing of the sale of Toshiba Memory Corporation

In order to further improve the growth of the memory business by setting up a flexible and speedy management decision-making system and enhancing capital procurement methods as of April 1, 2017, the operation of Toshiba's memory business was taken over by Toshiba Memory Corporation, which had been split off from Toshiba Corporation. Then, Toshiba selected a consortium led by Bain Capital Private Equity, LP as the buyer of Toshiba Memory Corporation in order to enable our company to pay down debt and recover a sound financial structure. With this step forward, we recorded a profit from the sale of approximately ¥965.5 billion and cash on hand was enhanced by ¥1,453.6 billion.

Decision on Toshiba's policy on shareholder returns

With the completion of the closing of the sale of the Toshiba Memory Corporation transaction, we have decided on a policy of implementing appropriate shareholder return measures following consideration of such factors as Toshiba's financial structure and business risks. With regard

to a part of the substantial amount of profit from the sale of Toshiba Memory Corporation, Toshiba decided to institute a policy of enhancing shareholder returns, channeling a targeted amount of approximately ¥700 billion into a share buyback. The mechanics and timing of the share buyback are being studied so that implementation can be done as early as possible based on various regulations and restrictions stipulated by law. Furthermore, Toshiba is continuing to review ways of awarding a stable dividend, and at the same time, in accordance with the progress expected as a result of the soon-to-be announced "Toshiba Next Plan," the 5-year plan detailing measures going forward to transform Toshiba, we will study measures to provide additional returns to shareholders.

Pursuing Toshiba's growth over the next 5 years

We call the plan to revitalize Toshiba, to which we will be devoting all efforts over the next five years, the "Toshiba Next Plan." We plan to make an announcement of the Plan in the middle of November 2018. It will provide the details of a set of comprehensive measures designed to strengthen Toshiba's core earning power as well as the medium- and long-term strategies for each of our businesses and will include concrete numerical targets. Toshiba Next Plan is being developed with the viewpoints of shareholders and investors uppermost in mind and its scope will include key performance indicators for each individual business, a new performance-linked compensation system for executive officers, and significant changes in our approach to portfolio management.

Toshiba aims to maximize its corporate worth by realizing stable growth, and we are determined to regain the trust of all stakeholders including shareholders and investors by resolutely accomplishing all of Toshiba Next Plan's targeted objectives. I would like to ask for your continued guidance and support.

September 2018

Message from the CFO



Enhancing corporate value and maintaining appropriate accounting practices

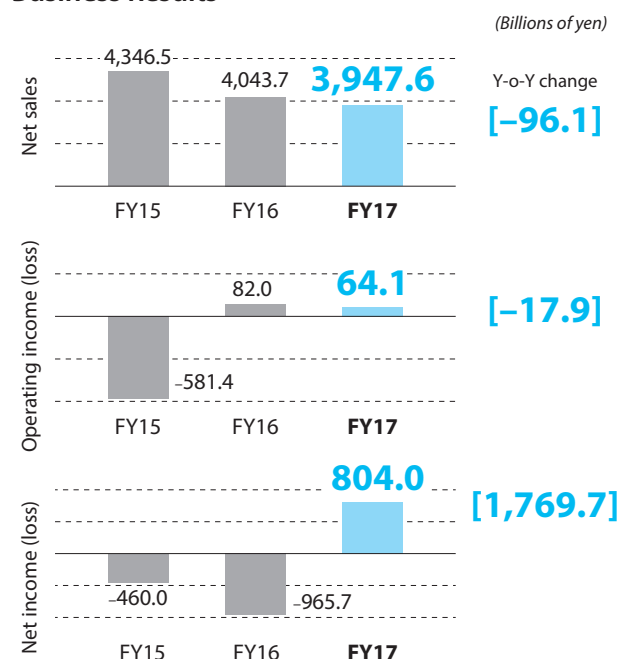
Masayoshi Hirata

Representative Executive Officer
Corporate Executive Vice President

Performance and achievements in FY2017

Toshiba Group's performance in FY2017 saw net sales decreased by ¥96.1 billion from the previous year to ¥3,947.6 billion. Operating income decreased by ¥17.9 billion from the previous year to ¥64.1 billion, as a result of downscaling of emergency measures. Net income attributable to shareholders of the Company was ¥804.0 billion, an improvement of ¥1,769.7 billion from a net loss recorded for the previous year. This improvement was largely attributable to the recording of income from discontinued operations before noncontrolling interests amounting to ¥696.1 billion because the Memory Business achieved a profit margin equivalent to an ROS of 40%, and also owing to the recording of a gain on sale of claims related to Westinghouse Electric Company (WEC) to third parties and reduction in tax expenses because WEC-related claims and investments in shares were recognized as a tax loss.

Business Results



Initiatives to restore the financial base and enhance corporate value

Shareholders' equity increased by ¥1,336.0 billion from the previous year to ¥783.1 billion, resolving the critical capital deficit, and thus restoring the financial base to a normal level. This achievement was attributable not only to the contribution of the above-mentioned factors, namely, the profit from the Memory Business and the sale of WEC-related assets, but also to implementation of various measures, including capital increase by third-party allotment amounting to approximately ¥600 billion in December 2017

to strengthen the financial base, completion of payment of the parent company guarantee related to WEC to eliminate risks, the initial public offering of Landis+Gyr and the sale of the Visual Products Business to overhaul the business portfolio, and the sale of non-core business assets, such as the hospital business, to improve asset efficiency.

As a result, whereas material uncertainty related to assumptions for the going concern was included in the notes to the consolidated financial statements for FY2016

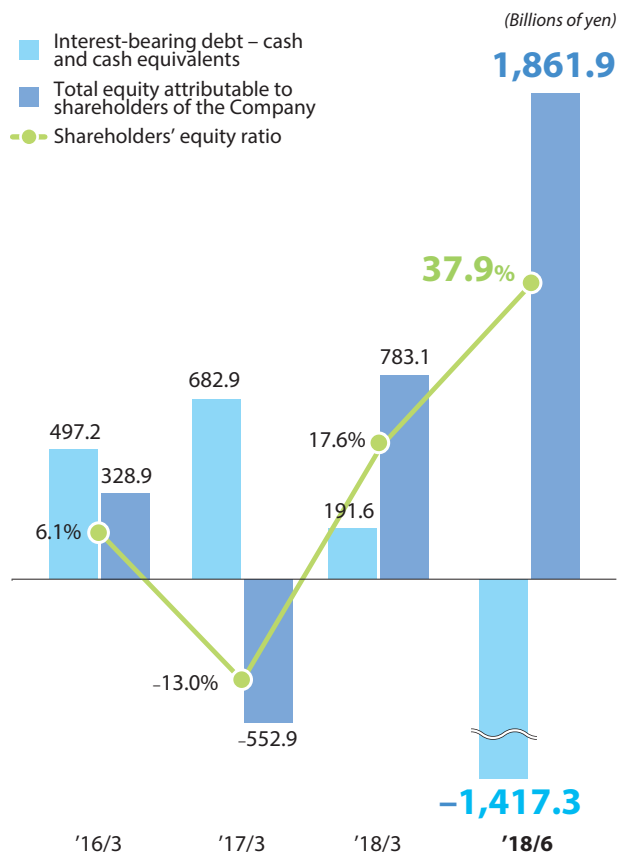
mainly due to a substantial negative net worth and deterioration of the financing environment, material events and conditions that raised substantial doubts about the Company's ability to continue as a going concern have been sufficiently addressed as of today.

In addition to the restoration of the financial base as a result of the implementation of the various above-mentioned measures in FY2017, Toshiba completed the sale of the shares of Toshiba Memory Corporation, which succeeded to Toshiba's Memory Business, on June 1, 2018, to secure funds for repayment of debts and to achieve a stable financial base over the long term. The recording of a gain on the sale of the Memory Business amounting to ¥965.5 billion resulted in further improvement of Toshiba's financial base at the end of the first quarter of FY2018. Moreover, cash and deposits increased by ¥1,453.6 billion following the sale of the Memory Business, leading to improvement of the balance sheet as well.

Following the improvement of the balance sheet resulting from the sale of the Memory Business, Toshiba adopted a policy of implementing shareholder returns as early as possible by means of a share buyback up to approximately ¥700.0 billion, taking into consideration the optimum capital structure capable of achieving an appropriate investment return while preparing for potential business risks. We will also consider payment of dividends in order to realize stable, continued shareholder returns.

Going forward, above and beyond maintaining the restored financial base, we will work to strengthen our core earnings power and improve working capital and investment efficiency to enhance corporate value.

Financial Platform



Maintaining appropriate accounting

Toshiba shares were designated as Securities on Alert in September 2015 because of the inappropriate accounting problem that came to light in 2015. Toshiba subsequently improved its internal management systems, including implementation of initiatives to ensure appropriate financial reporting. As a result, the designation was cancelled in October 2017. Toshiba continued implementing various measures to maintain appropriate internal management systems after the cancellation. As a result, in the FY2017 accounting audit Toshiba received an unqualified opinion concerning the result of its assessment that its internal control over financial reporting is appropriate.

Moreover, the independent auditor expressed its opinion that the consolidated financial statements for

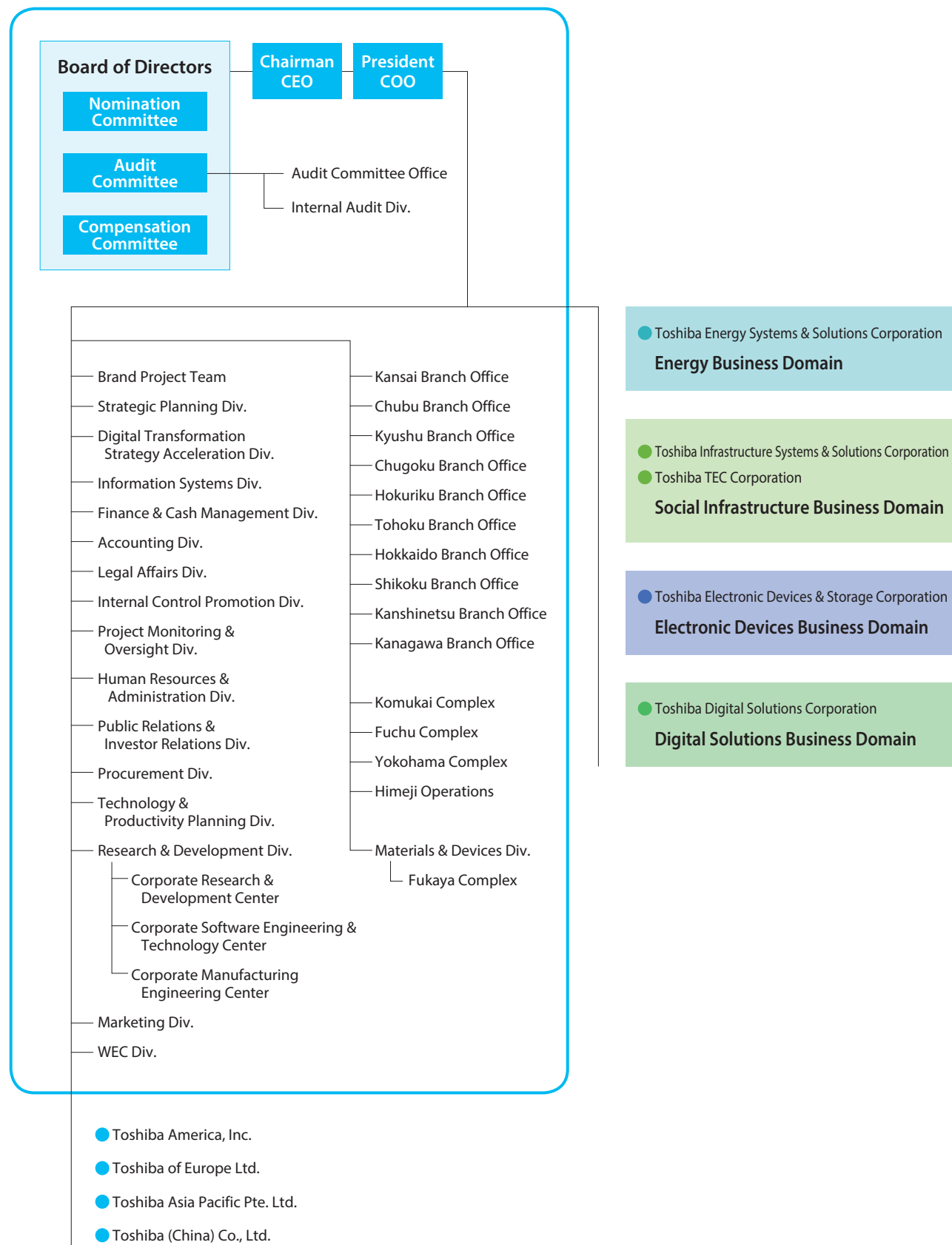
FY2017 present fairly, in all material aspects, the financial position, financial performance, and cash flow status of the Company and its consolidated subsidiaries, except for comparative information.

I am convinced this result is attributable to the fact that the various improvement measures launched since the problem of inappropriate accounting practices came to light have become entrenched through continued implementation.

We will continue to ensure appropriate accounting practices and do our utmost to achieve continuous improvements on that basis.

Organization Structure (As of October 1, 2018)

TOSHIBA CORPORATION



Business Review



[Energy Business Domain]

Ensure stable revenues through services associated with thermal and hydro power generation and power transmission and distribution. Promote technical development of hydrogen energy, widely seen as a next-generation energy source.

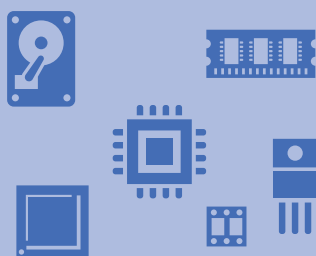
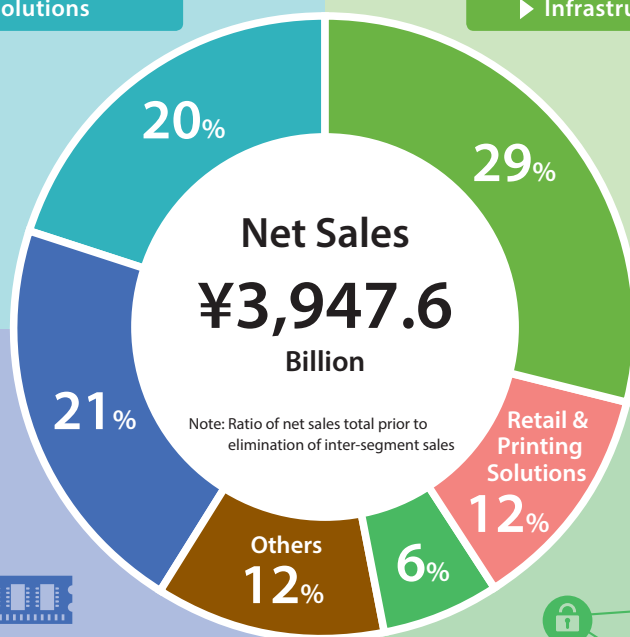
► Energy Systems & Solutions



[Social Infrastructure Business Domain]

Ensure stable revenues through public infrastructure operations, including water treatment, power transmission and distribution, disaster prevention roads, broadcasting, air traffic control, postal services and others. Cultivate growth in business areas including rechargeable batteries, elevators, air conditioning, railway systems and logistics systems.

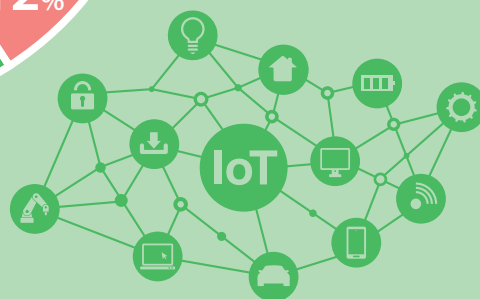
► Infrastructure Systems & Solutions



[Electronic Devices Business Domain]

Achieve stable revenues by increasing sales of industrial semiconductors and boosting share in the HDD market. Expand business through enhanced cooperation with customers in the fast growing areas of IoT and in-vehicle systems.

► Storage & Electronic Devices Solutions



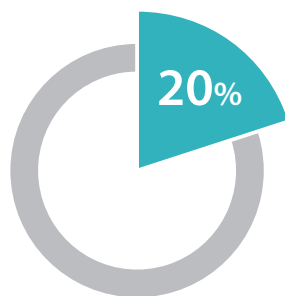
[Digital Solutions Business Domain]

Focus on system integration business for public offices and manufacturing infrastructures to ensure stable revenues, and develop digital services taking advantage of IoT and AI (artificial intelligence).

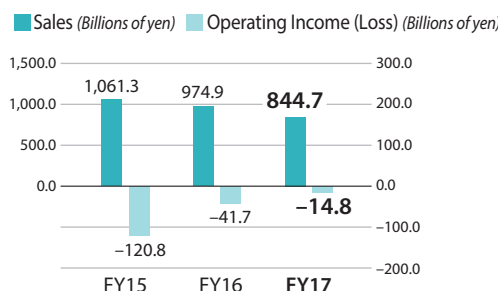
► Industrial ICT Solutions

Energy Systems & Solutions

▶ Net Sales by Segment



▶ Net Sales / Operating Income (Loss)



Main Businesses As of March 31, 2018

- Thermal power generation systems
- Hydroelectric power generation systems
- Transmission & Distribution systems
- Nuclear power generation systems
- Solar photovoltaic systems



Mamoru Hatazawa

President and CEO
Toshiba Energy Systems & Solutions Corporation

Business Overview

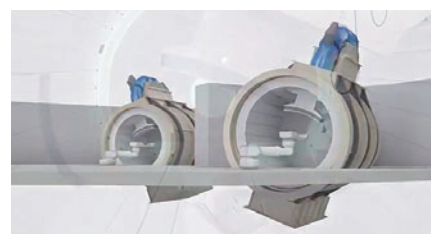
The Energy Systems & Solutions segment saw lower sales of ¥844.7 billion, ¥130.2 billion decrease from the previous year. Although Thermal & Hydro Power Systems recorded higher sales, Nuclear Power Systems, Transmission & Distribution Systems recorded lower sales, and Landis+Gyr was deconsolidated.

The segment as a whole saw improved operating loss of ¥14.8 billion, an improvement from previous year by ¥26.9 billion. Although Thermal & Hydro Power Systems, Transmission & Distribution Systems all saw deteriorated operating income (loss), and Landis+Gyr was deconsolidated through an IPO, Nuclear Power Systems recorded an increase.

The Company split off Energy Systems & Solutions Company and Nuclear Systems & Solutions Division, which were succeeded by Toshiba Energy Systems & Solutions Corporation on October 1, 2017.

Awarded first overseas order for heavy-ion radiotherapy cancer treatment equipment

Toshiba Energy Systems & Solutions Corporation was awarded the Toshiba Group's first overseas order for heavy-ion radiotherapy cancer treatment equipment by Yonsei University Health System, one of the leading general hospitals in Korea, in recognition of the equipment's track record in Japan and its leading edge technical capabilities. The equipment to be supplied will be the world's first to feature two rotating gantry treatment rooms, allowing treatment without tilting the treatment couch as the heavy-ion irradiation port revolves around the patient. Going forward, the Company will continue making a contribution to the realization of high quality cancer treatment through the popularization of heavy-ion radiotherapy cancer treatment equipment that applies nuclear power technology.



A heavy-ion radiotherapy cancer treatment equipment, with the world's first two rotating gantry treatment rooms (image)

Initiatives aimed at achieving efficient adjustment of the balance of power supply and demand

The need to adjust the balance of power supply and demand (energy aggregation) to achieve a stable supply of power has increased sharply with the liberalization of the power industry and the rise of renewable energy, such as solar generation and wind power where the amount of power generated is affected by the weather. In view of this, in January 2018, Toshiba Energy

Systems & Solutions Corporation established a new Energy Aggregation Division, integrating solar power, wind power, and energy supply and demand management. In the future, the Company will use IoT technologies to connect diverse equipment via the internet to detect signs of abnormality early and improve operating efficiency in solar and wind power generation, and to provide a virtual power plant as soon as possible with integrated management of distributed power generation facilities, including solar and wind power, and energy storage facilities, such as batteries, so that they function as a single power plant.

World's most efficient combined-cycle power plant



Nishi-Nagoya Thermal Power Station of Chubu Electric Power Co., Inc. (Photo: Feb. 19, 2018)

Nishi-Nagoya Thermal Power Station No. 7-1 of Chubu Electric Power Co., Inc., for which Toshiba Energy Systems & Solutions Corporation combined gas turbines of General Electric of the U.S. with a steam turbine and generator of Toshiba Energy Systems & Solutions Corporation to achieve optimal overall plant system design, achieved the world's highest efficiency for a combined-cycle power plant of 63.08% (on a lower heating value basis). The power plant employs a combined-cycle system that combines three gas turbines and a heat recovery boiler for one steam turbine. Going forward, the Company will continue making a contribution to stable and safe electricity supply and the realization of a low-carbon society through high efficiency power generating technologies that achieve reductions in fuel consumption and CO₂ emissions.

Contribution to the initiative to decommission the Fukushima Daiichi Nuclear Power Plant

The Company successfully conducted investigations inside the nuclear reactor containers of Reactors 2 and 3 of the Fukushima Daiichi Nuclear Power Plant, including taking photographs of objects thought to be cooled and solidified debris from nuclear fuel and other material that melted due to the extreme overheating of the nuclear reactors, using a small, remotely operated submersible robot (approximately 13 cm in diameter) developed with the International Research Institute for Nuclear Decommissioning (IRID) and a device equipped with a camera for the investigation on the tip of a telescopic pipe. As a result, extremely important information for the removal of the debris from the bottom of the containers has been obtained. Going forward, the Company will continue to develop relevant technologies, thereby contributing to the initiative to decommission the Fukushima Daiichi Nuclear Power Plant and fulfilling a societal responsibility.



A small robot for investigations inside the nuclear reactor containers (Developed by IRID and Toshiba Energy Systems & Solutions Corp.)

Structural reforms, etc.

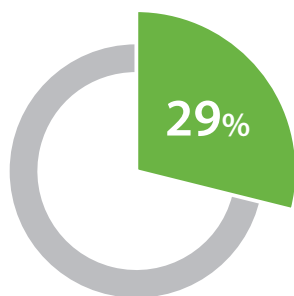
As part of structural reforms, etc. in the Energy Systems & Solutions business, the Company sold and acquired shares as outlined below.

	Details
Sale	<ul style="list-style-type: none"> • Sale of Landis+Gyr Group share • Sale of Mangiarotti S.p.A shares • Sale of Toshiba South America Ltda. shares
Acquisition	<ul style="list-style-type: none"> • Acquisition of Westinghouse Group shares from IHI Corporation • Acquisition of NuGeneration Limited shares from French company ENGIE S.A. • Acquisition of Westinghouse Group shares from Kazakhstan's National Atomic Company Kazatomprom Joint Stock Company

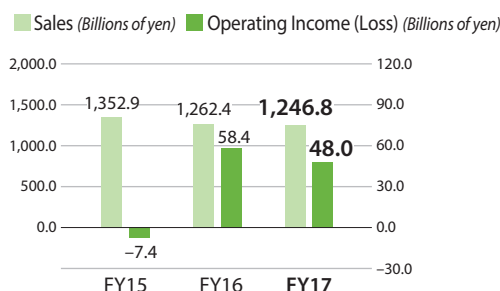
In April 2018, the Company sold its shares in Toshiba Nuclear Energy Holdings (US) Inc. and its stake in LC Collateral SPV LLC. The Company also plans to acquire all the shares of Nuclear Fuel Industries, Ltd. by the first quarter of FY2018.

Infrastructure Systems & Solutions

► Net Sales by Segment



► Net Sales / Operating Income (Loss)



Main Businesses As of March 31, 2018

- Water supply and sewerage systems
- Environmental systems
- Broadcasting systems
- Road systems
- Electrical machineries
- Automatic railroad station equipment
- Escalators
- Light fixtures
- Industrial light parts
- Commercial air-conditioners
- Compressors
- Transportation equipment
- Instrumentation and control systems
- Industrial systems



Shinichiro Akiba

President and CEO
Toshiba Infrastructure Systems & Solutions Corporation

Business Overview

The Infrastructure Systems & Solutions segment saw lower sales of ¥1,246.8 billion, ¥15.6 billion decrease from the previous year, as Public Infrastructure and Building and Facilities saw decreased sales, although Industrial Systems recorded higher sales.

The segment as a whole saw lower operating income of ¥48.0 billion, ¥10.4 billion decrease from the previous year. Industrial Systems saw an increase in operating income, however, Public Infrastructure and Building and Facilities saw lower operating income.

The Company split off Infrastructure Systems & Solutions Company, which was succeeded by Toshiba Electric Service Corporation (current Toshiba Infrastructure Systems & Solutions Corporation) on July 1, 2017.

SCiB™ rechargeable lithium-ion batteries adopted for next-generation bullet train N700S validation test vehicle

SCiB™ rechargeable lithium-ion batteries have been adopted as the batteries for the supplementary power source on the validation test vehicle of the next-generation bullet train N700S of the Central Japan Railway Company. In addition to further improving safety and stability and energy conservation, the N700S is seeking rigorous reductions in size and weight of equipment. Compared with the lead batteries used in existing bullet trains, the SCiB™ rechargeable lithium-ion batteries enable significant reductions in size and weight. Also having a structure that is resistant to smoke and fire, the batteries are expected to be used in railway vehicles for which superior safety is essential. Toshiba Infrastructure Systems & Solutions Corporation joined forces with the Central Japan Railway Company to co-develop a battery-powered self-propulsion system using SCiB™ rechargeable lithium-ion batteries that aims to enable a train to travel to a safe location propelled by its own power in the event of a prolonged power outage due to a disaster. It is planned to verify the self-propulsion system with the N700S validation test vehicle.

Basic agreement on establishing a joint venture company in India for production of automotive lithium-ion battery packs

The Company reached a basic agreement with SUZUKI MOTOR CORPORATION and DENSO CORPORATION on establishing a joint venture company in India for production of automotive lithium-ion battery packs. A plant is being constructed with the aim of going into operation in 2020. The introduction of new fuel consumption regulations for automobiles are also being planned in India, where responding to environmental problems is an important challenge, and environmental technologies are required to match demand in the country. The Company will realize stable supply of lithium-ion battery packs in India and promote the spread of environmentally-friendly cars in the country.

Agreement concluded on Ube City Public Sewerage Tamagawa Pumping Station Project

A private-sector enterprise group to which Toshiba Infrastructure Systems & Solutions Corporation belongs concluded an agreement on the Ube City Public Sewerage Tamagawa Pumping Station Project with Ube City in Yamaguchi Prefecture. The city's public sewerage has been in operation for nearly 70 years since the start of the project, and the facilities and drainage channels are aging. The project will do away with two old pumping stations and establish a new pumping station that integrates their functions. Under the project, Ube City will procure the funds, and the private-sector enterprise group that the company is



An image of newly-established Ube City Public Sewerage Tamagawa Pumping Station

part of will design, build, maintain, and manage the new station in an integrated manner. The company will primarily be responsible for the design, manufacture, installation, and testing of the electrical equipment for the pumping station in addition to operation maintenance and management services. The company will utilize IoT technology in the operation maintenance and management services in areas such as controlling the pump, assigning personnel and maintaining facilities with the aim of streamlining services.

Launch of SMART EYE SENSOR MULTI™, a multi-function image sensor

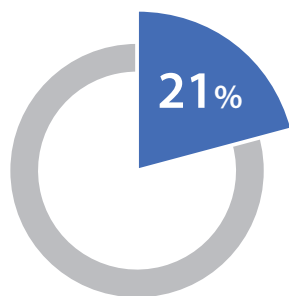
Toshiba Infrastructure Systems & Solutions Corporation launched SMART EYE SENSOR MULTI™, a multi-function image sensor. The sensor was developed by Toshiba Electronic Devices & Storage Corporation and features a Visconti™ image-recognition processor for in-vehicle use that detects the presence of people, the approximate number of people, and the amount of activity within the detection area from image information. Unlike conventional pyroelectric infrared sensors that detect changes in infrared ray, the SMART EYE SENSOR MULTI™ detects slight human movement and recognizes people even in the dark (illuminance of 1 lux). By utilizing the data detected by the sensor, it can conserve energy by working with air conditioning and lighting equipment and operate elevators according to the detected information of how full an elevator hall is.



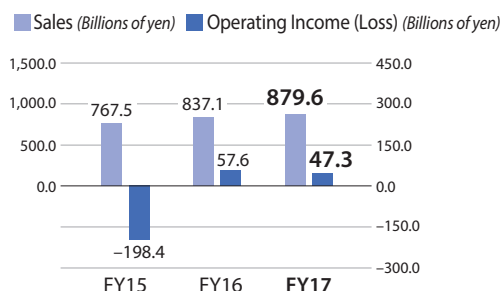
An image of usage of SMART EY SENSOR MULTI™, a multi-function image sensor

Storage & Electronic Devices Solutions

▶ Net Sales by Segment



▶ Net Sales / Operating Income (Loss)



Main Businesses As of March 31, 2018

- Small-signal devices
- Power devices
- Optoelectronic devices
- Mixed signal ICs
- Image sensors
- Logic LSIs
- HDDs
- Semiconductor manufacturing equipment



Hiroshi Fukuchi

President and CEO
Toshiba Electronic Devices & Storage Corporation

Business Overview

The Storage & Electronic Devices Solutions segment saw higher sales of ¥879.6 billion, ¥42.5 billion increase from the previous year. Although HDDs saw decreased sales, Devices & Others saw increased sales.

The segment as a whole saw lower operating income of ¥47.3 billion, ¥10.3 billion decrease from the previous year, as HDD and Devices & Others both saw lower operating income.

The Company split off Storage & Electronic Devices Solution Company, which was succeeded by Toshiba Electronic Devices & Storage Corporation on July 1, 2017.

Commencement of shipments of samples of HDD with 14 terabyte (TB) memory capacity

Toshiba Electronic Devices & Storage Corporation developed the world's first (Note) conventional magnetic recording HDD that achieves 14 TB memory capacity using a helium-sealed design aimed at data centers and other facilities that store large volumes of data and commenced shipments of samples for evaluation of performance. The size of the HDD storage capacity is determined by the number of magnetic disk mounted. It is desirable to mount as many disks as possible, but aerodynamic drag may distort disks if too many disks are mounted, bringing the disk into contact with the head writing data on it, causing damage in the worst case. The helium-sealed HDD allows the stable rotation of the disk as it is filled with helium, which is less dense than air and reduces resistance, and this enables more disks to be mounted than those of previous models. The company succeeded in mounting nine disks utilizing technology cultivated for compact and slim products in addition to the helium-sealed design to achieve the 14 TB memory capacity, the world's largest memory capacity for an HDD.

Note: As of December, 2017



An inside photo of a general HDD with layers of disks and heads for data writing and reading

Technologies aimed at advanced driver assistance and automated driving

The Company and Toshiba Electronic Devices & Storage Corporation have developed automotive measurement circuit technology that achieves the function of long-distance measurement of 200 m, which is the world's longest, and high-quality images based on a technology called LiDAR (Light Detector and Ranging), which uses illumination by laser light to obtain

distance information for distant objects as 3D images. Measurements are made by detecting the reflected laser light, and the unique circuit technology enables the detection of even small and distant objects and high-resolution distance measurements can be produced quickly.

In addition, DENSO Corporation has adopted Visconti™4 for its next-generation front-camera-based active safety systems dedicated to automotive applications. Visconti™4 is an image recognition processor developed by Toshiba Electronic Devices &

▼ Driving Assistance Applications



Examples of advanced driver assistance with image recognition technology

Storage Corporation that processes camera-generated images and recognizes traffic lanes, vehicles in front, pedestrians and other images. The Visconti™2 was adopted by DENSO Corporation for the same application, and the Visconti™4 has come to be adopted in recognition of further enhancements in performance. Toshiba Electronic Devices & Storage Corporation and DENSO Corporation have been jointly developing deep neural network-intellectual property (DNN-IP) for use in image recognition systems, cooperating in the field of advanced driver assistance and automated driving. Going forward, the Toshiba Group will continue to actively propose automotive semiconductor products that pursue road traffic safety.

Discrete business

In addition to system LSIs, which are arithmetic devices, and memories, which are storage devices, semiconductors include discrete semiconductor devices with a single function. Among discrete semiconductor devices in particular, the Toshiba Electronic Devices & Storage Corporation has worked on optical semiconductor devices (photocouplers), which convert signal transmissions into light rather than electricity, for over 40 years and has boasted the world's top share of annual sales in this sector for eight years in a row (Note). Discrete semiconductor devices feature in a wide range of equipment including smartphones, personal computers, and automobiles and are utilized in diverse daily-life situations. Going forward, the Toshiba Electronic Devices & Storage Corporation will continue to providing products that are easier to use in pursuit of power conservation and miniaturization in addition to advanced safety and functionality.

Note: Source: Gartner, Inc. "Market Share: Semiconductors by End Market, Worldwide, 2017" April 4, 2018. In global coupler shipment value



Discrete devices being utilized in diverse daily-life situations

Launch of electronic speed controllers (motor drive modules) for drones with two-way communication

Toshiba Electronic Devices & Storage Corporation commenced sales of electronic speed controllers (motor drive modules) for drones with two-way communication. Electronic speed controllers are fitted to each of a drone's propellers and control the

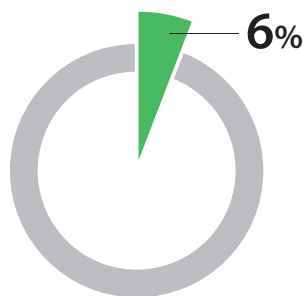


Toshiba's electronic speed controllers (motor drive modules) for drones with two-way communication allow a quick response to prevent accidents.

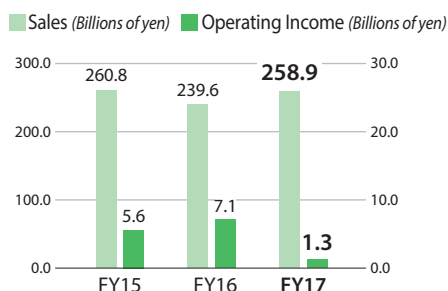
rotation of each one. Drones need to be safe so that they do not fall or get out of control. However, as conventional drones only allowed one-way communication from the main controller to the electronic speed controllers, even when the electronic speed controllers failed, the main controller was not able to detect the failure. As the company's electronic speed controllers can engage in two-way communication with the main controller, the main controller receives information about the electronic speed controllers such as current, voltage and temperature. This allows abnormalities to be detected before they lead to failure, and a quick response to prevent accidents.

Industrial ICT Solutions

▶ Net Sales by Segment



▶ Net Sales / Operating Income



Main Businesses As of March 31, 2018

● IT solutions



Hironobu Nishikori

President and CEO
Toshiba Digital Solutions Corporation

Business Overview

The Industrial ICT Solutions segment saw increased sales of ¥258.9 billion, ¥19.3 billion increase from the previous year, on positive results in the license business for the government sector, systems for manufacturing, and the IoT/ AI business.

The segment as a whole saw lower operating income of ¥1.3 billion, ¥5.8 billion decrease from the previous year, due to the impact from some domestic information system projects, and the implementation of structural reform in the unified communications systems business.

The Company split off Industrial ICT Solutions Company, which was succeeded by Toshiba Solutions Corporation (current Toshiba Digital Solutions Corporation) on July 1, 2017.

Commenced offering of SATLYS™, an artificial intelligence service that analyzes and uses diverse data

Leveraging the knowledge obtained from its achievements to date in manufacturing, Toshiba Digital Solutions Corporation began offering SATLYS™, an artificial intelligence (AI) services that achieves system optimization and automated control through diverse data analytics. SATLYS™ is used for inferring cause, and detecting signs of abnormality and failure. In addition to big data analysis, its main features are high-precision inference using limited data and visualization of causes of abnormality. Due to these features, it is being used for yield improvement in the semiconductor manufacturing process and efficient management of equipment such as air conditioning, lighting, and elevators in buildings. Going forward, the Company will aim to resolve issues in a wide range of fields including manufacturing, buildings, facilities, distribution and logistics, social infrastructures and energy by achieving system optimization and automated control.

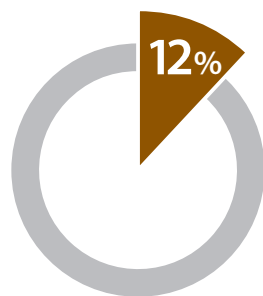
Establishment of new company aimed at digital transformation

Toshiba Digital & Consulting Corporation was established in order to promote further digital transformation (creation of new value by leveraging telecommunications technologies to promote digitization).

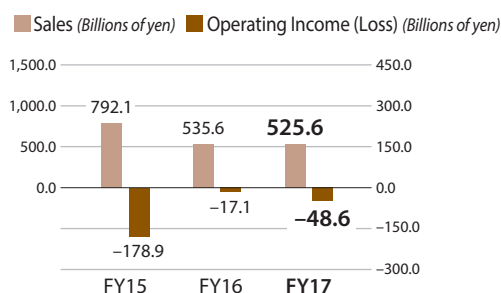
The rapid advancement of IoT technology and AI has been bringing about innovative change in business models. The new company will provide new services through co-creation with customers mainly in fields such as social infrastructure, energy and mobility through a fusion of leading-edge IoT technology with AI based on the highly precise analytics technology that has been refined in manufacturing.

Others

► Net Sales by Segment



► Net Sales / Operating Income (Loss)



Main Businesses As of March 31, 2018

- Personal computers
- Logistics service

Business Overview

The Other segment saw lower sales of ¥525.6 billion, ¥10 billion decrease from the previous year, and deteriorated operating loss of ¥48.6 billion, ¥31.5 billion decrease from the previous year.

Transfer of the Visual Products business

A challenging business environment has made it difficult for the Company to invest management resources and strengthen the competitiveness of the Visual Products business on its own. After further considering structural reforms to secure the continued development of the business, and to strengthen the Group's financial base, the Company transferred 95% of the shares of Toshiba Visual Solutions Corporation to Hisense Group, a major Chinese home appliances manufacturer.

Promotion of business selection and concentration

The Company improved the asset efficiency and financial position of Toshiba Group by transferring shares of Shibaura Mechatronics Corporation, an affiliate accounted for by the equity method, to Shibaura Mechatronics Corporation, Shin-Etsu Engineering Co., Ltd. and others in December 2017. In Europe, the assets and liabilities of the defined benefit plans of a subsidiary were taken over by a U.K. insurance company in March 2018, eliminating the risk from any increase in the shortfall of the plans.

As part of business selection and concentration aimed at building a small yet resilient head office structure, in April 2018, the Company transferred the business of Toshiba General Hospital to Midorino-kai, a medical corporation with extensive knowledge, experience and management resources in healthcare as a whole. The Company also concluded an agreement with Secom Co., Ltd., a major security company, to transfer 80.1% of the shares of Toshiba Security Guard Corporation, which operates security and other services.

Launch of high-performance, compact information processing terminal for on-site use

Toshiba Client Solutions Co., Ltd. channeled its notebook PC technology into dynaEdge DE100, a high-performance, compact information processing device. It obtains manufacturing data via wireless, and analyzes it close to the manufacturing location. Moreover, on-site workers can wirelessly communicate and share images taken by special glasses (sold separately) with skilled technicians in other locations.



Compact information processing terminal, dynaEdge DE100



Special glasses that allow on-site workers to wirelessly communicate and share images with workers in other locations

Research & Development and Intellectual Property

Research & Development

R&D Strategy

Toshiba Group contributes to a sustainable society by focusing on business domains that sustain modern life and society and create new value with reliable technologies.

In Energy Systems & Solutions, we promote stable supply and efficient use of conventional energy sources. We also contribute to the realization of a low-carbon society by providing technologies and services that generate, transmit and store clean energy, including hydrogen.

In Infrastructure Systems & Solutions, we provide highly reliable technologies and services to customers in a wide range of industries, including public infrastructure, buildings

and facilities, and railroad and industrial systems, in order to realize a safe and secure society.

In Storage & Electronic Devices Solutions, with a focus on building infrastructure for Big Data, we develop cutting-edge technologies for new semiconductor products and HDDs such as storage, industrial and automotive applications, and IoT (Internet of Things).

In Industrial ICT Solutions, we work with customers to create digital services that make the most of our industrial know-how and IoT and AI technologies.

Global Research & Development

Corporate research centers—the Corporate Research & Development Center, the Corporate Software Engineering & Technology Center, and the Corporate Manufacturing Engineering Center—bring together Group-wide capabilities to pursue R&D in basic technologies. Outside Japan, we have R&D facilities in the United States, Europe and China, and software development centers in India, China and Vietnam. These organizations are accelerating cutting-edge R&D, working with the technology development divisions in our worldwide business units.

• Major R&D bases in Japan and overseas



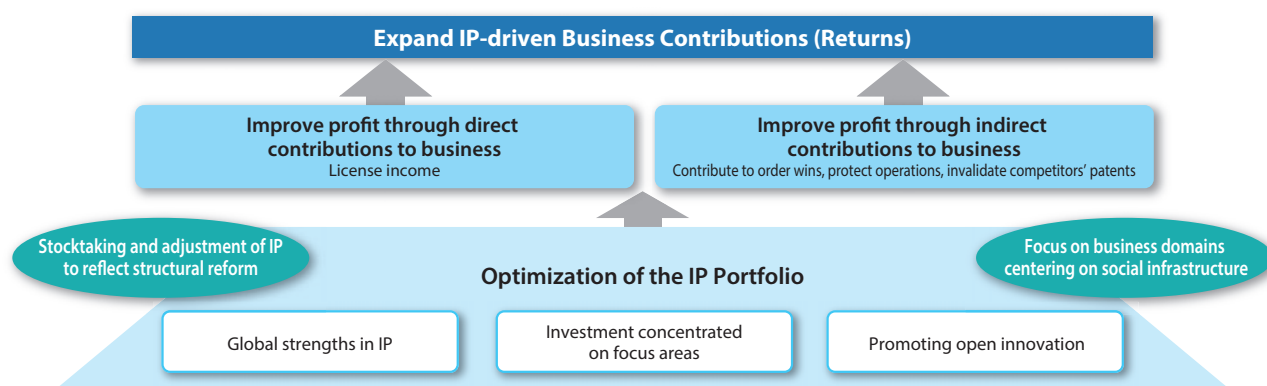
Intellectual Property

Intellectual Property Strategy

Toshiba advances Toshiba Group's intellectual property strategy guided by the concept of: "All for IP-driven contributions to business." We are making efforts to bolster and utilize actively our intellectual property that contributes to business development, in the business area of Energy,

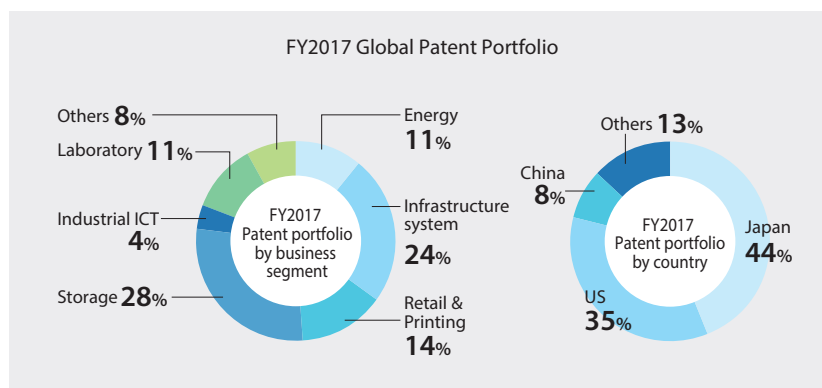
Electronic Devices and Digital Solutions, especially centering on infrastructure. We will endeavor to ensure that these measures contribute effectively to Toshiba Group's regeneration.

Toshiba's Intellectual Property Strategy



Global Patent Portfolio

Toshiba Group is building optimal portfolios in its business domains.



Evaluations from outside the Company relating to intellectual property

Toshiba Group's diverse state-of-the-art technologies win high evaluations from society. We have received the following major awards:

• Evaluation from outside the Company relating to intellectual property

Local Commendation for Invention of Kanto 2017
The Prize of the Chairman of Shizuoka Institute of Invention and Innovation
"Paper Reusing System by erasing printed documents"

• Top100 Global Innovators 2017

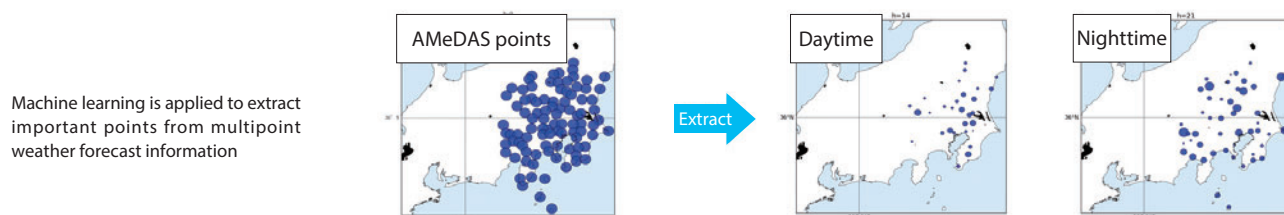
Award of The World's Most Innovative Company and Organization for seven consecutive years



Creating Value that Shapes Tomorrow

Toshiba develops a highly accurate electric power demand forecasting system utilizing artificial intelligence

Power demand forecasting is essential for electric power companies to carry out power supply planning. For this, Toshiba has developed a proprietary high-precision forecasting system that uses artificial intelligence (AI) to combine multipoint weather information and multiple prediction methods. The developed system prepares weather forecasts for multiple sites within the supply area and employs a novel sparse modeling^{*1} technology for efficient machine learning of the relationship between weather conditions and previous power supply results. The system furthermore applies deep learning to demand forecasting and uses AI to best combine the results in order to realize highly accurate demand forecasting. In the future, Toshiba will train this AI using demand histories from more sites to further improve its prediction accuracy and will strive toward building a system that supports efficient supply and demand operations by power producers.



^{*1} Sparse modeling is a machine learning technique in which significant information is extracted from high-dimensional data. In the developed system, this technique is used to extract points with a large impact on electricity demand from among multipoint weather information.

Toshiba pushes quantum key distribution speed beyond 10Mbps

Toshiba realized the improved quantum key distribution speed (13.7 megabits per second^{*2}), the world's fastest, by developing high-speed detectors and electronics for registering the photon signals, as well as new faster methods for post-processing of the signals into a secret key. The new methods include realization of the error correction and privacy amplification steps in hardware, which greatly improves the post-processing speed and overcomes the bottleneck in current software implementations.

^{*2} Achieved over an optical fiber with a loss corresponding to 10km distance.

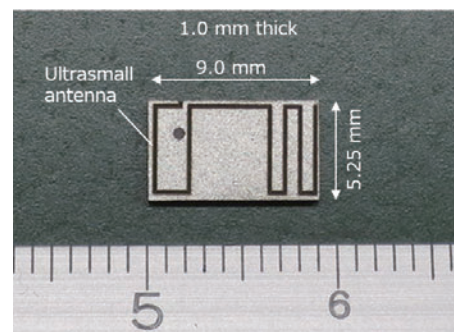


Fast quantum key distribution device (transmitter)

Ultrasmall wireless module equipped with antenna

Toshiba has developed a Bluetooth® Low Energy (BLE) module equipped with a uniquely designed ultrasmall antenna suitable for IoT applications. The new BLE module requires a keep-out zone of only 9 mm² immediately below the module. The component area including the keep-out zone of the BLE module is only 47.25 mm², which is the world smallest of shielded module^{*3}.

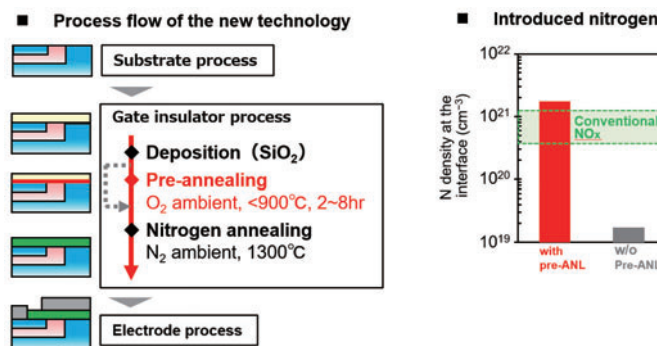
^{*3} As of December 2017 (as researched by Toshiba Corporation)



Prototype BLE module equipped with ultrasmall antenna

Toshiba's new gate insulation film process technology cuts resistance in SiC-MOSFETs

Toshiba has developed a new gate-insulating film process technology for SiC-MOSFETs that reduces resistance in their channel region. Toshiba's new technology for forming the gate-insulating film is based on nitrogen gas annealing of silicon dioxide as the base material for the gate-insulating film, not today's widely used nitric oxide gas annealing. Toshiba has confirmed that application of the new process technology reduces resistance in the channel region of SiC-MOSFETs without any compromise to the reliability of the gate-insulating film. This can be expected to reduce the total resistance in devices by up to 20%, and secure lower power consumption in actual operation.



Overview of the development process

Toshiba introduces SOI process with low noise figure for low-noise RF amplifiers for smartphones

Toshiba has developed the "TaRF10," a next generation TarfSOI™ (Toshiba advanced RF SOI^{*4}) process optimized for low-noise amplifiers (LNAs) in smartphone applications. Toshiba has used its new TaRF10 process to develop a prototype LNA with an outstanding noise figure^{*5} of 0.72 dB and a gain of 16.9 dB at a frequency of 1.8 GHz. To meet next-generation market requirements for mobile communication systems, the Company will continue to further improve the characteristics of the TarfSOI™ process and develop RF ICs with cutting-edge technology.



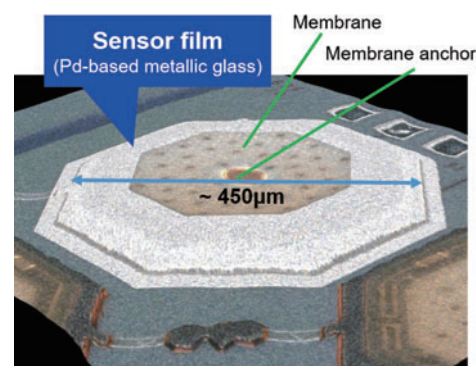
Appearance of LNA fabricated with TaRF10

^{*4} TarfSOI™ (Toshiba advanced RF SOI): Toshiba's unique SOI-CMOS (silicon-on-insulator-complementary metal oxide semiconductor) front-end process.

^{*5} Noise figure: the ratio of signal-to-noise ratio at the output to that at the input. The lower the noise figure, the lower the amplifier self-noise is and therefore the better.

Toshiba develops a hydrogen sensor technology with rapid detection and low power consumption

Toshiba has developed a hydrogen gas sensor technology that consumes less than 1% of the power of conventional devices^{*6} without loss of detection speed. It is based on a Toshiba-developed microelectromechanical system (MEMS) structure that employs a palladium-based metallic glass^{*7} to realize both rapid detection and low power consumption, overcoming the usual trade-off of conventional sensors.



Prototype hydrogen sensor

^{*6} In comparison with currently used hydrogen sensors such as the catalytic type.

^{*7} Palladium is a metal that can uptake and store hydrogen. It normally occurs as a crystal, but alloying it with other elements disrupts the crystal structure to form "metallic glass."

Creating Value that Shapes Tomorrow

Toshiba develops next-generation lithium-ion battery with new anode material

Toshiba has developed the next-generation SCiB™, which uses a titanium niobium oxide to double the volume capacity of the carbonaceous battery anode. The new battery offers high-energy density and the ultra-rapid recharging required for automotive applications, and will give a compact electric vehicle (EV) with a drive range of 320km*⁸ after only six minutes of ultra-rapid recharging—three times the distance possible with current lithium-ion batteries.

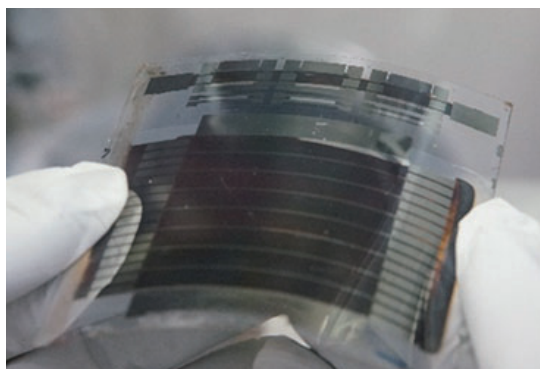
*⁸ A compact EV with a 32kWh next generation SCiB™ in JC08 test cycle



Prototype of 50Ah next-generation SCiB™

Toshiba achieves world's highest conversion efficiency*⁹ in 5 cm x 5 cm film-based perovskite photovoltaic minimodules

Toshiba has made a significant advance toward the realization of light, flexible photovoltaic modules that can be used in diverse locations by fabricating a perovskite photovoltaic minimodule*¹⁰ with the highest energy conversion efficiency yet achieved. Perovskite photovoltaics have a light absorbing layer formed with a perovskite crystal structure. Such compounds are cheaply manufactured, and offer good development potential in terms of energy conversion efficiency. The main concerns are to increase module size and the energy conversion efficiency. Toshiba has achieved both by developing a 5-square centimeter module that delivers an energy conversion efficiency of 10.5%*¹¹, the highest yet realized in a multi-cell minimodule.



Toshiba's film-based perovskite module

*⁹ The highest conversion efficiency in the world on September 25, 2017 as perovskite film module.

*¹⁰ Cells are the basic element of solar cells; modules are multiple cells connected electrically. In the above photograph of the module, the long thin rectangular parts are cells.

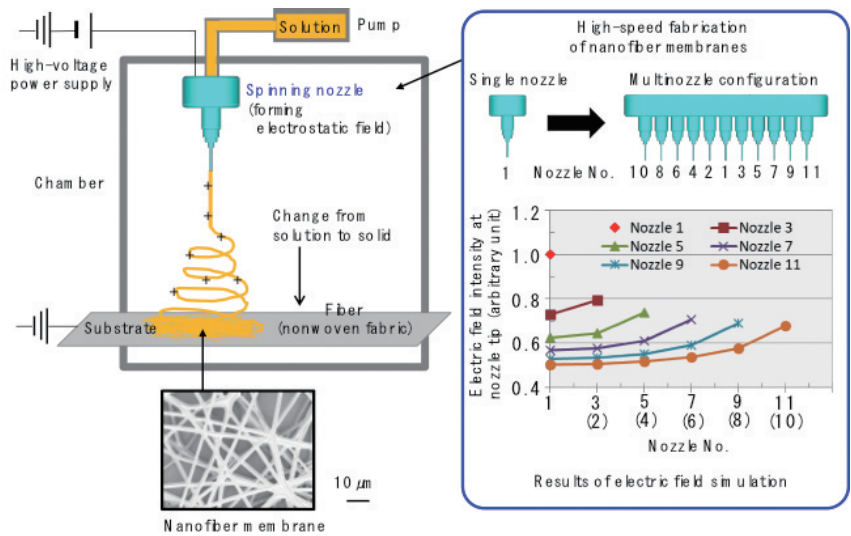
*¹¹ The degree of efficiency in converting sunlight energy (photons) to electrical energy; as measured by the Japan Electrical Safety & Environment Technology Laboratories

External Evaluations Related to R&D

Awarding entity	Name of the award / awarded achievement
The Promotion Foundation for Electrical Science and Engineering 65th Electrical Science and Engineering Promotion Awards	Electrical Science and Engineering Promotion Awards Development of the Analysis Module of Molten Material Behavior in Severe Accident of Nuclear Reactors
The Japan Electrical Manufacturers' Association 67th JEMA Technical Award	The highest award Development and Practical use of Refrigerator Cooling-Type Superconducting Magnet Device in Safety and Operability
The Honda Memorial Foundation 38th Honda Memorial Young Researcher Award	Study of Increasing in Magnetic Force of Iron rich Samarium - Cobalt Magnet

Multinozzle electrospinning method for high-speed fabrication of nanofiber membranes

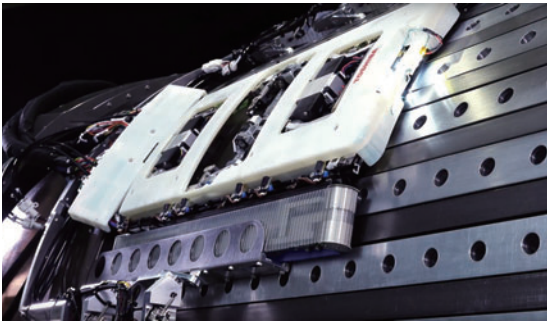
Electrospinning is a fiber production method for producing nonwoven fabrics consisting of nanofibers. For industrial applications, there is a need to increase the amount of raw material supplied per unit time in order to achieve high – speed fabrication of nanofiber membranes. To create a multinozzle head, it is necessary to determine the shape and arrangement of the nozzles while taking into consideration the electric field interference among nozzles that occurs when a high voltage is applied. Based on the results of electric field simulations, Toshiba realized a multinozzle head that is capable of suppressing nozzle-to-nozzle differences in the intensity of the generated electric field. This multinozzle head makes it possible to fabricate nanofiber membranes at high speed with electrospinning.



Multinozzle electrospinning method for high-speed fabrication of nanofiber membranes

Toshiba develops an inspection robot for turbine generators

Toshiba has developed an inspection robot that can perform inspections on turbine generators in a shorter period of time. The robot can inspect generators with segregating baffles*12 which have been obstacles to the robotic inspection of generators. It can perform detailed inspections of a rotor and a stator without rotor removal in around 12 days (including the time to disassemble and re-assemble the generator), which is almost half the time taken by conventional detailed inspections with rotor removal. Toshiba Corporation will perform final verification tests on the actual generators, with the aim of launching robotic inspection services in 2019.



Overview of Robot

*12 Barrier built into the stator for internal ventilation rectification

Awarding entity	Name of the award / awarded achievement
Japan Institute of Invention and Innovation Local Commendation	Chairman Prize of Kanagawa Institute of Invention and Innovation Video coding by mergence of plurality of motion vectors
The Japan Welding Engineering Society 47th JWES Award	Welding inspection method and device
The Japan Electrical Manufacturers' Association	Manufacturing section prize for encouragement Development of the protection relay for next-generation global markets

CSR Management of Toshiba Group

CSR Management

Toshiba Group has positioned CSR management as the base for all corporate activities and believes that this means to contribute to sustainable social development by supporting the resolution of global social issues through business and by setting human life, safety and compliance as our top priorities.

There are now major expectations on companies following the adoption of the Sustainable Development Goals (SDGs) at the United Nations in 2015, with the promotion of CSR management perceived as contributing to the attainment of the SDGs. Toshiba conducts corporate activities while holding dialogue with customers, shareholders, investors, suppliers, employees and other stakeholders based on this concept. In addition, each employee acts in accordance with the Standards of Conduct for Toshiba Group.

● Toshiba Group's CSR Management



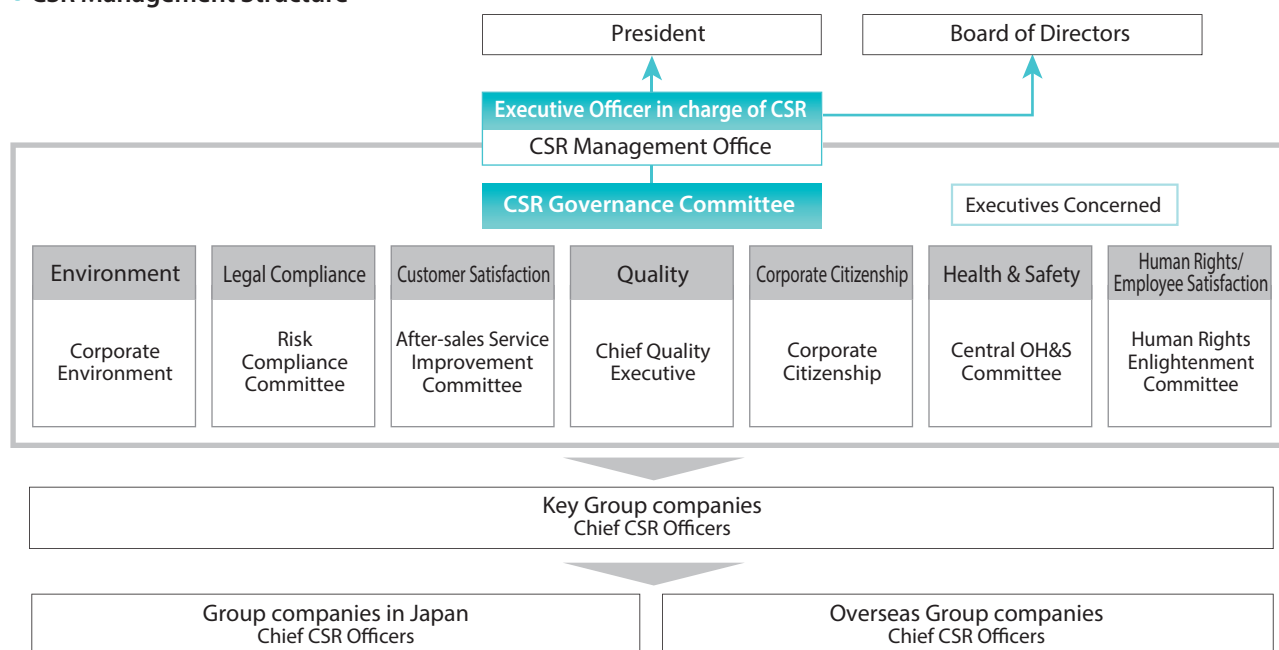
■ Organization of CSR Management

In 2003 Toshiba internally established an organization promoting CSR and leads CSR management in Toshiba Group. The CSR Governance Committee, consisting of the Executive Officer in charge of CSR and the executives concerned, holds meetings as appropriate in order to discuss and determine Toshiba Group CSR Action Policy. Based on the policies determined, the Corporate Environment Management Committee, Risk Compliance Committee and other relevant committees (see the chart below) establish key performance indicators (KPIs) and implement action plans for each of the topics for which they are responsible.

Group companies in Japan and overseas appoint their own Chief CSR Officers. They ensure the implementation of Toshiba Group's CSR Action Policy and check the progress regarding key issues for the companies.

A meeting called the Corporate CSR Meeting is held four times a year and attended by representatives from CSR-related divisions such as general affairs, human resources, environment, procurement and quality assurance, to verify the progress of activities.

● CSR Management Structure



■ Monitoring

We have been conducting the Global CSR Survey annually since FY2005 in order to check and improve CSR-related activities at overseas Group companies.

The survey consists of items concerning human rights, labor, ethics, amount of expenditure on social contribution activities, management of suppliers, and so on. The answers submitted by suppliers are gathered, analyzed and shared with the department in charge of managing the results, and we request improvements be made in problematic areas.

■ Increasing Employee Awareness of CSR

In order to increase CSR awareness throughout Toshiba Group, the Chairman and President reaffirm the Group's Basic Commitment at the start of each accounting period, during company ceremonies and start-of-year addresses, as well as at any other opportunity. They also discuss practicing CSR management and its importance. The overview is also circulated among domestic and overseas bases and Group companies through in-house media and the office organization system. We also conduct training programs every year including rank-specific CSR education such as for new employees and newly appointed officers and e-learning on in line with the Standards of Conduct for Toshiba Group such as the environment, information security, human rights and engineering ethics.

Toshiba Group's CSR Month

The Toshiba Group has designated December as its CSR Month since FY2006. During this month, we assess our CSR initiatives and hold a variety of events, such as the Group-wide CSR Conference and other events at our companies and business sites focusing on social contribution and other CSR activities. In FY2017, a message from the president was sent to the Toshiba Group employees so that each employee could reaffirm the significance of the Group's CSR and take action. Additionally, all the Toshiba Group employees conducted the Toshiba Group Simultaneous Social Contribution Activities around December 5, International Volunteer Day.

On December 19, we held our annual CSR Conference, which was attended by some 660 employees, including executive officers and labor union representatives. On the conference day, the executive officer in charge of CSR reaffirmed the definition of CSR management for the Toshiba Group and material issues and conveyed how CSR lies beyond all the everyday activities of employees. Yoshimitsu Kobayashi, an Outside Director of the Company as well as Director and Chairman of Mitsubishi Chemical Holdings Corporation also took the stage to discuss the unique management method of the company based on sustainability, management of technology and business administration as well as expectations on the Toshiba Group.

SDGs Initiatives

Inspired by the Basic Commitment of Toshiba Group, “Committed to People, Committed to the Future,” we aim to create a higher quality of life for all people and to do our part to help ensure that progress continues within the world community. Based on this Basic Commitment, we seek to contribute to the attainment of the Sustainable Development Goals (SDGs) adopted at the United Nations in 2015 through Toshiba Group’s technological expertise and innovation, which over the years have supported the advancement of a better society. Going forward, we will strive to trigger a new future by providing new value toward the realization of a sustainable society.

SUSTAINABLE DEVELOPMENT GOALS 17 GOALS TO TRANSFORM OUR WORLD



Toshiba Group holds various workshops and study sessions to increase understanding of the SDGs among Group employees.

In FY2017, we held a seminar with a Japanese self-described “Comedian Journalist” Nana Takamatsu as a lecturer to officers and employees. The seminar involved the sharing of concepts concerning Toshiba Group’s SDGs through dialogue between Satoshi Tsunakawa, the President and Ms. Takamatsu. A workshop was also held in which all of the participants spent time thinking about how Toshiba Group’s technology could be used to contribute to the attainment of the SDGs.

Toshiba’s CSR Management Office conducted an opinion exchange session regarding contribution through the Group companies and businesses to promote SDG initiatives.

At Toshiba Digital Solutions Corporation, a working group was formed to hold discussions on the SDGs. The working group associates the company’s business and the solutions it provides with the SDGs to identify priority issues with the aim of contributing to attainment of the SDGs by resolving these challenges.

In addition to contribution through business, Toshiba Group is working actively to achieve the SDGs via social contribution initiatives. In December 2017, the company organized food drives at nine sites in six countries around the world, including Japan, the United States and areas of Africa, as part of the employee participatory Toshiba Group Simultaneous Social Contribution Activities. The drives contributed to the attainment of the following SDGs: Goal 1 “NO POVERTY,” Goal 2 “ZERO HUNGER” and Goal 12 “RESPONSIBLE CONSUMPTION AND PRODUCTION (Ensure sustainable consumption and production patterns).”

Toshiba Group will strive to accelerate SDG initiatives and promote technological development and innovation that contribute to the resolution of social issues.

Material Issues

Toshiba Group identified “Respect for Human Rights,” “CSR Management in the Supply Chain,” and “Environmental Management” as material issues (key themes) in 2013 in consideration of self-evaluations based on ISO26000, opinions received via dialogue with stakeholders and evaluative reviews from third-party organizations, and respecified the issues in March 2015. Since then, we have continued our efforts to tackle these issues.

The Toshiba Group’s Material Issues

Issues Respect for Human Rights	CSR Management in the Supply Chain	Environment Management
We comply with universal principles regarding human rights and labor practices, and respect human rights through sound business activities.	We work to ensure that our suppliers are also committed to improving working conditions and reducing environmental impact throughout the supply chain.	We promote environmental activities aimed at achieving a low-carbon, recycling-oriented society in harmony with nature.

In addition to these material issues, Toshiba continues to strengthen governance, which includes monitoring of top management, strengthen internal control and change the thinking of management and employees.

Process of Material Issue Identification

Process 1	Self-evaluation based on the ISO 26000 core subjects Related corporate divisions perform self-evaluation based on the items of the seven ISO 26000 core subjects: organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues and community involvement and development.
Process 2	CSR activity review by a third-party organization Based on the results of self-evaluation, a third-party organization conducts a CSR activity review targeting CSR related divisions through interviews and evidence checks. We then confirm the gap between Toshiba Group activities and society’s demands.
Process 3	Extraction and identification of material issues Based on the core subjects (345 items) of ISO 26000, we analyze the importance to stakeholders and to Toshiba Group, map them in the general order of high, medium and low priority and identify material issues.

Toshiba has outlined initiatives related to material issues for FY2017 in its CSR Report 2018 (to be released in December) and Environmental Report 2018 (to be released in December).

Corporate Governance

Message from the Chairman of the Board

Under the resolute leadership of CEO Mr. Kurumatani and COO Mr. Tsunakawa, Toshiba is now striving to formulate the “Toshiba Next Plan”. Toshiba’s current primary mission is to realize constant growth by applying its refined technologies and excellent personnel to the provision of effective solutions to social issues and environmental problems, and, as the basis of business management, to ensure better profitability by thoroughly optimizing selling prices and reducing costs.

To that end, while properly aware that this is a new era, we are honing Toshiba’s unique advantages that other companies cannot imitate, and it is essential that we clearly demonstrate the meaning of Toshiba’s existence—the flag of the rebuilt Toshiba—to our stakeholders, our customers, markets, society and employees, including those related to the next generation and the global environment. As the chairman of the board, I aim to provide effective leadership for deep, vigorous discussion among top management, and will continue to make solid contributions to the creation of a flag that Toshiba can fly high.

With “social infrastructure” as the nucleus, along with “energy”, “electronic devices” and “digital solutions”, we are focusing on four business areas, and transforming our business structure so that we can survive competition on the global scale—and make the direction that Toshiba should take even clearer. It is also important for the board to carry out stringent and timely determination of whether all the plans to be formulated are logically and strategically compatible with the flags to be raised, whether the time frame provided for in the plans is appropriate, and, above all, whether the allocation of management resources and the execution of plans adheres to the flag and time frame. This is also the perspective we will bring to improving the effectiveness of the Board of Directors.

Toshiba is still in the process of restoring trust and rebuilding. It goes without saying that the primary obligation imposed on the Board of Directors is to demonstrate corporate governance, a “defense” posture that fully demonstrates its management oversight function, and also secures thorough compliance and safety throughout the Company. While thinking deeply about the weight of my responsibilities as chairman, I will contribute to improving the true corporate value of Toshiba by providing solid “defense” in coordination with internal control functions, and optimally combining this with the bold “attack” triggered by the “Toshiba Next Plan”.



Yoshimitsu Kobayashi
Chairman of the Board of Directors

Governance system and structure

■ Governance system

Toshiba emphasizes the supervisory function of the Board of Directors over business execution, and to the extent possible delegates decisions on the execution of business to responsible executives. For this reason, Toshiba has adopted the company with a nomination committee, etc., system. The main missions of the Board of Directors are to determine the Company strategy in such areas as basic management policy, to supervise executive officers in the execution of their duties, and to supervise the Directors in the execution of their duties.

The ability of the Board of Directors to carry out monitoring and supervisory functions in an appropriate manner is ensured by a board with a majority of outside

directors (seven outside directors of 12 in total, as of June 2018), with an outside director also serving as the chairman of the Board. In addition, the Board of Directors has established Nomination, Auditing, and Compensation Committees, all comprised only of outside directors, which further enhances management transparency.

■ Corporate governance system overview

(1) Business execution

As Toshiba is a company with a Nomination Committee, etc., Toshiba’s Board of Directors delegates to executive officers decision-making authority in respect of business execution, excluding legal matters and matters that significantly affect corporate value and shareholders’ profit. The Board of

Directors is dedicated to supervisory functions.

In respect of business execution matters for which authority is delegated to executive officers, the chairman of executive officers decides the most important matters at Corporate Management Meetings, etc. Other matters are decided as corporate management decisions, etc., by the executive officer, and chairman and president and chief operating officer etc. In principle, the Corporate Management Meeting is held once a week.

As a means to share information and awareness of issues with the independent outside directors, so as to further deepen their understanding of Toshiba's business, and as a forum for discussing major management issues facing the Group, and for providing prior explanation of matters to be discussed by the Board of Directors, Toshiba established a Board of Directors Council (Executive Session) with a membership consisting solely of the independent outside directors.

(2) Audit & Supervision

The Board of Directors motivates executive officers to maximize corporate value and to ensure efficient management while striving to ensure compliance, and also supervises them in the execution of their duties through the Audit Committee. This is chaired by Mr. Ota, and its other members are Mr. Sato, Ms. Noda and Mr. Furuta. All four are outside directors.

The Audit Committee audits the directors in the execution of their duties through interviews with executive officers and senior management, the results of audit reports from the Internal Audit Division, and various interviews. It also audits executive officers in the execution of their duties from the viewpoint of management efficiency and legality.

The accounting auditor for the FY2017 accounts was PricewaterhouseCoopers Aarata LLC. The four employees with designated limited liability who conducted the audit of accounts are Kentaro Iwao, Shinichi Kishi, Ken Tada and Masahide Kato, all certified public accountants and business executives, and they have expressed their opinions on Toshiba's accounting from an independent standpoint.

(3) Nomination of candidates for directorship

The Nomination Committee selects candidates for directorships

The Nomination Committee is chaired by Mr. Ikeda and its other members are Mr. Kobayashi, Mr. Sato, Mr. Ota and Ms. Taniguchi. All five are outside directors.

The Nomination Committee determines proposals for the election and dismissal of directors, for the selection and removal of the CEO and president, and for the selection and removal of members who serve on the committees. The secretariat of the Nominating Committee is the executive officer responsible for oversight of Human Resources and the General Affairs Division, with the support of the executive officer responsible for the Legal Division.

<Criteria for nomination as director >

In determining proposals for the election of directors, selections are made from among people who meet the following criteria and who can fulfill the responsibilities of monitoring and supervising execution of and determining the direction of management strategy in an appropriate manner.

- A. Excel in trustworthiness and quality, and have high ethical standards
- B. Have a deep respect for the law
- C. Are free of health concerns in respect of business execution
- D. In addition to the ability to make objective judgments on management, have excellent foresight and insight.
- E. Have no business interests or relationships that might impinge on management decisions in Toshiba's main business fields.
- F. Outside directors must have expertise, insight and achievements in diverse fields such as law, accounting, and corporate management.

<Outside director independence criteria>

The Nomination Committee has determined that, in addition to the standards of independence defined by Japan's stock exchanges, such as the Tokyo Stock Exchange, Inc., people who fall under any of the following items, are not independent.

- A. An outside director who currently or in the past three years has been an executive director, executive officer or employee at a company in which Toshiba currently holds 10% or more of the voting rights.
- B. An outside director who currently or in the past three years has been an executive director, executive officer or employee of a company that currently holds 10% or more of Toshiba's voting rights.
- C. An outside director who currently or in the past three years has been an executive director, executive officer or employee of a company where the value of

transactions with Toshiba in the past three fiscal years has exceeded 2% of the consolidated sales of either that company or Toshiba or of both companies together.

- D. An outside director who currently or in the past three years has been an executive director, executive officer or employee at a financial institution that currently loans Toshiba more than 2% of its total assets.
- E. An outside director who currently or in the past three years has received compensation from Toshiba of more than ¥10 million, excluding executive remuneration, as a legal, accounting, or tax expert or consultant. Or in the case that the organization to which that person belongs to as a legal, accounting, or tax expert or consultant has, during any of the past three business years, received compensation from Toshiba exceeding 2% of that organization's annual income.
- F. An outside director who currently or in the past three years, has been an officer responsible for executing business or an employee of a corporation that has, or who has him- or herself, received donations from Toshiba exceeding ¥10 million in any of the past three business years. However, this is with the provision that, in the case of a corporation, the donation has been directed to research, education directly related to the donation.
- G. An outside director who currently or in the past three

years, has been an executive director, executive officer or employee at a company where another person currently in a similar position at that company has served as an executive officer of Toshiba.

- H. An outside director who now or in the in the past three years has been a representative or employee at a company that is currently Toshiba's accounting auditor, or has been in any of the past five fiscal years.

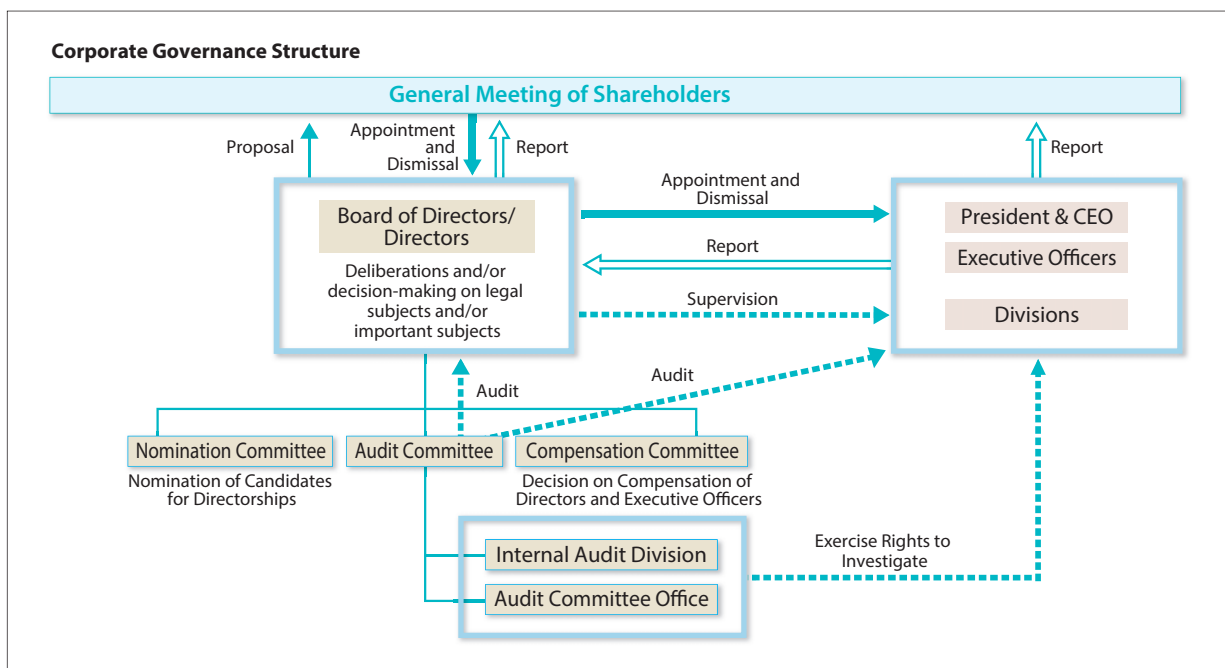
(4) Remuneration determination

The Compensation Committee decides policy relating to decisions on remuneration, etc., for individual directors and executive officers (hereinafter referred to as "executive officers"), and the individual remuneration, etc., of executive officers.

The Compensation Committee is chaired by Mr. Furuta and its other members are Ms. Noda, Mr. Ikeda, Mr. Kobayashi, and Ms. Taniguchi. All five are outside directors. The secretariat of the Compensation Committee is the executive officer responsible for oversight of Human Resources and the General Affairs Division, with the support of the executive officer responsible for the Legal Division.

(5) Executive Officer, etc., appointments

- A) Directors (12): Five in-house directors, seven outside directors; 10 males, 2 females
- B) Executive officers (12): 12 males, no females



Chairman of the Board of Directors Yoshimitsu Kobayashi

Composition of the Committees

Nomination Committee:	Kouichi Ikeda (Chairman), Yoshimitsu Kobayashi, Ryoji Sato, Junji Ota, and Mami Taniguchi
Audit Committee:	Ryoji Sato (Chairman), Teruko Noda, Yuki Furuta, and Junji Ota
Compensation Committee:	Yuki Furuta (Chairman), Teruko Noda, Kouichi Ikeda, Yoshimitsu Kobayashi, and Mami Taniguchi

http://www.toshiba.co.jp/csr/en/performance/governance/governance.htm#gov_01

Role of Outside Directors

Name	Reasons for selection	Significant concurrent positions (As of June 2018)
Teruko Noda	Ms. Teruko NODA is appropriately supervising the management of the Company based on her rich experience and insight as a certified public accountant.	—
Kouichi Ikeda	Mr. Kouichi IKEDA is appropriately supervising the management of the Company based on his rich experience and insight as a management executive.	Advisor to the Board, Asahi Group Holdings, Ltd. Outside Director, Sumitomo Chemical Company, Ltd.
Yuki Furuta	Mr. Yuki FURUTA is appropriately supervising the management of the Company based on his rich experience as a legal professional and insight concerning to corporate law and corporate governance.	—
Yoshimitsu Kobayashi	Mr. Yoshimitsu KOBAYASHI is appropriately supervising the management of the Company based on his rich experience as a management executive.	Director, Chairman, Mitsubishi Chemical Holdings Corporation Director, Chairman, The KAITEKI Institute, Inc. Chairman, Japan Association of Corporate Executives
Ryoji Sato	Mr. Ryoji SATO is appropriately supervising the management of the Company based on his rich experience and insight as a certified public accountant and CEO of an auditing firm.	Outside Company Auditor, NIPPON LIFE INSURANCE COMPANY
Junji Ota	Mr. Junji OTA is expected to appropriately supervise the management of the Company based on his rich experience and insight as a top management member of a large company and an executive of Japan Audit & Supervisory Board Members Association.	—
Mami Taniguchi	Ms. Mami TANIGUCHI is expected to appropriately supervise the management of the Company based on her rich experience and insight as a professional of business administration studies.	Professor, Faculty of Commerce (School of Commerce and Graduate School of Commerce), Waseda University

■ Independence

Outside Directors—Ms. Teruko Noda, Messrs. Koichi Ikeda, Yuki Furuta, Yoshimitsu Kobayashi, Ryoji Sato, Junji Ota and Ms. Mami Taniguchi—meet the independence requirements set out by the Tokyo Stock Exchange, etc.

■ Limited liability contracts

The Company has entered into a liability limitation agreement with each of the following six persons under which, with regard to the liability set forth in Article 423, Paragraph 1 of the Companies Act, compensation to be paid by any of them shall be limited to the higher of a predetermined amount of at least ¥10 million and the minimum liability set forth in Article 425 of the Companies Act: Ms. Teruko Noda, Mr. Kouichi Ikeda, Mr. Yuki Furuta, Mr. Yoshimitsu Kobayashi, Mr. Ryoji Sato, Mr. Junji Ota and Ms. Mami Taniguchi.

■ Outside director support system

The full-time Audit Committee Office staff supports the four external directors who comprise the Audit Committee. In addition, designated members of staff support the outside directors on the Nominating Committee and Compensation Committee, as necessary.

In addition to this, the seven outside directors are provided with advance briefings on matters to be resolved by the Board of Directors by the Board of Directors Council and designated members of staff, etc.

Internal Control System Development Status

Toshiba Group constantly refines its system of internal controls towards ensuring management effectiveness and efficiency and reliable reporting on operations and finances, and to secure high level legal compliance and risk management.

We also ensure that domestic Group companies, regardless of the scale of their operations, establish internal control systems based on those of the parent company.

Risk Management

At Toshiba, throughout our worldwide operations, we strive to ensure compliance with laws and regulations, social and ethical norms, and internal rules. According top priority to human life and safety and to compliance in everything we do underpins our commitment to promoting business activities through fair competition and serving the interests of customers to the best of our ability.

Thorough adherence to the Standards of Conduct for Toshiba Group (SOC), which embody the Basic Commitment of the Toshiba Group, is the bedrock of our compliance. Thus we are working toward the SOC becoming an integral part of the entire Toshiba Group. Every year, priority themes

regarding compliance are established and promoted in light of business circumstances. By implementing a Plan-Do-Check-Action (PDCA) cycle of self-assessment at each in-house company and also at Group companies worldwide, we are stepping up our efforts to ensure compliance.

The Risk Compliance Committee, headed by the CRO*, manages serious risk and compliance issues, and works with each relevant division to strengthen the risk management system by developing countermeasures to specific risks, plus measures to prevent their spread and recurrence.

* Chief Risk-Compliance Management Officer

State of Progress

State of activities of the Board of Directors and committees

The following outlines the Board of Directors' and committees' principal activities held in FY2017.

■ State of activities of the Board of Directors

- Toshiba held the "Directors Council" (so-called "Executive Session") composed solely of independent outside directors in order for them to share information and problem awareness among themselves, better understand the Company's operations for outside directors and deliberate on the Toshiba Group's key business challenges. At each Directors Council meeting, held prior to a Board of Directors meeting, an advance briefing on proposals to the Board of Directors was provided before the members exchanged opinions. Moreover, the Directors Council was operated to ensure that independent outside directors' opinions obtained through its meetings were reflected in the Company's management.
- The Board of Directors deliberated and decided upon separating four in-house companies into independent companies, from the standpoint of strengthening collaboration within the Group and establishing an appropriate structure to ensure business continuity, through the retention of Special Construction Business and other licenses and the maximization of each company's business value.
- The Board of Directors deliberated on the transfer of shares of Landis+Gyr Group AG, from the standpoint of strengthening the financial position of the Toshiba Group, and, made the decision to sell all shares of Landis+Gyr Group AG held by the Company through a secondary offering conducted on the occasion of the listing of said company on the SIX Swiss Exchange.
- The Board of Directors deliberated on the payment of parent company guarantees for the AP1000 new nuclear reactor construction projects for which WEC had received orders in the U.S., doing so from the standpoint of avoiding risk in the overseas nuclear energy business through the fixing of an upper limit on the guarantee amount; and made the decision to agree upon payments with Southern Company and SCANA Corporation, who placed the orders.
- The Board of Directors deliberated on the transfer of shares of Toshiba Memory Corporation, from the standpoint of securing repayment of borrowings, recovery of financial position, and the feasibility of the transfer of shares; and

made the decision to conclude an agreement for the transfer of shares with K.K. Pangea.

- The Board of Directors deliberated on financing to resolve the situation of negative shareholders' equity in the consolidated balance sheet through the end of March 2018, from the standpoint of certainty and agility of financing, and made decisions to procure a total of ¥600 billion through allocation of new shares to a third party; to make early repayment of parent company guarantees related to WEC through these funds; and to conclude agreements to transfer subrogated rights with respect to WEC that were acquired through the aforementioned, along with other claims and shares related to the WEC Group and held by the Company.
- The Board of Directors was provided with reports on business plans, budget, monthly operating results and risk control information and the state of duty execution by directors and executive officers pursuant to applicable laws and ordinances, the Articles of Incorporation, the Board of Directors Regulations, etc.

■ State of activities by committees

A. Nomination Committee

- The Nomination Committee deliberated on a proposal for the election of directors to be submitted to the Ordinary General Meeting of Shareholders for the 178th fiscal year, and on the proposal for the election of president and chief executive officer to be submitted to the Board of Directors at the first meeting to be held after the closing of the Ordinary General Meeting of Shareholders.
- The Nomination Committee deliberated on a proposal for the election of directors to be submitted to the Extraordinary Meeting of Shareholders convened in October 2017.
- The Nomination Committee deliberated on a proposal for the election of chairman and CEO for April 2018 onward to be submitted to the Board of Directors.
- The Nomination Committee considered the organizational structure of directors to be submitted to the Ordinary General Meeting of Shareholders for the 179th fiscal year.

- The Nomination Committee revised the standards for handling executive officers and the standards for independence of outside directors, and formulated a proposal for changes to Nomination Committee Regulations.

B. Audit Committee

- The Audit Committee audited the state of the execution of duties by executives, by attending Board of Directors and other key meetings and by making inquiries to executive officers and other personnel, with a focus on the state of observance of laws and regulations and preventing the recurrence of accounting incidents. In addition, the Audit Committee received regular reports from the Internal Audit Division on their audit results, and from the Internal Control Promotion Division (former Internal Management System Reinforcement Project Team), the Management Reform Promotion Division and the Project Audit Division on their state of activities. The Audit Committee also made inquiries to other internal control management departments, thereby verifying the state of implementation of improved internal control system and the status of progress of corporate culture reform programs.
- Outside Director Ryoji Sato, Chairman of the Audit Committee, has been actively engaged in collecting information as a full-time member of the Audit Committee, which involves attending important meetings (such as corporate management meetings, Accounting Compliance Committee meetings, and Annual Securities Report Disclosure Committee meetings). The information collected has been shared with Audit Committee members in a timely manner. Part-time Audit Committee members, too, actively engaged in auditing activities, including participation in all of the above inquiries and report meetings.
- With regard to inappropriate accounting issues, the litigation claiming compensation for damages, filed in the Tokyo District Court in November 2015, continued with respect to five former executives, including those with experience as president.
- The whistleblowing system within the Audit Committee received 33 whistleblowing reports before taking action to deal with them. The Audit Committee was briefed on

details and status of responses of all 252 whistleblowing cases reported to the whistleblowing contact point on the Company's executive side. The committee has also preferentially verified investigation results and status of improvements, with respect to important reports related to accounting and compliance.

- The Audit Committee held information exchange meetings and dialogues with Toshiba Group Company Auditors and Audit Committee members before providing training to company auditors of Group enterprises, thus striving to strengthen the governance over, and to improve the quality of, the Toshiba Group's audits.
- The Audit Committee appointed attorneys and other independent third parties to conduct an investigation in conjunction with WEC regarding losses associated with WEC's acquisition of S&W. The Audit Committee's findings in that regard were reported to the Board of Directors on April 11, 2017, and on August 10, 2017. The investigation found no evidence of problems with the timing of loss recognition. It was determined that internal controls of both the Company and WEC function effectively, and that the financial statements have not been affected. In the process of conducting the investigation, it was discerned that there had been actions and comments considered as undue pressure within a limited scope and time period with respect to some of the management executives; however, there had not been any impact to the financial results. As for those management executives, however, the Audit Committee requested that the executive side implement measures that do not involve WEC's management, and has accordingly verified that remedial measures are being implemented.
- With regard to the allocation of new shares to a third party, on November 19, 2017, the Audit Committee submitted to the Board of Directors a report stating the opinion that the paid-in amount of the new shares is not particularly beneficial to the recipient of allocation, and a report stating that the Audit Committee members (independent directors) recognize the necessity and the reasonableness of the issuance of the new shares.

C. Compensation Committee

- The Compensation Committee deliberated on the payment of work compensation for executive officers (performance-linked portion) according to their performance evaluation for FY2016.
- The committee deliberated on the details of person-by-person compensation to be paid to directors and executive officers in FY2017.
- The committee deliberated on the details of person-by-person compensation to be paid to executive officers from April 2018.

- The committee deliberated on objectives for the levels, structure, composition, and other details of executive officer compensation, including a compensation system linked to medium- to long-term performance, and considered the adoption of stock compensation.
- The committee formulated a proposal for changes to Compensation Committee rules.

Main Activities

During the FY2017, the Board of Directors met 37 times, the Nomination Committee 7 times, the Audit Committee 17 times and the Compensation Committee 5 times, and the outside directors commented as necessary at those meetings. The outside directors received explanations about the matters to be resolved at the board meetings from Executive Sessions and the staff in charge, etc. in advance. They also made an effort to communicate and share information with the executive officers.

The outside directors who were members of the Audit Committee were supported by the full-time staff of the Audit Committee Office. The outside directors who were members of the Nomination Committee or the Compensation Committee were supported by the staff in charge, etc. as necessary.

■ Evaluation of the effectiveness of the Board of Directors

Once a year, the Board of Directors evaluates the effectiveness of the Board of Directors as a whole, discloses a summary of the results, and reviews the management of the Board of Directors as necessary.

In the analysis and evaluation conducted for the period from June 28, 2017 to the end of March 2018, the advice of external experts was taken into account, and the following matters were confirmed based on a questionnaire that targeted all of the directors and on discussions based on the questionnaire.

■ Items evaluated as appropriate

1. Management of the Board of Directors Council

Meetings of the Board of Directors Council were held 26 times between June 28, 2017 and the end of March 2018. In addition to providing a forum for free discussions on major themes, such as company-wide issues, the Company's medium- to long-term plan, and risk items, they also allowed for provision of prior explanations of items on the agendas of meetings of the Board of Directors, Q&A sessions, and allowed sufficient time for free and open-minded debate.

2. Management of the Board of Directors

Meetings of the Board of Directors were held 27 times between June 28, 2017 and the end of March 2018. Based on the content of items fully discussed at the Board of Directors Council, the meetings saw free, open-minded and constructive discussions and exchanges of opinions.

3. Operation of the Nomination Committee, Audit Committee, and Compensation Committee

Each committee had, on the whole, an appropriate number of members and composition, frequency of meetings, and conducted free and open discussions.

■ Future issues

1. Management of the Board of Directors and the Board of Directors Council

There are occasions where materials are not provided with a sufficient time margin, and where their content is not well organized or analyzed in a way that is easily understood. Following coordination with the divisions, a commitment was made to continue to provide materials as soon as possible and to improve their content.

2. Discussion at the Board of Directors and Board of Directors Council, and the support system for directors

We received the opinion that there is insufficient discussion on essentials, such as the composition of the business portfolio. Going forward, in order to facilitate discussion from a medium- to long-term perspective, we have decided to organize matters brought to the Board of Directors Council and on Board of Directors agenda in such a way as to enable sufficient discussion on business strategy and the like.

3. Dialogue with shareholders (investors)

We have decided to establish a mechanism that will enable the opinions of investors to be shared with members of the Board of Directors immediately. We have also decided to continue discussing setting up a mechanism for dialogues with shareholders, such as group meetings of outside directors and institutional investors.

Other individual opinions

In-house directors should be selected in a way that ensures balanced representation for each key Group company and the staff divisions.

It would be best to decide on a format for materials provided to the Board of Directors and the Board of Directors Council that offers a detailed summary of the discussion points and contents at the beginning.

Also, the Board of Directors Council held discussions on the number of times to hold meetings of the Board of Directors Council and Board of Directors in the future.

We will focus on further improving the issues shared in this analysis and evaluation, promote measures to increase the effectiveness of the Board of Directors Council, the Board of Directors, and each committee, and will strive to regain the confidence of our shareholders.

Compensation Policy

The Compensation Committee establishes compensation policy regarding compensation of each director and/or executive officer as follows:

Since the main responsibility of directors is to supervise the execution of the overall Group's business, "Compensation for Directors" is determined at an adequate level to secure highly competent personnel and ensure effective work of the supervisory function.

Since the responsibility of executive officers is to increase corporate value in their capacity as executives responsible for companies or divisions within the Group, "Compensation for executive officers" is divided into the fixed compensation and the performance-based

compensation, and determined at an adequate level to secure highly competent personnel and ensure effective work of their compensation package as an incentive to improve business performance.

i. Compensation for Directors

Directors who do not concurrently hold office as an executive officer are paid the basic compensation (fixed amount) calculated according to his/her duties after being classified into "full-time director" or "part-time director".

Directors who concurrently hold office as an executive officer are paid the basic compensation (fixed amount) in addition to compensation for executive officers specified in (ii).

ii. Compensation for Executive Officers

Executive officers are paid the basic compensation (fixed amount) calculated based on his/her rank, the service compensation calculated according to his/her duties as an executive officer, and the stock compensation.

Based on his/her rank 25-40% of the service compensation will fluctuate from zero (no compensation) to 2 times according to the year-end performance of the Company or of the division for which the executive officer is responsible.

The stock compensation will be a compensation system linked to the stock price (e.g. allotment of stocks with restriction on transfer) and designed to work effectively as an incentive to drive forward medium-to long-term business growth.

iii. Compensation Standards

Compensation standards are determined at suitable levels as a global company, with the aim of securing highly competent management personnel. The compensation standards of other listed companies and payroll and benefits of employees are considered when determining the Company's compensation standards of management.

Amounts of Compensation, etc. of Toshiba's directors and executive officers in FY2017

Officers Position	Directors (excluding outside directors)	Outside directors	Executive officer
Total Amounts of Compensation, etc. (Millions of yen)	21	92	475
Fixed Compensation (Millions of yen)	21	92	475
Performance-based Compensation (Millions of yen)	–	–	–
Number of persons of officers	5	6	31

It should be noted that in the consolidated amount of compensation, etc., no individual officer received ¥100 million or more.

Disclosure Policy

In addition to this, Article 13 of the Corporate Governance Guidelines states that, "The Company will provide timely and appropriate disclosure pursuant to the Companies Act, the Financial Instruments and Exchange Act, other applicable laws and regulations, the rules of financial instruments exchanges, and the like. In addition to this, the Company will fully consider voluntary disclosure and endeavor to maintain and improve its long-term relationships of trust with its shareholders, investors, and other stakeholders," and the

intent of this stipulation, together with regulations on timely disclosure procedures that define specified duties on timely disclosure that were revised on April 1, 2016, defines the basic stance for disclosing company information.

For more information, please visit our website at the following URL:

<http://www.toshiba.co.jp/about/ir/en/overview/disclosure.htm>

Directors and Executive Officers



Directors

(From left of rear line)

Director
Executive Officer
Corporate Executive Vice
President
Naoya Sakurai

Outside Director
Chairman, the Audit
Committee
Member, the Nomination
Committee
Ryoji Sato

Outside Director
Chairman, the
Compensation Committee
Member, the Audit
Committee
Yuki Furuta

Outside Director
Member, the Nomination
Committee
Member, the Audit
Committee
Junji Ota

(From left of front line)

Outside Director
Member, the Audit
Committee
Member, the
Compensation Committee
Teruko Noda

Director
Representative Executive
Officer
President and Chief
Operating Officer
Satoshi Tsunakawa

Outside Director
Chairman of the Board
Member, the Nomination
Committee
Member, the
Compensation Committee
**Yoshimitsu
Kobayashi**



Outside Director
Chairman, the Nomination
Committee
Member, the
Compensation
Committee
Koichi Ikeda

Director
Representative Executive
Officer
Chairman and Chief
Executive Officer
**Nobuaki
Kurumatani**

Director
Representative Executive
Officer
Corporate Senior
Executive Vice President
Shinichiro Akiba

Outside Director
Chairman, the Nomination
Committee
Member, the
Compensation
Committee
Mami Taniguchi

Director
Representative Executive
Officer
Corporate Executive Vice
President
Masayoshi Hirata

Executive Officers

Chairman and Chief Executive Officer:
Nobuaki Kurumatani

President and Chief Operating Officer:
Satoshi Tsunakawa

Corporate Senior Executive Vice President:
Shinichiro Akiba
Responsible for Infrastructure Systems Business
President and CEO, Toshiba Infrastructure
Systems & Solutions Corporation,
General Executive, Procurement Div.

Corporate Executive Vice President:
Masayoshi Hirata
General Executive, Finance & Cash Management
Div., Accounting Div.(CFO), Project Monitoring &
Oversight Div.,
General Manager, Finance & Cash Management
Div.

Corporate Executive Vice Presidents:
Hironobu Nishikori
Responsible for Digital Solutions Business
President and CEO, Toshiba Digital Solutions
Corporation

Masayasu Toyohara
General Executive, Strategic Planning Div., Digital
Transformation Strategy Acceleration Div., Human
Resources & Administration Div.,
General Manager, Digital Transformation Strategy
Acceleration Div.

Shiro Saito
General Executive, Technology & Productivity
Planning Div., Research & Development Div.,
Responsible for Materials & Devices Business

Naoya Sakurai
General Executive, Internal Audit Div., Legal
Affairs Div.,
General Manager, Audit Committee Office

Corporate Senior Vice Presidents:
Hiroshi Fukuchi
Responsible for Electronic Devices & Storage
Business
President and CEO, Toshiba Electronic Devices &
Storage Corporation

Mamoru Hatazawa
Responsible for Energy Systems Business, General
Executive, WEC Div.,
President and CEO, Toshiba Energy Systems &
Solutions Corporation

Corporate Vice Presidents:
Ichiro Hirata
General Executive, Information Systems Div.,
Marketing Div., Branch Offices,
General Manager, Marketing Div., Project
Manager, Brand Project Team

Naoto Hasegawa
General Executive, Internal Control Promotion
Div.,
Public Relations & Investor Relations Div.

As of June 27, 2018

Directors

Nobuaki Kurumatani Representative Executive Officer

Date of Birth: December 23, 1957

April	1980	Joined Mitsui Bank (current Sumitomo Mitsui Banking Corporation)
April	2007	Executive Officer, Sumitomo Mitsui Banking Corporation
January	2010	Managing Executive Officer, Sumitomo Mitsui Banking Corporation
April	2012	Managing Executive Officer, Sumitomo Mitsui Financial Group
June	2012	Director, Sumitomo Mitsui Financial Group
April	2013	Director and Senior Managing Executive Officer, Sumitomo Mitsui Banking Corporation
April	2015	Director and Deputy President, Sumitomo Mitsui Banking Corporation; Deputy President, Sumitomo Mitsui Financial Group
May	2017	Chairman & Co-Representative, CVC Asia Pacific (Japan) Kabushiki Kaisha
April	2018	Representative Executive Officer Chairman and CEO
June	2018	Director Representative Executive Officer Chairman and CEO (to present)

Satoshi Tsunakawa Representative Executive Officer

Date of Birth: September 21, 1955

April	1979	Joined the Company
June	2010	President & Chief Executive Officer, Toshiba Medical Systems Corporation (until June 2014)
October	2013	General Manager, Healthcare Business Development Division
June	2014	Executive Officer Corporate Senior Vice President
September	2015	Representative Executive Officer Corporate Senior Executive Vice President
June	2016	Director Representative Executive Officer President and CEO
April	2018	Director Representative Executive Officer President and COO (to present)

Outside Directors

Teruko Noda Outside Director

Date of Birth: January 3, 1939

March	1961	Joined the Company (until August 1963)
July	1971	Joined Chuo Audit Corporation
March	1975	Registered as Certified Public Accountant
May	1985	Representative Partner, Chuo Audit Corporation
August	1992	Vice Chairman, Accounting System Committee, The Japanese Institute of Certified Public Accountants
November	1997	Examiner, Certified Public Accountant Examination (until October 2000)
July	2001	Resigned Chuo Aoyama Audit Corporation, Commissioner of Securities and Exchange Surveillance Commission, Financial Services Agency (until July 2007)
March	2009	Outside Company Auditor, Chuetsu Pulp & Paper Co., Ltd. (until June 2015)
May	2009	Outside Company Auditor, Renown Incorporated (until May 2013)
September	2015	Director
June	2016	Outside Director (to present)

Shinichiro Akiba Representative Executive Officer

Date of Birth: August 1, 1956

April	1979	Joined the Company
June	2011	Representative Director, President & CEO, Toshiba Elevator And Building Systems Corporation (until March 2014)
October	2013	Representative Executive Officer Corporate Senior Vice President
June	2016	Representative Executive Officer Corporate Senior Executive Vice President
October	2017	Director Representative Executive Officer Corporate Senior Executive Vice President (to present)

[Significant concurrent positions]

Representative Director and President and CEO, Toshiba Infrastructure Systems & Solutions Corporation

Masayoshi Hirata Representative Executive Officer

Date of Birth: September 17, 1958

April	1981	Joined the Company
June	2012	Director and Vice President, Toshiba TEC Corporation
June	2013	Director and Senior Vice President, Toshiba TEC Corporation
September	2015	Director Representative Executive Officer Corporate Senior Vice President
June	2016	Director Representative Executive Officer Corporate Executive Vice President (to present)

Naoya Sakurai Executive Officer

Date of Birth: January 9, 1957

April	1980	Joined the Company
June	2007	General Manager, Corporate Alliances & Legal Division
October	2013	General Manager, Legal Affairs Division
September	2015	Corporate Vice President
June	2016	Corporate Senior Vice President
October	2017	Director Corporate Senior Vice President
June	2018	Director Corporate Executive Vice President (to present)

Koichi Ikeda Outside Director

Date of Birth: April 21, 1940

April	1963	Joined Asahi Breweries, Ltd. (current Asahi Group Holdings, Ltd.)
March	1996	Director, Asahi Breweries, Ltd.
March	1997	Managing Director, Asahi Breweries, Ltd.
March	1999	Senior Managing Director, Asahi Breweries, Ltd.
March	2000	Senior Managing Corporate Officer, Asahi Breweries, Ltd.
March	2001	Senior Managing Director, Asahi Breweries, Ltd.
January	2002	President and Chief Operating Officer, Asahi Breweries, Ltd.
March	2006	Chairman of the Board, Asahi Breweries, Ltd.
March	2010	Advisor to the Board, Asahi Breweries, Ltd. (to present)
September	2015	Outside Director (to present)

Yuki Furuta Outside Director

Date of Birth: April 8, 1942

April	1969	Public Prosecutor
April	1993	Assistant Vice-Minister of Justice
July	1998	Chief Prosecutor, Utsunomiya District Public Prosecutors Office
September	1999	Prosecutor, Supreme Public Prosecutors Office
December	1999	Director-General of the Criminal Affairs Bureau, Ministry of Justice
August	2002	Director of Criminal Division, Supreme Public Prosecutors Office
September	2003	Deputy Prosecutor-General, Supreme Public Prosecutors Office (until December 2004)
August	2005	Justice of Supreme Court (until April 2012)
August	2012	Registered as Attorney at Law (to present)
September	2015	Outside Director (to present)

Yoshimitsu Kobayashi Chairman of the Board

Date of Birth: November 18, 1946

December	1974	Joined Mitsubishi Chemical Industries Limited (current Mitsubishi Chemical Corporation)
June	2003	Executive Officer, Mitsubishi Chemical Corporation
April	2005	Managing Executive Officer, Mitsubishi Chemical Corporation
June	2006	Director, Mitsubishi Chemical Holdings Corporation
February	2007	Director, Mitsubishi Chemical Corporation
April	2007	Director, President & CEO, Mitsubishi Chemical Holdings Corporation
April	2012	Director, Chairman, Mitsubishi Chemical Corporation (until March 2017)
April	2015	Director, Chairman, Mitsubishi Chemical Holdings Corporation (to present)
September	2015	Outside Director (to present)

Ryoji Sato Outside Director

Date of Birth: December 7, 1946

April	1969	Joined Nikko Securities Co., Ltd. (current SMBC Nikko Securities Inc.)
October	1971	Joined Tohmatsu Awoki & Co. (current Deloitte Touche Tohmatsu LLC)
February	1975	Registered as Certified Public Accountant
January	1978	New York Office, Touche Ross
September	1979	London Office, Touche Ross
May	1983	Partner, Tohmatsu Awoki & Co.
June	2001	Managing Partner, Tokyo Office, Deloitte Touche Tohmatsu LLC
June	2004	Representative Partner and Managing Partner, Tokyo Office, Deloitte Touche Tohmatsu LLC
June	2007	Chief Executive Officer, Deloitte Touche Tohmatsu LLC
November	2010	Senior Advisor, Deloitte Touche Tohmatsu LLC (until May 2011)
September	2015	Outside Director (to present)

Junji Ota Outside Director

Date of Birth: February 21, 1948

April	1971	Joined Nippon Steel Corporation (current Nippon Steel & Sumitomo Metal Corporation)
June	2001	Director, Nippon Steel Corporation
July	2005	Managing Director, Nippon Steel Corporation
June	2008	Auditor (full-time), Nippon Steel Corporation
June	2012	Advisor (full-time), Nippon Steel Corporation; Auditor, Nippon Steel Engineering Co., Ltd (current Nippon Steel & Sumikin Engineering Co., Ltd.) (until June 2016)
June	2014	Advisor, Nippon Steel & Sumitomo Metal Corporation (until June 2015)
July	2014	Vice Chair (Public Member), Self-regulation Board, Japan Securities Dealers Association
July	2016	Vice Chairman, Japan Securities Dealers Association; Chair (Public Governor), Self-regulation Board, Japan Securities Dealers Association (to present)
June	2018	Outside Director (to present)

Mami Taniguchi Outside Director

Date of Birth: June 8, 1966

April	1996	Assistant Professor, Department of Economics, Hiroshima University of Economics
April	1999	Associate Professor, Department of Economics, Hiroshima University of Economics
April	2000	Associate Professor, Department of Management Studies, Graduate School of Social Sciences, Hiroshima University
April	2003	Associate Professor, School of Commerce and Graduate School of Commerce, Waseda University
April	2007	Associate Professor, Graduate School of Commerce, Waseda University
April	2008	Professor, Faculty of Commerce (Graduate School of Commerce), Waseda University
April	2012	Professor, Faculty of Commerce (School of Commerce and Graduate School of Commerce), Waseda University
June	2018	Outside Director (to present)

Messages from Outside Directors



A series of setbacks since the September 2015 emergence of the inappropriate accounting issue—huge losses in the overseas nuclear business, negative shareholders' equity, stock-exchange designation as Securities on Alert, and demotion to the second section of the exchange—greatly impaired market and stakeholder trust in Toshiba. The Company responded with resolute reforms of corporate governance, the business structure and the corporate culture, and in October 2017 the Securities on Alert designation was cancelled.

Following reflection, and spurred by a sense of crisis, we have reformed governance and internal controls—a process that will last as long as the Company does—toward avoiding further failures of judgment. We have sold off the Memory business and split off four businesses into separate companies, giving us a new management structure with social infrastructure as the nucleus. The “Toshiba Next Plan”, now being formulated, will thoroughly examine every aspect of management, toward reorganizing company-wide strategy and strengthening basic profitability.

A meeting with Edison inspired one of Toshiba's founders to manufacture light bulbs. Toshiba has since delivered many Japan-first and world-first products, and today builds infrastructure worldwide. Contributing to society and advancing technology development capabilities have always been in Toshiba's DNA. As we improve corporate value, profitability and growth, and remain committed to people and committed to tomorrow, Toshiba must be a sound, rock-solid company aware of its social responsibilities. Management must act appropriately, with sincerity. In respect of the “Toshiba Next Plan” and business execution, I will do my very best as an outside director to provide proper monitoring and fulfill my responsibilities.

Teruko Noda Outside Director





Since I was appointed an outside director in October 2015, Toshiba has fallen into crisis many times and brought serious inconvenience to many people inside and outside the Company. I too have experienced days of turbulence and tension, but thanks to the efforts and cooperation of the concerned parties, Toshiba has been able to make a new start in rebuilding. I would like to take this opportunity to once again thank everyone involved in this.

For a company to survive, it must be needed by society. The rebuilt Toshiba focuses on four businesses, with social infrastructure as its core, and while these businesses come with great social responsibility, they offer us opportunities to contribute to a sustainable society. Toshiba is indeed being reborn.

The important thing now is to think about things on a zero-basis, without being caught up by customs and past experience. Fortunately, Toshiba has assets in the form of excellent technologies and a wealth of diversity in its human resources. I expect that such technology and human resources will create a new Toshiba under the leadership of CEO Mr. Kurumatani and COO Mr. Tsunakawa, and realize the vision we are aiming for.

As a member of the Board of Directors, I will also continue to supervise the operating divisions from a stakeholder's perspective, and to do all I can to contribute to the improvement of Toshiba's corporate value.



Koichi Ikeda Outside Director

There is no need to say it again, but for the past three years Toshiba has been forced to cope head on with urgent issues. Even though we cannot say that all management problems requiring careful response have been resolved, I think that we have largely overcome those that had to be dealt with as a matter of urgency, including the cancellation of our designation as a Securities on Alert.

What Toshiba needs to do now, based on reflections on operations that caused serious problems, and by harnessing the enterprise spirit that dates back to the Company's founding, is to develop and deliver new technologies and products that meet the needs of society, and to steadily consolidate the business base. Under the new system, progress is being made in formulating business plans grounded in comprehensive and systematic analysis. We can expect to see results from this, but given the nature of Toshiba's business, it may well take some time. A look at past examples shows that steady efforts over considerable periods of time have been necessary before certain businesses came into full bloom.

With a spirit of enterprise and decisiveness as our base, I am sure that strengthening our management foundations, including further improvements to corporate governance, would be beneficial to the interests of all our stakeholders, and I will continue efforts to achieve that.



Yuki Furuta Outside Director

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If you ask company auditors (or members of audit committee members) what things concern them, most will answer group management, and especially overseas affiliates. There are certainly increasing reports of scandals in newspapers and the like, and strengthening group management is also an important issue for Toshiba. When scandals occur at subsidiaries, at their subsidiaries, or at companies that use Toshiba in their name, the effectiveness of internal controls at Toshiba Group as a whole becomes suspect.

As an audit committee member, I am in a position to call for reinforcing the so-called third line of defense (internal audits, etc.) in order to further strengthen monitoring of compliance and conformity to quality controls.

But the important thing is for everyone on the front line of the work place to get a better awareness of the need for compliance and quality control, so that they become natural features and part of the corporate culture. I think that the ultimate expression of group management lies in ensuring that this corporate culture permeates Toshiba Group. I expect this to become a work place that executes business processes correctly and where it is possible to confirm the status of implementation through self-inspection.



Ryoji Sato Outside Director

In September 2015, the Tokyo Stock Exchange designated Toshiba as a “Securities on Alert.” Over the next two years the Company identified the various factors that had generated problems with huge losses in inappropriate accounting and overseas businesses, and implemented a range of remedial measures in order to regain the confidence of the capital markets and society. In October 2017, the designation was cancelled but all members of the management team and every employee must share the understanding that there is no end to improvement activities.

In recent years, demands to strengthen corporate governance have changed significantly, from form to substance. The form of corporate governance required by the capital market depends on the issues and challenges that each company faces. What is required of Toshiba now is to strengthen core earnings power and the formulation of its next growth strategy. In respect of these issues, the role of outside directors is to confirm how the management team is working to improve sustainable corporate value and to secure a better balance across its diverse stakeholders through business execution. Also, the greatest concerns of the audit committee is the weakness of human beings, whose memories of past crises tend to be weathered by time. This is why healthy skepticism is required.

The achievement of the rebuilt Toshiba rests on nothing other than having a rich vision and the proven ability of each person to execute. While respecting the management team and employees who have overcome the suffering so far, I too am ready to participate in Toshiba’s fresh start.

Junji Ota Outside Director



Deeply aware of their responsibilities, the newly appointed BOD members have continued to implement restructuring measures since September 2015, and today the Company is shifting from the reorganization stage to the emergence and growth stage of the organizational life cycle. Yet, many shareholders still expect stable and sustainable financial growth of the Company.

I became an outside director in June this year. For over 22 years, I have been a professor of International Business involved in research and teaching on organizations that leverage diversity and leadership. Moreover I have had opportunities to gain wider experience, both in Japan and overseas, through company-wide employee surveys of major multi-national companies, executive training, and as an outside director at another company. From my experience, I realized that there should be a certain way of leveraging diverse human resources according to where a company is in the organizational life cycle.

In our current stage of emergence and growth, it is critical for us to maintain a diverse and inclusive workforce if we are to continue to create value. To that end, we must develop and sustain a strong diversity and inclusion profile which can assure that each employee will have a strong sense of identity and belonging to the Company. In order to help the Company move ahead to the next stage of sustainable growth, I would like to monitor and examine how the state of general corporate management and business execution can enhance diversity and inclusion with the goal of enabling the Company’s human capital to create more value and deliver the financial success that our shareholders expect.

Mami Taniguchi Outside Director



Respect for Human Rights

Toshiba Group's Corporate Philosophy outlines a basic policy of "Respect for People." We have declared that we will respect the rights of all people associated with our company, such as our employees, customers, and stakeholders. We comply with universal principles regarding human rights and labor practices worldwide, including the Universal Declaration of Human Rights, and respect human rights through sound business activities.

Medium- to Long-term Vision

- Spreading awareness on respect for human rights
- Carry out human rights impact assessments for high-priority areas and perform human rights due diligence at a 100% level at business sites with high human rights risks.

FY2017 Achievements

- Updated our statement on compliance with the U.K. Modern Slavery Act
- Held human rights awareness seminars (including training on harassment) 280 times for around 13,000 participants

- Updated our human rights impact assessment across our entire business
- Conducted human rights workshops with guest instructors concerning global human rights issues for personnel promoting CSR

Future Challenges and Approaches

We will continue to monitor human rights risks, including potential ones, indicated by the human rights impact assessment and improve efforts to avoid and mitigate such risks. We will also communicate with human rights experts and stakeholders to deepen understanding of human rights issues.

CSR Management in the Supply Chain

In order to fulfill CSR in regards to human rights, labor, and the environment in cooperation with suppliers, Toshiba Group continues to promote CSR activities throughout the supply chain.

Medium- to Long-term Vision

Contributing to solving social issues in our supply chain through appropriate procurement transactions

- **Full notification of our procurement policy to our suppliers**
- **Obtaining consent for the Toshiba Group Procurement Policy from new suppliers**

100% of our new suppliers

- **Keeping track of supplier activities, and advising on improvement**

FY2017 Achievements

- **Holding briefings for suppliers:**
Explaining the Toshiba Group Procurement Policy
Briefing on conflict minerals
- **Surveys of suppliers and providing instructions for improvement:**
Conducting CSR Self-Assessment (RBA Self-Assessment Questionnaire Survey) and providing individual guidance based on the results
Conducting a conflict minerals survey and providing individual guidance based on the results
Conducting a supplier environmental conservation survey
- **Information exchange and discussion with experts toward resolution of CSR issues**
Participating in RBA member meetings

Future Challenges and Approaches

We will continue to request that new suppliers consent and practice to the Toshiba Group Procurement Policy, and to strengthen our measures to monitor and support suppliers' compliance with the policy.

We will also educate our procurement employees about important CSR issues, such as compliance and handling conflict minerals, so that they can instruct and support our suppliers.

Environmental Management

Toshiba Group has developed "Environmental Vision 2050," a long-term vision under which we aim to realize a world in which people can enjoy affluent lifestyles in harmony with the Earth by the year 2050. Toshiba Group strives to provide more comfortable and safer lifestyles and create enriched value for society, and also strives for harmony with the Earth by working to mitigate climate change, use resources efficiently, and manage chemicals properly throughout the life cycle of products.



Medium- to Long-term Vision

In order to realize our Environmental Vision 2050, we have formulated and are promoting a detailed medium-term plan, the 6th Environmental Action Plan (period: FY2017-20), to reduce the environmental impacts of product/service lifecycles

FY2017 Achievements

Reducing environmental impacts in manufacturing

Reduction of total greenhouse gas emissions*¹

1.27 million t-CO₂

We further reduced greenhouse gas emissions by actively promoting energy-saving measures and by improving production efficiency at each site.

*¹ The CO₂ emissions coefficient for electricity is used to calculate energy-derived CO₂ emissions (in Japan: 5.31t-CO₂/10,000 kWh). Overseas electricity is based on GHG Protocol data

Waste Volume*²

37,000 tons

We turned more waste into valuables through efforts to improve production processes and sort waste more carefully.

*² Obtained by deducting the volume of objects with value from the total volume of waste generated

Amount of Water Received per Unit Production*³

89% of FY2013 level

We further improved the amount of water received per unit production by reusing water at production sites that normally consume large amounts of water.

*³ Volume-based nominal outputs are used as an indicator



Himeji Operations-Semiconductor seeks to conserve energy in the clean room



Reuse of rainwater and wastewater at Toshiba JSW Power Systems Pvt. Ltd. in India

Improving environmental performance of products and services

- Increased reduction of CO₂ emissions (Power supply^{*4})

9 million t-CO₂

We worked to develop and spread a wide range of energy technologies, such as hydroelectric, geothermal, photovoltaic power, and high-efficiency thermal power.

^{*4} Products and services related to power supply



Olkaria IV Geothermal Power Plant in Kenya

- Increased reduction of CO₂ emissions (Power consumption^{*5})^{*6}

1.86 million t-CO₂

We developed and provided products with high energy-saving performance such as social infrastructure products and office equipment.

^{*5} Products and services related to power consumption

^{*6} [CO₂ emissions of assumed substitute products – CO₂ emissions of shipped products] (Compares emissions per year during the usage stage and cumulates emissions for half the expected number of years of use)



Energy-saving railway systems

Conservation of biodiversity

A total of 10 of the 20 items under the “Aichi Targets^{*7}” were set as “Toshiba Targets” and activities were undertaken at 70 sites worldwide toward the achievement of these targets.

^{*7} Aichi Targets are international targets related to biodiversity that were adopted at the Tenth Conference of the Parties to the Convention on Biodiversity (COP 10) held in Nagoya in October 2010

Within the activity to bring back fireflies to the Kitahana river area conducted by Japan Semiconductor Corporation’s Oita Operations, marsh snails were bred as feed for the fireflies by utilizing on-site treated waste water and released into the Kitahana River. Employees also picked up rubbish around the fireflies’ habitat.



Breeding marsh snails



Employees picking up rubbish

Future Challenges and Approaches

As issues such as climate change and resource depletion become more serious, Toshiba Group believes that, as a member of the international community, we have the responsibility of helping resolve these issues. Toshiba Group will deepen activities to achieve the targets set under the Sixth Environmental Action Plan with the aim of contributing to the resolution of, global issues such as SDGs, and realizing a sustainable society.

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Major indices of the Data Section have been compiled chronologically based on the fiscal years. For the details of financial information for the year ended March 31, 2018, please refer to the "Financial Review 2018."

Consolidated Financial Summary

	2014
Net Sales, Operating Income (Loss) and Net Income (Loss) Attributable to Shareholders of the Company	
Net sales	¥4,722,987
Cost of sales	3,654,970
Selling, general and administrative expenses	1,059,181
Impairment loss on goodwill	—
Operating income (loss)	8,836
Income (loss) from continuing operations, before income taxes and noncontrolling interests	(64,917)
Income taxes	6,398
Net income (loss) attributable to shareholders of the Company	60,240
EBITDA* ¹	74,734
Profitability Ratios	
Operating income ratio (%)	0.2
Return on sales (%)	1.3
Cost of sales ratio (%)	77.4
Selling, general and administrative expenses ratio (%)	22.4
Total Assets, Equity Attributable to Shareholders of the Company and Interest-bearing Debt	
Total assets	6,172,519
Equity attributable to shareholders of the Company	1,027,189
Net Interest-bearing debt	1,104,783
Long-term debt	1,123,810
Short-term debt	124,669
Shareholders' equity ratio (%) ²	16.6
Net debt/equity ratio (Times) ³	1.1
R&D, Capital Expenditures and Depreciation	
R&D expenditures	222,652
Capital expenditures (Property, plant and equipment)	190,766
Depreciation (Property, plant and equipment)	108,837
Return Indicators	
Return on investment (ROI) (%) ⁴	0.3
Return on equity (ROE) (%) ⁵	6.5
Return on total assets (ROA) (%) ⁶	1.0
Efficiency Indicators	
Inventory turnover (Times) ⁷	7.22
Total assets turnover (Times) ⁸	0.77
Inventory turnover (Days) ⁹	50.58
Cash Flows	
Net cash provided by (used in) operating activities	284,132
Net cash provided by (used in) investing activities	(244,101)
Net cash provided by (used in) financing activities	(89,309)
Effect of exchange rate changes on cash and cash equivalents	11,449
Net increase (decrease) in cash and cash equivalents	(37,829)
Cash and cash equivalents at end of year	143,696
Liquidity Indicators	
Debt/cash flow ratio (%) ¹⁰	18.01
Interest coverage ratio (Times) ¹¹	0.5
Corporate Value	
Free cash flow ¹²	40,031
Market capitalization ¹³	1,851,832
Other Data	
Number of employees (Consolidated) (Thousands)	200
Number of employees (Non-Consolidated) (Thousands)	36
Ratio of Consolidated to Non-Consolidated Performance (Times) (Net sales)	1.4

* Operating income (loss) has been determined under financial reporting practices generally accepted in Japan and is defined as net sales less cost of sales and selling, general and administrative expenses.

* Equity attributable to shareholders of the Company is based on U.S. GAAP.

* The Healthcare Systems & Service segment and Home Appliances business are classified as discontinued operations. Results of the past fiscal year have been revised to reflect these changes.

* WEC group's Nuclear Power Business is classified as discontinued operations in the fiscal year ended March 31, 2017. Results of the prior years have been revised to reflect these changes.

* The memory business is classified as discontinued operations in the fiscal year ended March 31, 2018. Results of the prior year have been revised to reflect these changes.

*¹ EBITDA = Income (loss) from continuing operations, before income taxes and noncontrolling interests + Interest + Depreciation

*² Shareholders' equity ratio (%) = Equity attributable to shareholders of the Company / Total assets × 100

*³ Net debt/equity ratio (Times) = Net Interest-bearing debt/Equity attributable to shareholders of the Company

(Millions of yen)

2015	2016	2017	2018
¥4,851,060	¥4,346,485	¥4,043,736	¥3,947,596
3,828,413	3,760,502	3,015,196	2,986,840
1,095,143	1,119,987	929,611	896,686
—	47,372	16,914	—
(72,496)	(581,376)	82,015	64,070
(122,333)	(499,439)	44,945	82,378
42,280	216,352	57,966	(61,938)
(37,825)	(460,013)	(965,663)	804,011
16,092	(335,482)	152,765	193,410
(1.5)	(13.4)	2.0	1.6
(0.8)	(10.6)	(23.9)	20.4
78.9	86.5	74.6	75.7
22.6	25.8	23.0	22.7
6,334,778	5,433,341	4,269,513	4,458,211
1,083,996	328,874	(552,947)	783,135
1,070,855	497,175	682,875	191,598
973,711	822,120	518,171	390,860
243,168	619,414	685,801	301,558
17.1	6.1	(13.0)	17.6
1.0	1.5	—	0.2
235,819	249,850	189,927	178,653
161,652	167,568	91,472	85,948
117,156	146,264	89,281	81,668
(2.6)	(23.7)	5.4	4.9
(3.6)	(65.1)	861.9	698.6
(0.6)	(7.8)	(19.9)	18.4
7.33	7.06	7.76	8.14
0.78	0.74	0.83	0.90
49.79	51.73	47.01	44.86
330,442	(1,230)	134,163	41,641
(190,130)	653,442	(178,929)	(150,987)
(125,795)	135,747	(219,758)	(63,613)
13,509	(11,796)	(3,312)	(1,615)
28,026	776,163	(267,836)	(174,574)
146,024	944,359	521,097	500,820
12.34	(18.52)	(60.68)	97.25
(3.0)	(32.5)	4.8	2.4
140,312	652,212	(44,766)	(109,346)
2,136,599	928,035	1,022,957	2,008,378
199	188	153	141
35	37	32	3
1.5	1.5	1.5	7.5

*4 Return on investment (ROI) (%) = Operating income (loss) / (Average equity attributable to shareholders of the Company + Average equity attributable to noncontrolling interests + Average interest-bearing debt) × 100

*5 Return on equity (ROE) (%) = Net income (loss) attributable to shareholders of the Company / Average equity attributable to shareholders of the Company × 100

*6 Return on total assets (ROA) (%) = Net income (loss) attributable to shareholders of the Company / Average total assets × 100

*7 Inventory turnover (Times) = Net sales / Average inventory

*8 Total assets turnover (Times) = Net sales / Average total assets

*9 Inventory turnover (Days) = 365 / Inventory turnover

*10 Debt/cash flow ratio (%) = (Net income (loss) attributable to shareholders of the Company + Depreciation and amortization) / Average interest-bearing debt × 100

*11 Interest coverage ratio (Times) = (Operating income (loss) + Interest and dividends) / Interest expense

*12 Free cash flow = Net cash provided by operating activities + Net cash used in investing activities

*13 Market capitalization = Common stock price [Year-end/Yen/Close] × Total issued shares

Consolidated Balance Sheets

(Millions of yen)

March 31	2014	2015	2016	2017	2018
ASSETS					
Current Assets:					
Cash and cash equivalents	¥ 143,696	¥ 146,024	¥ 944,359	¥ 521,097	¥ 500,820
Notes and accounts receivable, trade					
Notes	34,183	35,062	33,226	38,705	50,255
Accounts	1,187,917	1,151,270	1,015,580	981,125	940,315
Allowance for doubtful notes and accounts	(13,299)	(34,049)	(32,103)	(24,936)	(22,424)
Inventories	632,378	691,165	540,864	500,686	469,767
Deferred tax assets	140,333	161,090	38,822	21,156	—
Prepaid expenses and other current assets	294,282	349,525	242,382	228,642	343,882
Current assets of discontinued operations	739,183	838,319	1,045,428	469,818	1,296,481
	3,158,673	3,338,406	3,828,558	2,736,293	3,579,096
Long-term Receivables and Investments:					
Long-term receivables	367	9,851	10,039	15,272	7,862
Investments in and advances to affiliates	257,642	237,139	160,940	144,316	148,120
Marketable securities and other investments	235,923	216,932	117,505	66,246	89,858
	493,932	463,922	288,484	225,834	245,840
Property, Plant and Equipment:					
Land	60,314	62,669	63,221	49,577	42,079
Buildings	691,358	694,374	665,738	675,031	629,742
Machinery and equipment	1,445,642	1,445,859	1,379,073	1,335,255	1,232,282
Construction in progress	44,235	45,655	27,531	9,271	18,984
	2,241,549	2,248,557	2,135,563	2,069,134	1,923,087
Less—Accumulated depreciation	(1,671,600)	(1,700,267)	(1,684,576)	(1,665,401)	(1,557,452)
	569,949	548,290	450,987	403,733	365,635
Other Assets:					
Deferred tax assets	286,857	160,508	28,132	32,591	76,326
Other	550,429	630,316	456,108	417,981	191,314
Non-current assets of discontinued operations	1,112,679	1,193,336	381,072	453,081	—
	1,949,965	1,984,160	865,312	903,653	267,640
	¥6,172,519	¥6,334,778	¥5,433,341	¥4,269,513	¥4,458,211

For more information, please visit our IR website at <http://www.toshiba.co.jp/about/ir/en/finance/index.htm>

(Millions of yen)

March 31	2014	2015	2016	2017	2018
LIABILITIES AND EQUITY					
Current Liabilities:					
Short-term borrowings	¥ 70,791	¥ 37,382	¥ 410,983	¥ 357,727	¥ 89,891
Current portion of long-term debt	53,878	205,786	208,431	328,074	211,667
Notes and accounts payable, trade	1,001,379	1,015,696	742,421	673,679	684,687
Accounts payable, other and accrued expenses	335,252	368,552	369,507	267,235	303,568
Accrued income and other taxes	31,064	6,222	100,466	34,478	54,270
Advance payments received	186,846	215,063	239,694	315,745	288,720
Other current liabilities	325,076	335,041	333,591	471,504	448,529
Current liabilities of discontinued operations	729,224	727,126	819,919	269,961	349,608
	2,733,510	2,910,868	3,225,012	2,718,403	2,430,940
Long-Term Liabilities:					
Long-term debt	1,123,810	973,711	822,120	518,171	390,860
Accrued pension and severance costs	431,340	386,045	514,574	481,833	443,092
Other liabilities	120,740	132,352	143,728	760,487	182,585
Non-current liabilities of discontinued operations	317,125	366,445	55,649	66,323	—
	1,993,015	1,858,553	1,536,071	1,826,814	1,016,537
Equity Attributable to Shareholders of the Company:					
Common stock	439,901	439,901	439,901	200,000	499,999
Additional paid-in capital	401,830	402,008	399,470	140,144	357,153
Retained earnings (losses)	454,931	383,231	(76,782)	(580,396)	223,615
Accumulated other comprehensive loss	(267,786)	(139,323)	(431,828)	(310,750)	(295,572)
Treasury stock, at cost	(1,687)	(1,821)	(1,887)	(1,945)	(2,060)
	1,027,189	1,083,996	328,874	(552,947)	783,135
Equity Attributable to Noncontrolling Interests:	418,805	481,361	343,384	277,243	227,599
Commitments and contingent liabilities					
	¥6,172,519	¥6,334,778	¥5,433,341	¥4,269,513	¥4,458,211

(Millions of yen)

March 31	2014	2015	2016	2017	2018
Accumulated Other Comprehensive Loss:					
Unrealized gains on securities	¥ 93,924	¥ 113,567	¥ 23,655	¥ 24,537	¥ 37,147
Foreign currency translation adjustments	(110,846)	(14,757)	(91,906)	(55,468)	(82,514)
Pension liability adjustments	(248,502)	(240,172)	(357,962)	(277,002)	(248,874)
Unrealized gains and losses on derivative instruments	(2,362)	2,039	(5,615)	(2,817)	(1,331)

Consolidated Statements of Operations

(Millions of yen)

Year ended March 31	2014	2015	2016	2017	2018
Sales and Other Income:					
Net sales	¥4,722,987	¥4,851,060	¥4,346,485	¥4,043,736	¥3,947,596
Interest and dividends	6,588	9,266	7,048	7,015	7,799
Equity in earnings of affiliates	2,613	19,418	—	7,122	10,250
Other income	45,750	77,538	212,170	67,558	184,599
	4,777,938	4,957,282	4,565,703	4,125,431	4,150,244
Costs and Expenses:					
Cost of sales	3,654,970	3,828,413	3,760,502	3,015,196	2,986,840
Selling, general and administrative	1,059,181	1,095,143	1,119,987	929,611	896,686
Impairment loss on goodwill	—	—	47,372	16,914	—
Interest	30,814	21,269	17,693	18,539	29,364
Equity in losses of affiliates	—	—	25,294	—	—
Other expense	97,890	134,790	94,294	100,226	154,976
	4,842,855	5,079,615	5,065,142	4,080,486	4,067,866
Income (loss) from Continuing Operations, before Income Taxes and Noncontrolling Interests	(64,917)	(122,333)	(499,439)	44,945	82,378
Income Taxes:					
Current	(42,344)	(35,771)	41,125	25,309	(21,709)
Deferred	48,742	78,051	175,227	32,657	(40,229)
	6,398	42,280	216,352	57,966	(61,938)
Income (Loss) from Continuing Operations, before Noncontrolling Interests	(71,315)	(164,613)	(715,791)	(13,021)	144,316
Income (Loss) from Discontinued Operations, before Noncontrolling Interests	146,585	145,598	199,756	(1,147,180)	696,068
Net Income (Loss) before Noncontrolling Interests	75,270	(19,015)	(516,035)	(1,160,201)	840,384
Less: Net Income (Loss) Attributable to Noncontrolling Interests	15,030	18,810	(56,022)	(194,538)	36,373
Net Income (Loss) Attributable to Shareholders of the Company	¥ 60,240	¥ (37,825)	¥ (460,013)	¥ (965,663)	¥ 804,011

Consolidated Statements of Comprehensive Income

(Millions of yen)

Year ended March 31	2014	2015	2016	2017	2018
Net Income (Loss) before Noncontrolling Interests	¥ 75,270	¥ (19,015)	¥(516,035)	¥(1,160,201)	¥840,384
Other Comprehensive Income (Loss), Net of Tax:					
Net unrealized gains and losses on securities	18,417	22,664	(106,947)	974	12,928
Foreign currency translation adjustments	128,278	129,089	(101,585)	43,010	(39,210)
Pension liability adjustments	55,797	5,041	(118,908)	84,116	29,799
Net unrealized gains and losses on derivative instruments	(1,734)	4,785	(7,973)	2,727	1,512
Total other comprehensive income (loss)	200,758	161,579	(335,413)	130,827	5,029
Comprehensive Income (Loss) before Noncontrolling Interests	276,028	142,564	(851,448)	(1,029,374)	845,413
Less: Comprehensive Income (Loss) Attributable to Noncontrolling Interests	39,636	51,926	(98,930)	(184,789)	26,224
Comprehensive Income (Loss) Attributable to Shareholders of the Company	¥236,392	¥ 90,638	¥(752,518)	¥ (844,585)	¥819,189

Consolidated Statements of Cash Flows

(Millions of yen)

Year ended March 31	2014	2015	2016	2017	2018
Cash Flows from Operating Activities:					
Net income (loss) before noncontrolling interests	¥ 75,270	¥ (19,015)	¥ (516,035)	¥ (1,160,201)	¥ 840,384
Adjustments to reconcile net income (loss) before noncontrolling interests to net cash provided by operating activities					
Depreciation and amortization	171,796	189,938	213,869	162,975	118,070
Provisions for pension and severance costs, less payments	(12,960)	(14,355)	(44,413)	19,237	9,016
Deferred income taxes	40,510	86,121	345,770	13,537	(99,776)
Equity in (earnings) losses of affiliates, net of dividends	12,992	(10,708)	33,778	2,963	(8,167)
Gain (loss) from sales, disposal and impairment of property, plant and equipment, intangible assets and securities, net	12,787	82,361	(305,556)	791,409	(54,098)
(Increase) decrease in notes and accounts receivable, trade	(91,309)	94,186	157,576	17,419	(74,367)
(Increase) decrease in inventories	46,363	(80,372)	167,432	31,563	(30,156)
Decrease in notes and accounts payable, trade	(59,784)	(43,124)	(271,785)	(26,594)	31,256
Increase (decrease) in accrued income and other taxes	4,703	(5,082)	48,573	(23,197)	1,691
Increase (decrease) in advance payments received	12,831	38,489	130,335	(61,292)	(17,085)
Other	70,933	12,003	39,226	366,344	(675,127)
Net cash provided by (used in) operating activities	284,132	330,442	(1,230)	134,163	41,641
Cash Flows from Investing Activities:					
Proceeds from sale of property, plant and equipment	40,491	54,059	49,409	40,502	25,811
Proceeds from sale of securities	12,134	66,486	157,197	11,587	2,759
Acquisition of property, plant and equipment	(251,899)	(287,884)	(291,465)	(180,735)	(199,908)
Purchase of securities	(5,292)	(4,052)	(1,410)	(1,265)	(16,737)
(Increase) decrease in investments in affiliates	(1,437)	8,769	104,493	(27,753)	(117,214)
Other	(38,098)	(27,508)	635,218 ^{*1}	(21,265)	154,302 ^{*2}
Net cash provided by (used in) investing activities	(244,101)	(190,130)	653,442	(178,929)	(150,987)
Cash Flows from Financing Activities:					
Proceeds from long-term debt	198,826	241,845	3,106	45,870	2,826
Repayment of long-term debt	(234,773)	(249,795)	(215,076)	(218,366)	(256,333)
Increase (decrease) in short-term borrowings, net	(13,678)	(74,353)	391,363	(37,421)	(239,271)
Proceeds from stock offering	—	—	—	—	573,447
Dividends paid	(38,954)	(42,068)	(31,848)	(12,754)	(10,940)
Purchase of treasury stock, net	(145)	(134)	(66)	(58)	(115)
Other	(585)	(1,290)	(11,732)	2,971	(133,227)
Net cash provided by (used in) financing activities	(89,309)	(125,795)	135,747	(219,758)	(63,613)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	11,449	13,509	(11,796)	(3,312)	(1,615)
Net Increase (Decrease) in Cash and Cash Equivalents	(37,829)	28,026	776,163	(267,836)	(174,574)
Cash and Cash Equivalents at Beginning of Year	209,169	171,340	199,366	975,529	707,693
Cash and Cash Equivalents at End of Year	171,340	199,366	975,529	707,693	533,119
Less: Cash and cash equivalents of discontinued operations at end of year	27,644	53,342	31,170	186,596	32,299
Cash and cash equivalents of continuing operations at end of year	¥ 143,696	¥ 146,024	¥ 944,359	¥ 521,097	¥ 500,820
Supplemental Disclosure of Cash Flow Information:					
Cash paid during the year for—					
Interest	¥ 33,777	¥ 28,194	¥ 22,779	¥ 21,248	¥ 23,375
Income taxes	¥ 50,997	¥ 86,846	¥ 77,466	¥ 103,914	¥ 104,845

*1 Includes ¥638,442 million in proceeds from the sale of shares of Toshiba Medical Systems Co., Ltd.

*2 Includes ¥149,728 million in proceeds from the sale of shares of Landis+Gyr Group.

Industry Segment Performance

(Millions of yen)

Year ended March 31 2017 2018 Change (%)

Energy Systems & Solutions

Net sales	¥ 974,913	¥844,706	(13.4)
Share of net sales (%)	22.4	19.7	—
Operating income (loss)	(41,689)	(14,808)	—
Operating income ratio (%)	(4.3)	(1.8)	—
Number of employees (Thousands)	—	18	—
R&D expenditures	38,298	27,367	(28.5)
Depreciation	23,178	13,651	(41.1)
Capital expenditures	33,956	12,636	(62.8)
Total assets	1,145,031	685,021	(40.2)

Infrastructure Systems & Solutions

Net sales	1,262,412	1,246,776	(1.2)
Share of net sales (%)	29.0	29.1	—
Operating income (loss)	58,372	48,001	(17.8)
Operating income ratio (%)	4.6	3.9	—
Number of employees (Thousands)	—	42	—
R&D expenditures	38,201	39,247	2.7
Depreciation	24,562	23,427	(4.6)
Capital expenditures	31,688	24,255	(23.5)
Total assets	818,855	970,299	18.5

Retail & Printing Solutions

Net sales	507,694	522,762	3.0
Share of net sales (%)	11.7	12.2	—
Operating income (loss)	16,321	27,009	65.5
Operating income ratio (%)	3.2	5.2	—
Number of employees (Thousands)	—	20	—
R&D expenditures	28,161	28,065	(0.3)
Depreciation	11,801	12,239	3.7
Capital expenditures	9,585	11,330	18.2
Total assets	300,547	325,764	8.4

Storage & Electronic Devices Solutions

Net sales	837,136	879,602	5.1
Share of net sales (%)	19.2	20.6	—
Operating income (loss)	57,571	47,323	(17.8)
Operating income ratio (%)	6.9	5.4	—
Number of employees (Thousands)	—	20	—
R&D expenditures	45,923	43,975	(4.2)
Depreciation	18,874	17,172	(9.0)
Capital expenditures	9,462	29,006	206.6
Total assets	390,255	409,020	4.8

Year ended March 31 2017 2018 Change (%)

Industrial ICT Solutions

Net sales	¥239,618	¥258,870	8.0
Share of net sales (%)	5.5	6.1	—
Operating income (loss)	7,067	1,311	(81.4)
Operating income ratio (%)	2.9	0.5	—
Number of employees (Thousands)	—	10	—
R&D expenditures	7,334	6,680	(8.9)
Depreciation	6,144	5,145	(16.3)
Capital expenditures	2,904	2,806	(3.4)
Total assets	82,434	121,461	47.3

Others

Net sales	535,507	525,654	(1.8)
Share of net sales (%)	12.3	12.3	—
Operating income (loss)	(17,084)	(48,681)	—
Operating income ratio (%)	(3.2)	(9.3)	—
Number of employees (Thousands)	—	20	—
R&D expenditures	32,010	33,318	4.1
Depreciation	4,722	10,034	112.5
Capital expenditures	3,877	5,915	52.6
Total assets	635,538	717,563	12.9

Long-term Debt

		(Millions of yen)	
March 31		2017	2018
Loans, principally from banks, due 2017 to 2030 with weighted-average interest rate of 0.77% at March 31, 2017, and due 2018 to 2030 with weighted-average interest rate of 0.87% at March 31, 2018	Secured	¥ —	Secured ¥243,680
	Unsecured	¥ 620,462	Unsecured ¥194,376
Unsecured yen bonds, due 2017 to 2020 with interest rates ranging from 0.40% to 1.68% at March 31, 2017 and due 2018 to 2020 with interest rates ranging from 0.40% to 1.68% at March 31, 2018	Secured	—	Secured 29,991
	Unsecured	209,816	Unsecured 119,945
Capital lease obligations		15,967	14,535
		846,245	602,527
Less—Portion due within one year		(328,074)	(211,667)
		¥ 518,171	¥390,860

Substantially all of the unsecured loan agreements permit the lenders to require collateral or guaranties for such loans.

Long-term debt from syndicated loan agreements is included in Less-Portion due within one year for the infringement of financial covenants.

The aggregate annual maturities of long-term debt, excluding those of capital lease obligations, are as follows:

		(Millions of yen)	
Year ending March 31	2017	2018	
2017	¥241,871	¥ —	
2018	173,468	163,566	
2019	344,869	353,556	
2020	33,502	33,502	
2021	—	—	
2021 and thereafter	36,752	—	
2022	—	5,005	
2023 and thereafter	—	32,427	
Total	¥830,462	¥588,056	

For more information on corporate bonds and ratings, please visit our IR website at
<http://www.toshiba.co.jp/about/ir/en/stock/bond.htm>

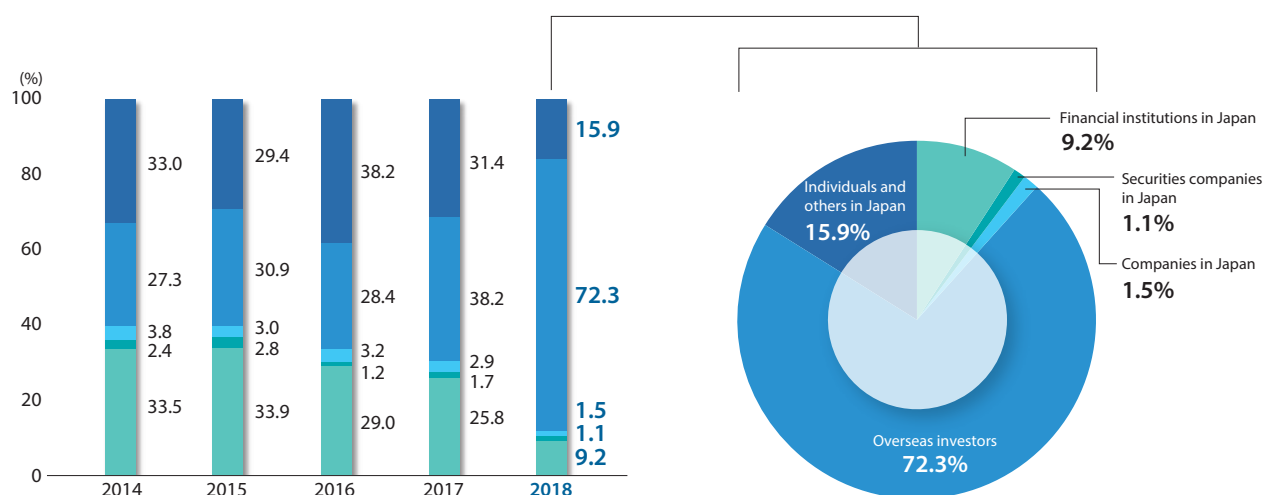
Shareholder Information

Distribution of Shareholders

(Shareholding ratio by category)

March 31	2014	2015	2016	2017	2018
■ Individuals and others in Japan	33.0 %	29.4 %	38.2 %	31.4 %	15.9 %
■ Overseas investors	27.3	30.9	28.4	38.2	72.3
■ Companies in Japan	3.8	3.0	3.2	2.9	1.5
■ Securities companies in Japan	2.4	2.8	1.2	1.7	1.1
■ Financial institutions in Japan	33.5	33.9	29.0	25.8	9.2

Note: For the purpose of calculation of shareholding ratio, treasury shares are excluded from the total number of issued shares.



Major Shareholders (As of March 31, 2018)

Name of Shareholder	Number of shares (in thousands)	Shareholding ratio (Percentage)
GOLDMAN, SACHS & CO. REG	952,532	14.6
GOLDMAN SACHS INTERNATIONAL	451,112	6.9
ECM MF	320,369	4.9
CREDIT SUISSE SECURITIES (USA) LLC SPCL. FOR EXCL. BEN	214,917	3.3
MSCO CUSTOMER SECURITIES	166,665	2.6
KING STREET CAPITAL MASTER FUND, LTD	150,969	2.3
STATE STREET BANK WEST CLIENT- TREATY 505234	117,833	1.8
The Dai-ichi Life Insurance Company, Limited	115,159	1.8
Nippon Life Insurance Company	110,352	1.7
Toshiba Employees Shareholding Association	108,685	1.7

1. For the purpose of calculation of shareholding ratio in the above table of principal shareholders, treasury shares are excluded from total number of issued shares (denominator).

2. The change report on large-volume holdings offered for public inspection on December 7, 2017 notes that Effissimo Capital Management Pte Ltd. held 737,185,000 shares as of December 5, 2017 (ratio of stock certificates, etc. held: 11.3%). However, as the Company was unable to confirm the beneficial ownership or number of shares held at the end of the fiscal year, the number is not reflected in the above table of principal shareholders.

3. The report on large-volume holdings offered for public inspection on August 7, 2017 notes that King Street Capital Management, L.P. held 246,000,000 shares as of July 31, 2017 (ratio of stock certificates, etc. held before third-party allocation of shares in December 2017: 5.8%). However, as the Company was unable to confirm the beneficial ownership or number of shares held at the end of the fiscal year, the number is not reflected in the above table of principal shareholders.

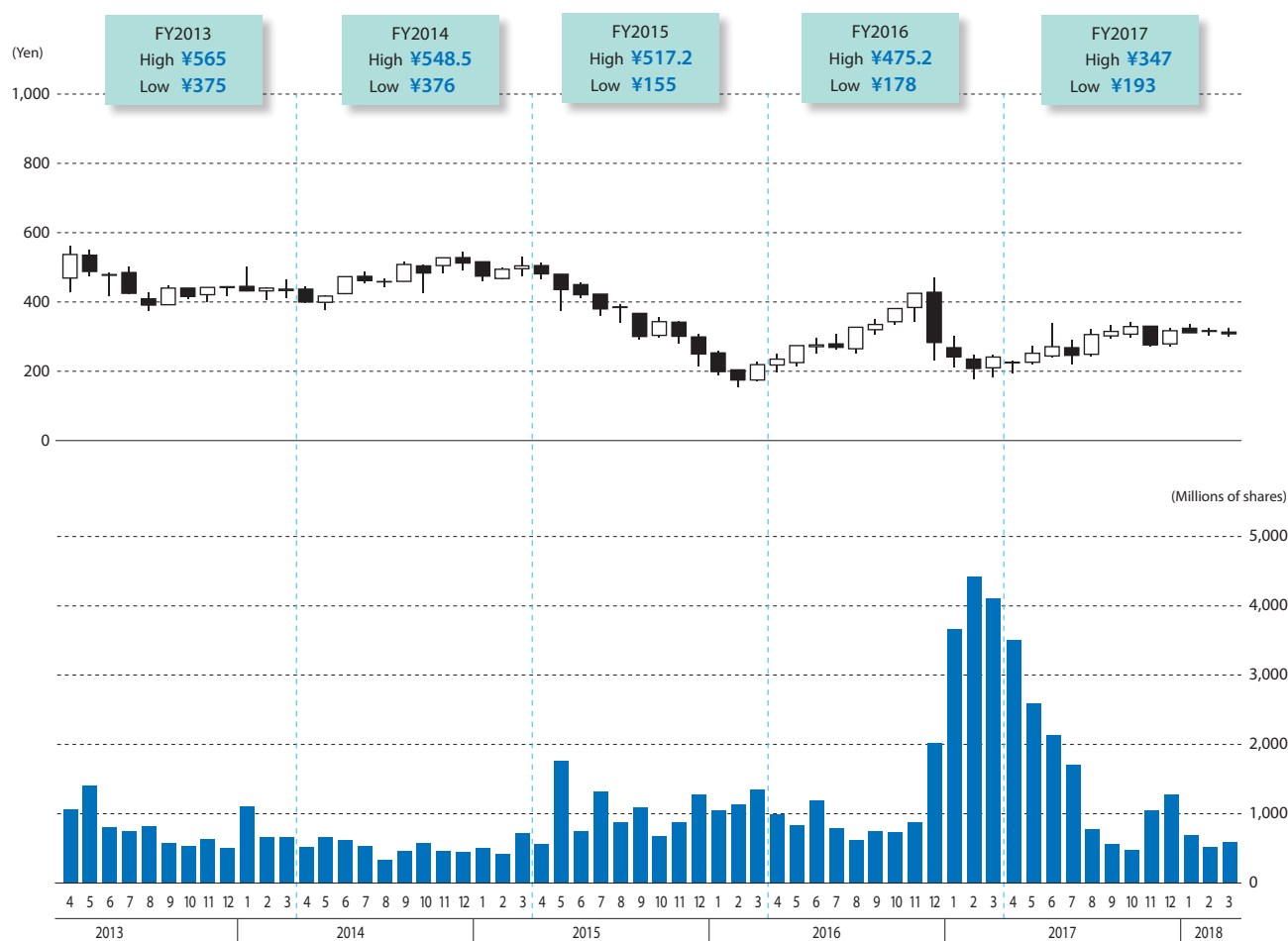
Stock Information

Year ended March 31	2014	2015	2016	2017	2018
Common stock price (Yen, fiscal year)* ¹					
High	565	548.5	517.2	475.2	347
Low	375	376	155	178	193
Nikkei average (Yen)	14,827.83	19,206.99	16,758.67	18,909.26	21,454.30
Number of shares issued (Millions of shares)	4,238	4,238	4,238	4,238	6,521
Market capitalization (Billions of yen)* ²	1,851.8	2,136.6	928.0	1,023.0	2,008.4
Earnings (Loss) per share attributable to shareholders of the Company (Yen)					
—Basic (EPS)	14.23	(8.93)	(108.64)	(228.08)	162.89
—Diluted (EPS)	—	—	—	—	—
Annual dividends per share (Yen)	8	4	—	—	—
Payout ratio (%) (Consolidated)	56.2	—	—	—	—
Number of shareholders	436,540	391,614	437,466	366,030	300,871
Price-to-earnings ratio (PER) (Times)	30.72	—	—	—	1.89
Price-to-cash flows ratio (PCFR) (Times)	8.0	14.0	(3.8)	(1.3)	1.6
Price-to-book value ratio (PBR) (Times)	1.8	2.0	2.8	(1.8)	2.6

*1: Common stock price until 31 July, 2017 is based on the 1st section of the Tokyo Stock Exchange, and the price from 1 August, 2017 onward is based on the 2nd section of the Tokyo Stock Exchange.

*2: Market capitalization = Common stock price [year-end/yen/close] × Total issues shares

Stock Price and Trading Volume Trends (for past 5 fiscal years)



Consolidated Subsidiaries and Affiliated Companies Accounted for by the Equity Method

Consolidated Subsidiaries

Domestic

- | | | |
|--|--|---|
| • Japan Semiconductor Corporation | • Toshiba Digital Solutions Corporation | • Toshiba IT-Services Corporation |
| • Kaga Toshiba Electronics Corporation | • Toshiba Elevator and Building Systems Corporation | • Toshiba Lighting & Technology Corporation |
| • Nishishiba Electric Co., Ltd. | • Toshiba Energy Systems & Solutions Corporation | • Toshiba Logistics Corporation |
| • NuFlare Technology, Inc.* | • Toshiba Fuel Cell Power Systems Corporation | • Toshiba Memory Corporation * ¹ |
| • Sigmapower Holdings LLC | • Toshiba Global Commerce Solutions Holdings Corporation | • Toshiba Plant Systems & Services Corporation* |
| • Toshiba Carrier Corporation | • Toshiba Industrial Products and Systems Corporation | • Toshiba TEC Corporation* |
| • Toshiba Client Solutions Co., Ltd. | • Toshiba Infrastructure Systems & Solutions Corporation | • Toshiba TEC Solution Service Corporation |
| • Toshiba Device Corporation | | |
| • Toshiba Electronic Devices & Storage Corporation | | |

144 companies in total including the 23 above

* Listed Company in stock market

Overseas

- | | | |
|--|--|--|
| • Advance Energy UK Ltd. | • Toshiba Electronics Asia, Ltd. | • Toshiba Memory Asia, Ltd. * ¹ |
| • Concert LLC | • Toshiba Electronics Europe GmbH | • Toshiba Memory Europe GmbH * ¹ |
| • GNFT Corporation | • Toshiba Electronics Taiwan Corporation | • Toshiba Memory Singapore Pte. Ltd. * ¹ |
| • LC Collateral SPV LLC * ² | • Toshiba Elevator (China) Co., Ltd. | • Toshiba Memory (Taiwan) Corporation * ¹ |
| • NuGeneration Ltd. | • Toshiba Elevator (Shenyang) Co., Ltd. | • Toshiba Nuclear Energy Holdings (US) Inc. * ² |
| • TCFG Compressor (Thailand) Co., Ltd. | • Toshiba Europe GmbH | • Toshiba of Europe Ltd. |
| • Toshiba America Business Solutions, Inc. | • Toshiba Gulf FZE | • Toshiba Semiconductor (Thailand) Co., Ltd. |
| • Toshiba America Electronic Components, Inc. | • Toshiba Hydro Power (Hangzhou) Co., Ltd. | • Toshiba TEC Europe Imaging Systems S.A. |
| • Toshiba America Energy Systems Corporation | • Toshiba Industrial Products Asia Co., Ltd. | • Toshiba TEC France Imaging Systems S.A. |
| • Toshiba America Nuclear Energy Corporation | • Toshiba Information Equipment (Hangzhou) Co., Ltd. | • Toshiba TEC Information Systems (Shenzhen) Co., Ltd. |
| • Toshiba America, Inc. | • Toshiba Information Equipment (Philippines), Inc. | • Toshiba TEC Singapore Pte., Ltd. |
| • Toshiba Asia Pacific Pte., Ltd. | • Toshiba Information Systems (UK) Ltd. | • Toshiba TEC U.K. Imaging Systems Ltd. |
| • Toshiba (Australia) Pty., Ltd. | • Toshiba International Corporation | • Toshiba Transmission & Distribution India Private Ltd. |
| • Toshiba Carrier Air Conditioning (China) Co., Ltd. | • Toshiba International Procurement Hong Kong, Ltd. | • TPSC (Thailand) Co., Ltd. |
| • Toshiba Carrier (Thailand) Co., Ltd. | • Toshiba JSW Power Systems Private Ltd. | • TSB Nuclear Energy USA Group Inc. * ² |
| • Toshiba (China) Co., Ltd. | • Toshiba Lighting & Technology (Kunshan) Co., Ltd. | • Wec Insurance Ltd. * ² |
| • Toshiba Dalian Co., Ltd. | • Toshiba Memory America, Inc. * ¹ | |

245 companies in total including the 50 above

Affiliated Companies Accounted for by the Equity Method

Domestic

- | | | |
|-----------------------------------|------------------------|--|
| • EREX New Energy Saiki Co., Ltd. | • Flash Forward | • Toshiba Mitsubishi Electric Industrial Systems Corporation |
| • Flash Alliance, Ltd. | • Flash Partners, Ltd. | |

34 companies in total including the 5 above

Overseas

- | | | |
|--|---|--|
| • Automotive Electronics Power Pvt. Ltd. | • GD Midea Group Wuhan Air-Conditioning Equipment Co., Ltd. | • PM&T Holding B.V. |
| • Changzhou Toshiba Transformer Co., Ltd. | • GD Midea Group Wuhu Air-Conditioning Equipment Co., Ltd. | • Schneider Toshiba Inverter SAS |
| • Dalian Toshiba Locomotive Electric Equipment Co., Ltd. | • Guangdong Meizhi Compressor Ltd. | • TMEIC Corporation |
| • Energy Asia Holdings, Ltd. | • Guangdong Meizhi Precision Manufacturing Co., Ltd. | • TMEIC Industrial Systems India Private Ltd. |
| • GE Toshiba Turbine Components de Mexico S.R.L. de C.V. | • Henan Pinggao Toshiba High-Voltage Switchgear Co., Ltd. | • TMEIC Power Electronics Products Corporation |
| • GD Midea Air-Conditioning Equipment Co., Ltd. | • Nuclear Innovation North America LLC | • Toshiba Carrier UK Ltd. |
| • GD Midea Commercial Air-Conditioning Equipment Co., Ltd. | | • Toshiba Mitsubishi-Electric Industrial Systems (China) Corporation |

62 companies in total including the 20 above

*¹: Expected to be deconsolidated in June 2018 (to become an affiliated company accounted for by the equity method)

*²: Expected to be deconsolidated in April 2018

(As of March 31, 2018)

Corporate History

July	1875	A shop-cum-factory (called Tanaka Seizo-sho from 1882; later Shibaura Engineering Works Co., Ltd.) opened in Tokyo.
Apr.	1890	Hakunetsu-sha & Co., Ltd. (from 1899 Tokyo Electric Company) founded.
June	1904	Shibaura Engineering Works Co., Ltd. established.
Sept.	1939	Shibaura Engineering Works Co., Ltd. merged with Tokyo Electric Company to become Tokyo Shibaura Electric Co., Ltd.
Oct.	1942	Absorbed Shibaura Mazda Industry Co., Ltd. and Nippon Medical Electric Co., Ltd., expanding home appliance line-up.
July	1943	Absorbed Tokyo Electric Co., Ltd. and Toyo Fire Brick Co., Ltd., expanding lineup of communications equipment.
Feb.	1950	Under the Law on Elimination of Excessive Concentration of Economic Power, a group of 14 companies, including Tokyo Electric Appliances Co., Ltd., now Toshiba TEC Corp., was separated from Tokyo Shibaura Electric Co., Ltd.
Apr.		Absorbed Toshiba Rolling Stock Co., Ltd., expanding rolling stock products.
Nov.	1955	Absorbed Dengyo-sha Prime Mover Works Ltd.
Nov.	1961	Absorbed Ishikawajima-Shibaura Turbine Co., Ltd., expanding line up of turbines.
July	1978	English official trade name changed to "Toshiba Corporation."
Apr.	1984	Japanese official trade name changed to "Toshiba Corporation."
June	1998	Introduced corporate executive officer system.
Apr.	1999	Introduced in-house company system.
July	2001	Changed registered headquarters from Kawasaki City, Kanagawa, to Minato Ward, Tokyo.
Aug.		Announced "01 Action Plan."
June	2003	Adopted the Company with Committees (now Company with Nominating Committee, etc.) system.
Oct.		Transferred electric equipment for manufacturing plant business to TMA Electric Corp. (now Toshiba Mitsubishi-Electric Industrial Systems Corp.).
June	2009	Raised funds by public offering.
Oct.		Acquired HDD business from Fujitsu Ltd.
Oct.	2010	Merged mobile phone business with that of Fujitsu Ltd. and transferred it to Fujitsu Toshiba Mobile Communications Ltd. (now Fujitsu Mobile Communications Ltd.).
July	2011	Acquired Landis+Gyr AG.
Mar.	2012	Transferred all shares of Toshiba Mobile Display Co., Ltd. to Japan Display Inc., a company established with co-funding by Innovation Network Corporation of Japan, Toshiba Corporation, Sony Corporation and Hitachi, Ltd.
Aug.		Toshiba TEC Corporation acquired the retail store solutions business of US-based IBM (International Business Machines Corporation).
Sept.	2015	Decided that, in principle, the majority of the directors of the Company, and all members of the Nomination Committee, Audit Committee and Compensation Committee, shall be outside directors.
Dec.		Announced the "Toshiba Rebuilding Initiative."
Mar.	2016	Sold off all shares of Toshiba Medical Systems Corporation.
June		Sold off 8.01% shares of Toshiba Lifestyle Products & Services Corporation.
June		The board decided to no longer appoint advisers to the board ("Sodanyaku").
Mar.	2017	Westinghouse Group deconsolidated from Toshiba Group by Westinghouse Electric Company filing a voluntary petition for relief under Chapter 11.
Apr.		Split off and transferred the memory business to Toshiba Memory Corp. by means of a company split.
July		Split off and transferred the social infrastructure business to Toshiba Electric Service Corp. (Toshiba Infrastructure Systems & Solutions Corp.) by means of a company split. Split off and transferred the electronic devices business to Toshiba Electric Devices & Storage Corp. by means of a company split. Split off and transferred the ICT solutions business to Toshiba Solutions Corp. (Toshiba Digital Solutions Corp.) by means of a company split.
July		Sold off 100% shares of Landis+Gyr Group.
Oct.		Split off and transferred the energy business to Toshiba Energy Systems & Solutions Corp. by means of a company split.
Feb.	2018	Transferred 95% shares of Toshiba Visual Solutions Corporation to China's Hisense Group
June		Transferred all shares of Toshiba Memory Corporation

Corporate Data (As of March 31, 2018)

Toshiba Corporation

1-1, Shibaura 1-chome, Minato-ku, Tokyo, Japan (headquarters)

Founded:	July 1875
Number of Employees:	Approx. 141,000 (consolidated)
Fiscal Year:	April 1 to March 31
Authorized Number of Shares:	10 billion
Number of Shares Issued:	6,520,707,026
Number of Shareholders:	254,668
Stock Exchange Listings:	Tokyo, Nagoya
ISIN:	JP359 2200004
Ticker Code on the Tokyo Stock Exchange:	6502
Shareholder Registration Agent:	Sumitomo Mitsui Trust Bank, Limited

● **The business section of this annual report has not been audited by our independent auditor.**

● **Forward-looking statements**

- The information contained herein shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, exemption from registration, or qualification under the securities laws of any such jurisdiction.
- 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 its expectations.

● **Regarding items reported in this Annual Report**

Any corrections made to this Annual Report will be published on our website, as referenced above.

● **Product names may be trademarks of the respective companies.**

Committed to People, Committed to the Future.

Toshiba Corporation

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Public Relations & Investor Relations Division

Inquiry page on Investor Relations

URL <http://www.toshiba.co.jp/about/ir/en/contact.htm>

The production and printing of this report reflect the following considerations:

Printing



Waterless Printing

Waterless printing, a printing process that eliminates the use of water, is adopted, taking advantage of the characteristics of printing plates made of ink-shedding material.



Non-VOC Ink

100% vegetable ink containing no volatile organic compounds (VOCs) is used.