

TOSHIBA

Leading Innovation >>>

Outline of Management Revitalization Promotion Structure, FY2014 Consolidated Business Results and Others

Masashi Muromachi

**Representative Executive Officer and
President and Chief Executive Officer**

TOSHIBA CORPORATION

September 7, 2015

Forward-looking Statements

- This presentation contains forward-looking statements concerning future plans, strategies and 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 their 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 our expectations.
- Toshiba's fiscal year (FY) runs from April 1 to March 31. 1H refers to the first six months (April-September), 2H refers to the latter six months (October-March), 1Q refers to the first quarter (April-June), 2Q refers to the second quarter (July-September). 3Q refers to the third quarter (October-December), and 4Q refers to the fourth quarter (January-March).
- All figures are consolidated totals for the first 12 months of fiscal year 2014, unless otherwise stated.
- Prior-period performance on consolidated segment information has been reclassified to conform with the current classification, unless otherwise stated.
- The optical disc drive (ODD) business is classified as a discontinued operation in accordance with the Accounting Standards Classification (ASC) 205-20 "Presentation of Financial Statements – Discontinued Operations". The results of the ODD business have been excluded from net sales, operating income (loss), and income (loss) from continuing operations, before income taxes and noncontrolling interests. Net income of Toshiba Group is calculated by reflecting the ODD business results to income (loss) from continuing operations, before income taxes and noncontrolling interests. Results of the past fiscal years have been revised to reflect this change, unless otherwise stated.
- Until FY2013, some of advanced R&D expenses and headquarters administrative overhead expenses were allocated to all segments. Starting in FY2014, part of these expenses is classified into corporate expenses without being allocated to the segments. Results of the past fiscal years have been revised to reflect this change, unless otherwise stated.

(*) Please find Supplementary Data at our website: <http://www.toshiba.co.jp/about/ir/en/pr/pr2014q4.htm>

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- 1. Outline of Management Revitalization Promotion Structure**
 - 2. FY2014 Consolidated Business Results**

Board of Directors and Structure of Three Committees

➤ Nominee for Chairman of the Board

Shinzo Maeda Senior Advisor, Shiseido Co., Ltd.

➤ Nominees for In-House Directors

Masashi Muromachi Currently Director, Chairman of the Board, Representative Executive Officer, President & CEO for appointment as Representative Executive Officer, President & CEO

Satoshi Tsunakawa Currently Executive Officer, Corporate Senior Vice President for appointment as Representative Executive Officer, Corporate Executive Senior Vice President

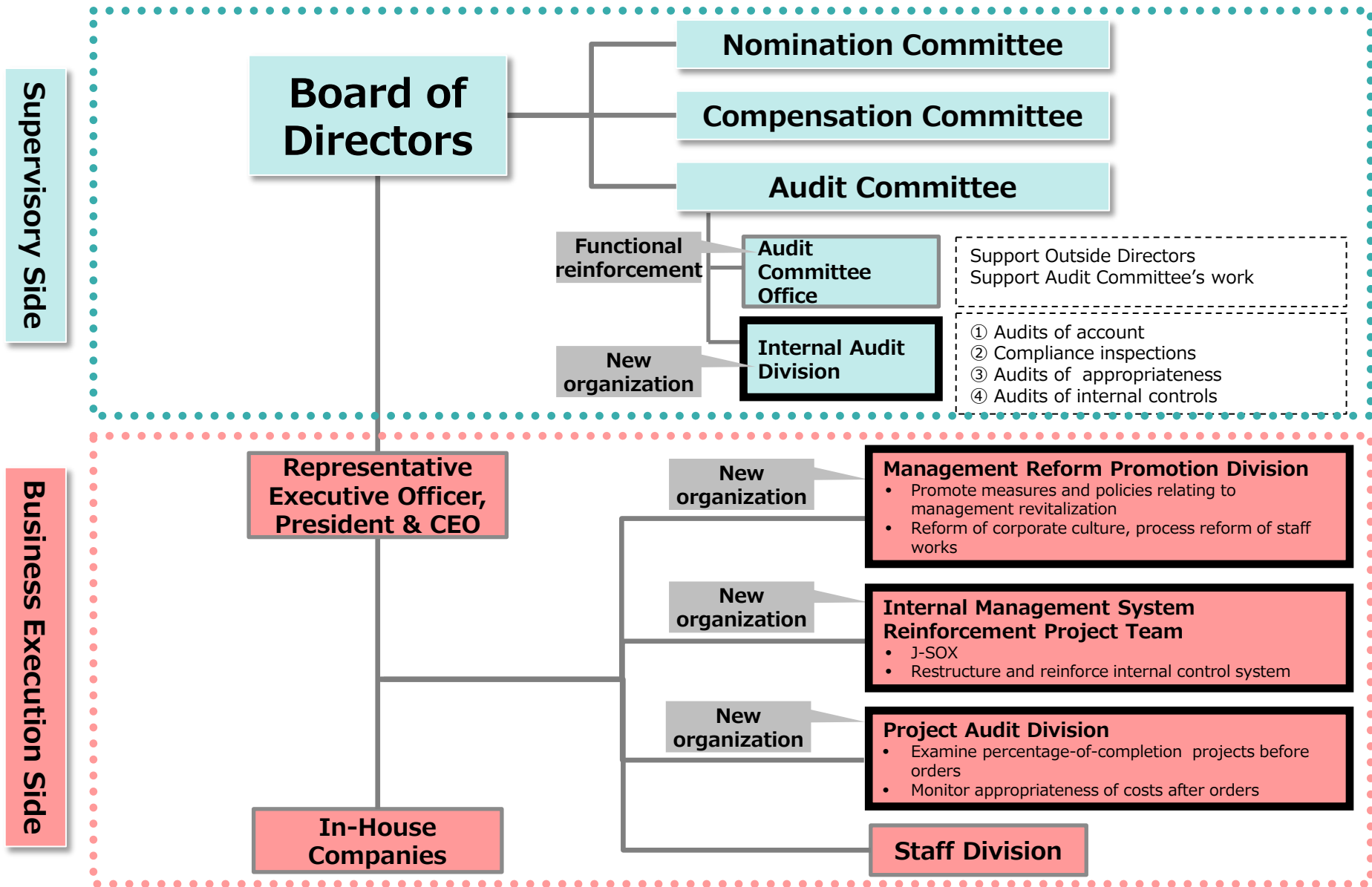
Fumiaki Ushio Currently Representative Executive Officer, Corporate Senior Vice President for appointment as Representative Executive Officer, Corporate Executive Vice President

Masayoshi Hirata Currently Representative Executive Officer, Corporate Senior Vice President appointed to Chief Financial Officer (CFO) (on September 7) (formerly Director, Executive Officer, Senior Vice President, Toshiba TEC Corporation)

➤ Members of the Three Committees

		Nomination	Compensation	Audit
Hiroyuki Itami	Currently Outside Director	●		●
Teruko Noda	Certified Public Accountant		●	●
Koichi Ikeda	Advisor to the Board, Asahi Group Holdings, Ltd.	●	●	
Yuki Furuta	Attorney-at-Law		★	●
Yoshimitsu Kobayashi	Chairperson, Member of the Board, Representative Director, Mitsubishi Chemical Holdings Corporation	★	●	
Ryoji Sato	Certified Public Accountant	●		★
Shinzo Maeda	Senior Advisor, Shiseido Co., Ltd.	●	●	

Management Revitalization Promotion Structure (After September 30)



Activity Plan for Management Revitalization Committee

● Past Main Agenda

Function, mission and structure of Board of Directors
Selection of new directors
Structure of Audit Committee and reinforcement of audit function
Reinforcement of Nomination Committee and Improvement of CEO appointment process
Study of compensation design
Structure of three committees
Evaluation of budget and performance



● Future Main Agenda

Beginning of September

Review board of directors operating methods, etc.

Middle of September

Towards reform of corporate culture

After October

Move the function to new internal organization (Management Revitalization Promotion Div.), and continue promoting

Members of Management Revitalization Committee

Chairman ●★ Hiroyuki Itami

Members ● Ken Shimanouchi

● Kiyomi Saito

● Sakutaro Tanino

Mikinao Kitada

(Attorney-at-Law)

Masami Hashimoto

(Certified Public Accountant)

★ Teruko Noda (Certified Public Accountant)

★ Koichi Ikeda (Advisor to the Board, Asahi Group Holdings, Ltd.)

★ Yuki Furuta (Attorney-at-Law)

★ Yoshimitsu Kobayashi (Chairperson, Member of the Board, Representative Director, Mitsubishi Chemical Holdings Corporation)

★ Ryoji Sato (Certified Public Accountant)

★ Shinzo Maeda (Senior Advisor, Shiseido Co., Ltd.)

●: Current director

★: Nominee for director

(*) Four members (Ms. Noda, Mr. Furuta, Mr. Kobayashi and Mr. Sato) attended the initial discussions as observers. They were appointed to the committee after their nominations as directors.



1. Outline of Management Revitalization Promoting Structure

2. FY2014 Consolidated Business Results

Outline of FY2014 Consolidated Business Results and Restatement of Past Financial Results Prospects

● FY2014 Consolidated Business Results Outline

- Income (Loss) before income taxes and noncontrolling interests

136.6 billion yen ... -3.4 billion yen against Aug 18 forecast

- Reserve for administrative monetary penalty
- Additional cost for US subsidiaries
- Correction of costs associated with impairment
- Others

- Net Income (Loss) -37.8 billion yen

- Equity attributable to shareholders of the Company
1,084.0 billion yen

● Restatement of Past Financial Results Outline (FY2008-FY2014/3Q Cumulative)

- Amount of correction - Income (Loss) before income taxes and noncontrolling interests
-224.8 billion yen ... -11.8 billion yen against Aug 18 forecast

- A US subsidiary's percentage-of-completion method project
- Correction of costs associated with impairment
- Others

- Amount of correction - Net Income (Loss)
-155.2 billion yen

Investigation After August 18 Notice

(Yen in billions)

			Correction	FY2008-14/3Q cumulative effect	FY2014 effect amount
◆Income (Loss) before taxes and noncontrolling interests					
①	US subsidiary's percentage-of-completion project	Review of of hydroelectric project cost	Yes	-4.9	-0.3
②	Reserve of additional cost for ODM products	Correction of timing of allocation of reserve for R&D cost	Yes	-1.4	-0.5
③	Accounting probe for domestic subsidiaries (1)	Probe into timing of allocation of costs for promotion expenses	No		
④	Accounting probe for domestic subsidiaries (2)	Probe into timing of allocation of costs for overseas transactions	No		
⑤	Correction of costs associated with fixed assets impairment	Correction of loss associated with impairment and depreciation cost	Yes	-2.5	1.7
⑥	Allocation of additional cost for US subsidiaries	Cause of additional cost found in FY2015 and reflected in FY2014	Yes		-5.5
⑦	Asset evaluation of overseas subsidiaries	Correction by completion of asset evaluation (move in FY2014/2Q - 4Q)	Yes	-1.6	
⑧	Reserve for administrative monetary penalty		Yes		-8.4
	Others / Rounding			-1.4	9.6
Variation this time				-11.8	-3.4
◆Tax expense					
⑨	Deferred tax assets of US subsidiaries	Study of possible retrieval	No		
⑩	Deferred tax assets of Toshiba Corporation	Study of possible retrieval	No		

FY2014 Consolidated Business Results

(Yen in billions)

	FY2014	FY2013 corrected results	Difference
Net Sales	6,655.9	6,489.7	166.2
Operating Income (Loss)	170.4	257.1	-86.7
%	2.6%	4.0%	
Income (Loss) before income taxes and noncontrolling interests	136.6	182.3	-45.7
%	2.1%	2.8%	
Net Income (Loss)	-37.8	60.2	-98.0
%	-0.6%	0.9%	

Forecast as of August 18	Difference
6,660.0	-4.1
170.0	0.4
2.6%	0.0%
140.0	-3.4
2.1%	0.0%

Free cash flow	140.3	40.0	100.3
Equity attributable to shareholders of the Company	1,084.0	1,027.2	56.8
Net interest-bearing debt	1,142.0	1,217.0	-75.0
Net debt-to-equity ratio	105%	118%	-13%

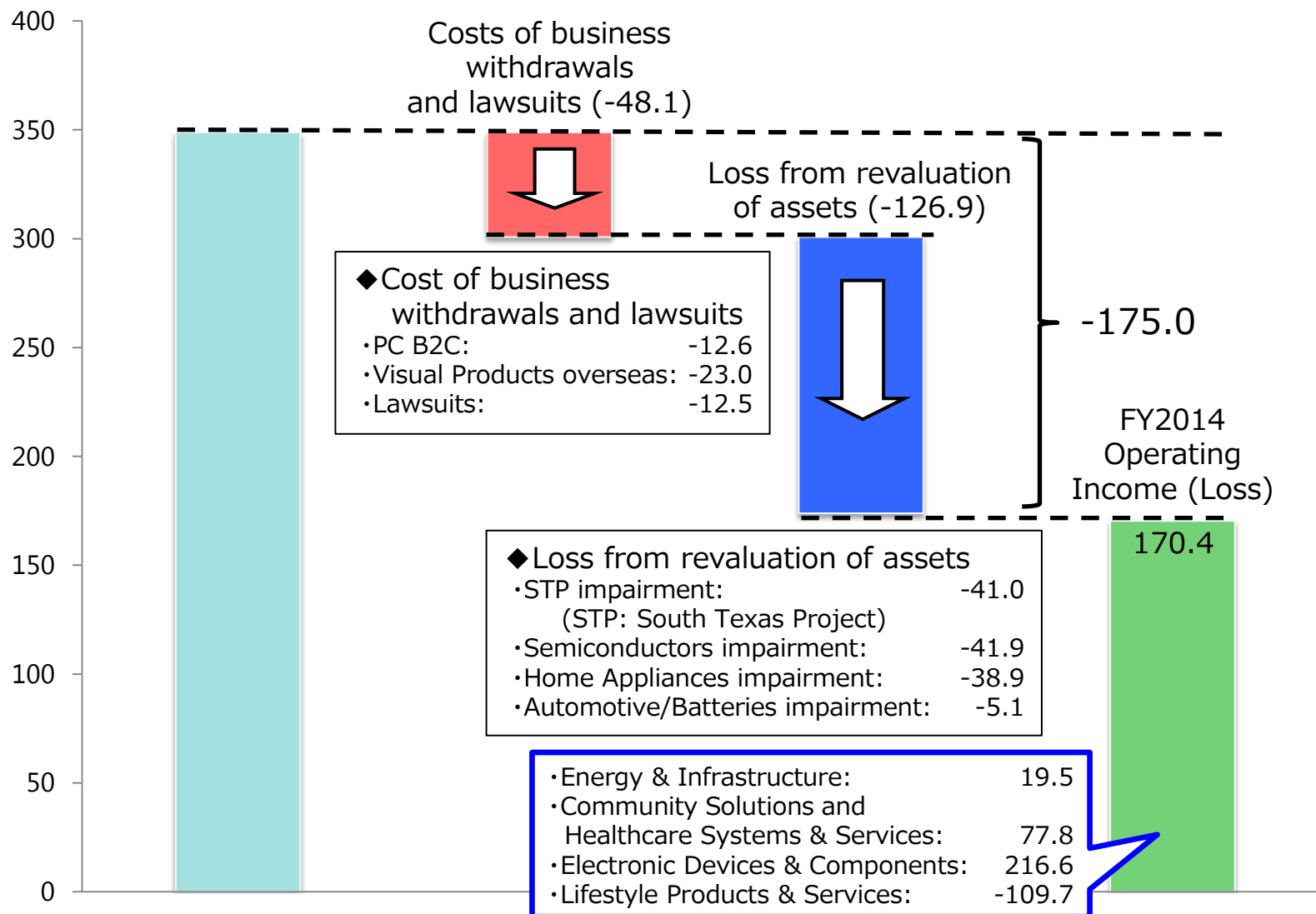
* Hereinafter, "Net Income (Loss)" refers to Net Income (Loss) attributable to shareholders of the Company.

** Hereinafter, "the Company" refers to Toshiba Corporation.

*** Net debt-to-equity ratio: [(interest-bearing debt)-(cash and deposits)]/Equity attributable to shareholders of the Company

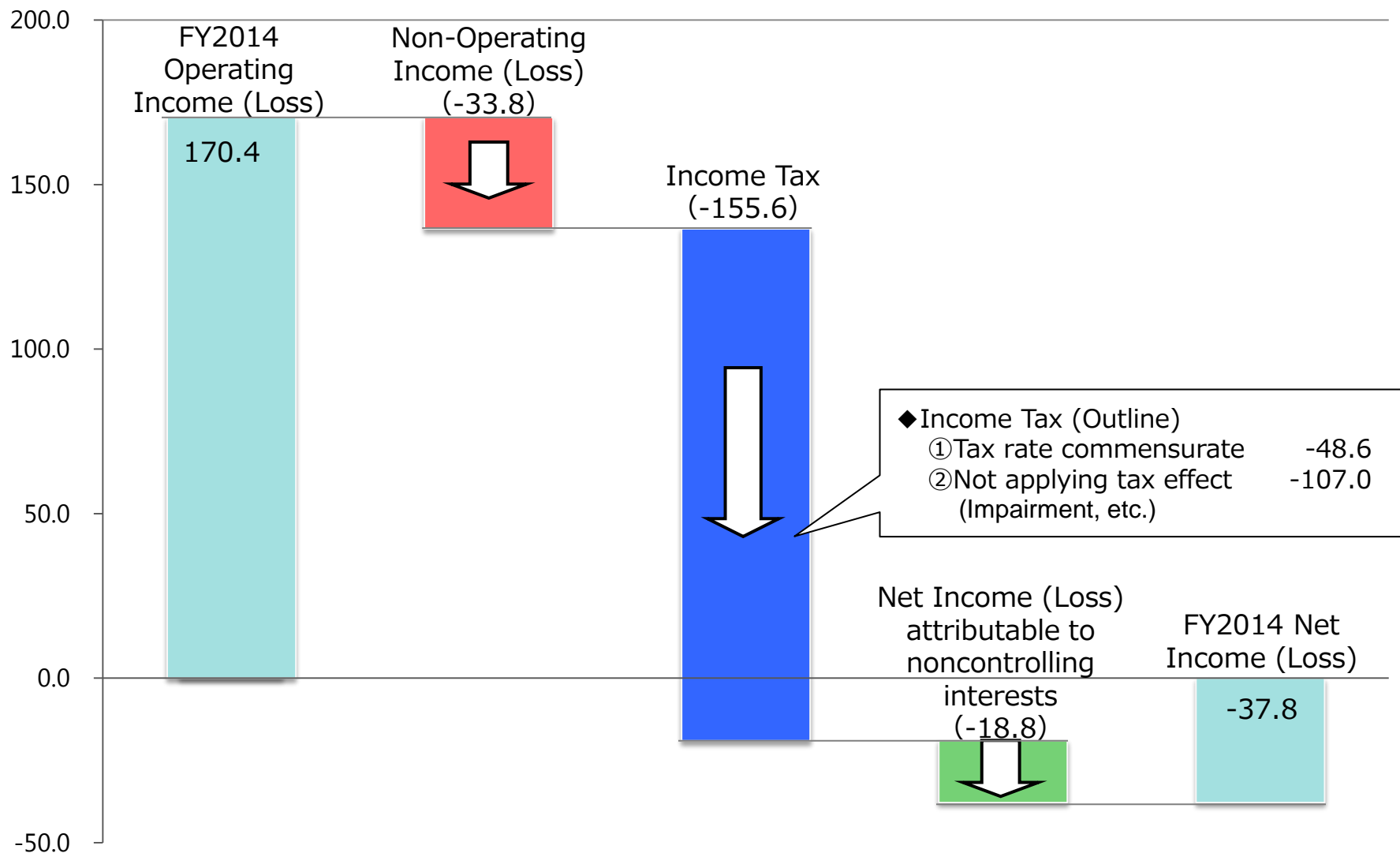
Outline of FY2014 Operating Income (Loss)

(Yen in billions)



Outline of FY2014 Net Income (Loss)

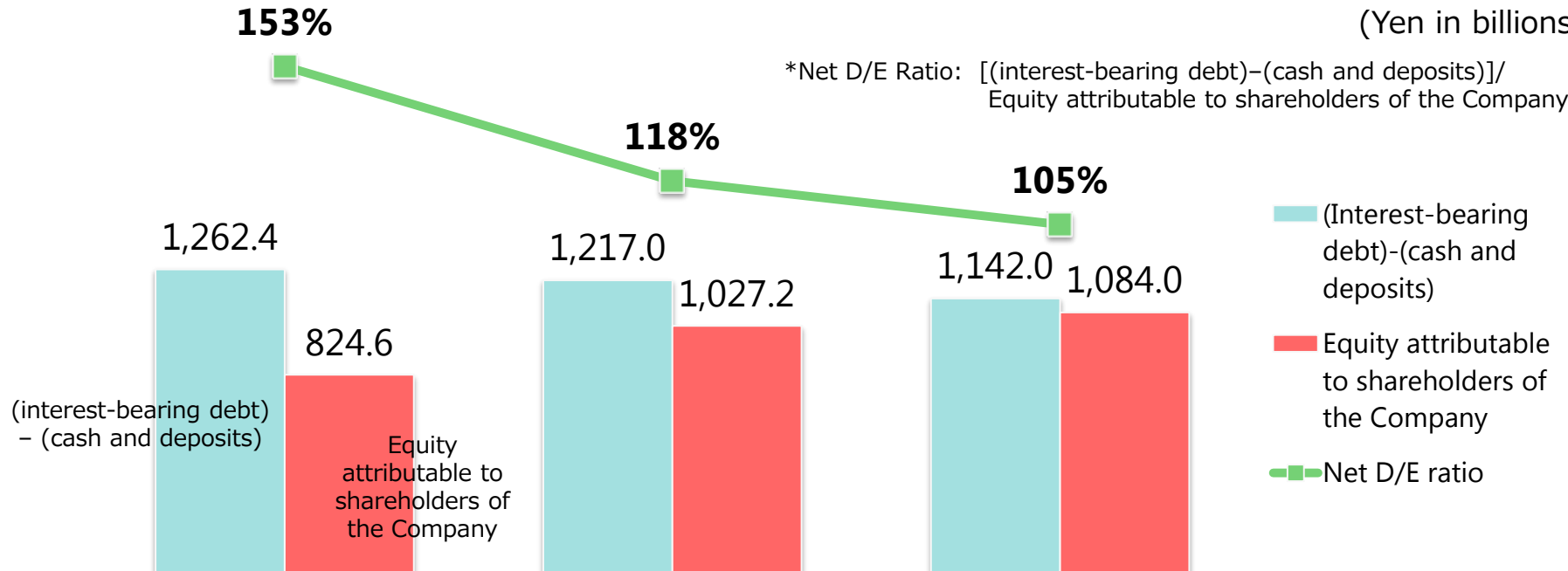
(Yen in billions)



Financial Structure

Net D/E ratio is 105% (steady reduction of interest-bearing debt, over 1 trillion yen of equity attributable to shareholders of the Company)

(Yen in billions)



2013/3E

2014/3E

2015/3E

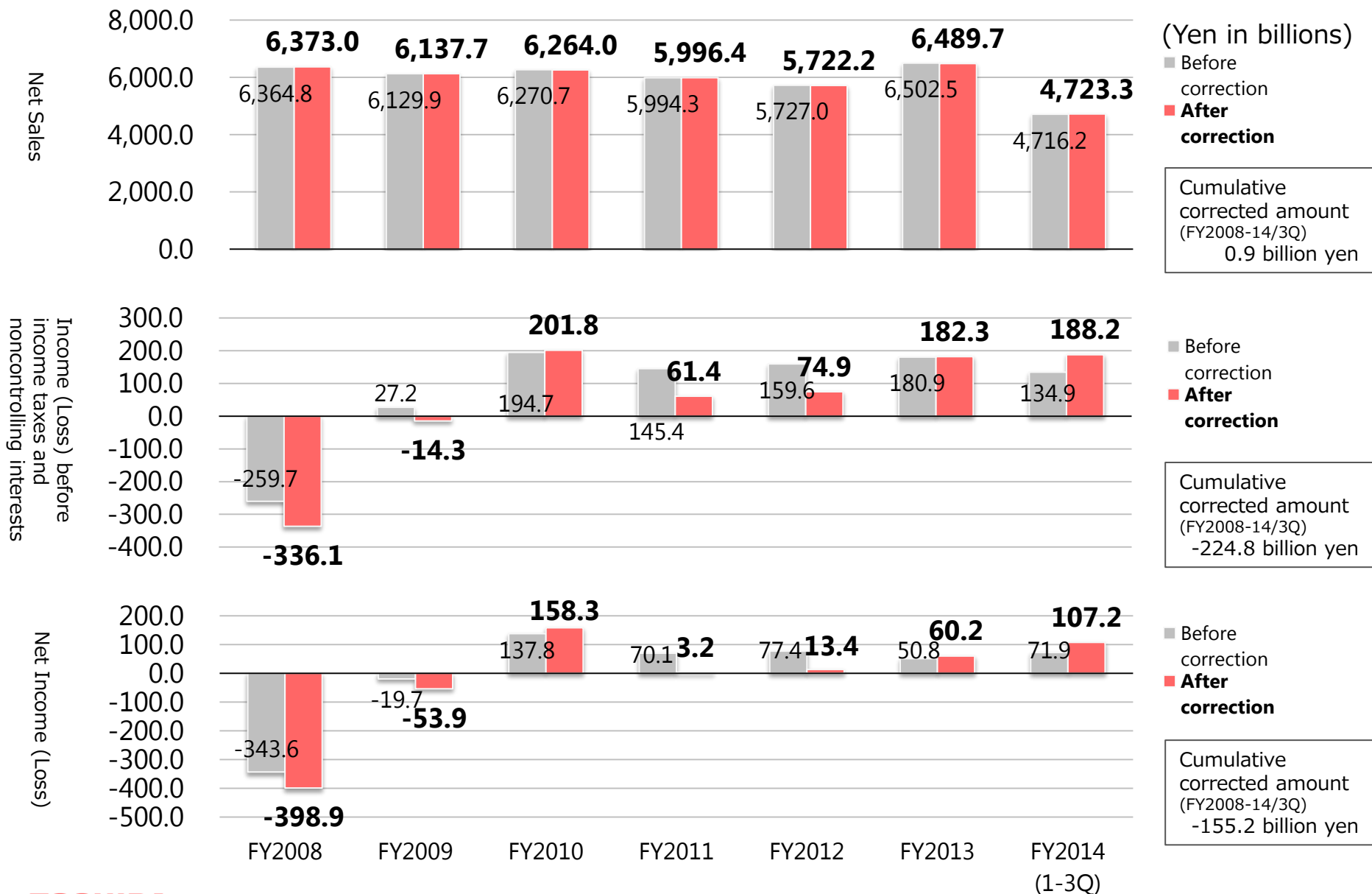
	Before correction	After correction
Shareholders' Equity	1,034.3	824.6
Net D/E ratio	122%	153%
D/E ratio	142%	178%

	Before correction	After correction
Shareholders' Equity	1,229.1	1,027.2
Net D/E ratio	99%	118%
D/E ratio	113%	135%

	This time
Shareholders' Equity	1,084.0
Net D/E ratio	105%
D/E ratio	124%

Restatement of Past Financial Results

FY2008-FY2014/3Q



● Shift the focus to cash flow management

- Hold a Briefing Meeting on Business Performance to discuss improving future performance, mainly based on analysis of cash flows, from September 2015.
- Increase point allocation for cash flow in performance evaluations from FY2015
- Accelerate sale of assets not connected improving business profitability or core businesses

※July 22 - Gained approximately 113.0 billion yen (before tax) on sale of Kone Corporation stock

※August 31 - Decided to sell Topcon Corporation stock

- **Toshiba will not announce a FY2015 forecast at this point, as the Company continues to carefully evaluate the operational impacts of inappropriate accounting.**
- **An Extraordinary General Meeting of Shareholders is scheduled for Wednesday, September 30.**

Detailed Explanation

Yukikazu Watanabe

General Manager

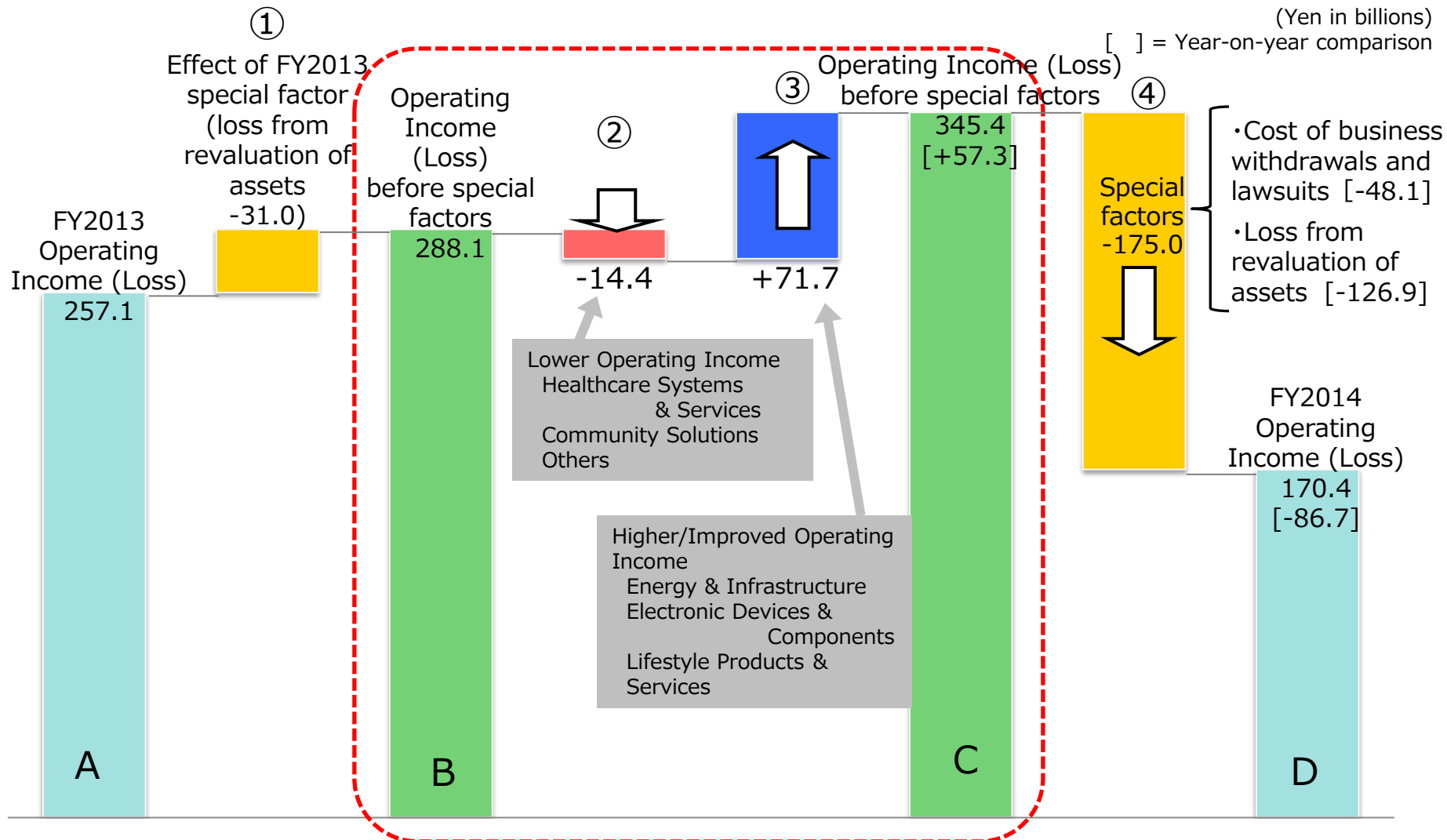
Finance & Accounting Division

TOSHIBA CORPORATION

September 7, 2015

Analysis of FY2014 Operating Income (Loss) (Year-on-Year Comparison)

Operating Income (Loss) is 345.4 billion yen before special factors



Special Factors in FY2014

◆ Amount of Effect on Operating Income (Loss)

(Yen in billions)

	Effect of Decrease	Description
STP (South Texas Project) impairment	-41.0	Decided impairment on all of capitals and loans on evaluation of most recent sales/investment negotiation circumstances
Semiconductors (Discretes) impairment	-41.9	Partial impairment due to business downturn in white LEDs
Home Appliances impairment	-38.9	Impairment in all domestic and overseas businesses
Automotive/Batteries impairment	-5.1	Partial impairment in Automotive/Batteries businesses
Loss from revaluation of assets	-126.9	
Cost of PC B2C withdrawal	-12.6	Cost involved with withdrawal of PC B2C from loss-making regions
Cost of Visual Products overseas withdrawal	-23.0	Cost involved with withdrawal of Visual Products from overseas
Legal fees	-12.5	
Business withdrawals and lawsuits	-48.1	
Total	-175.0	

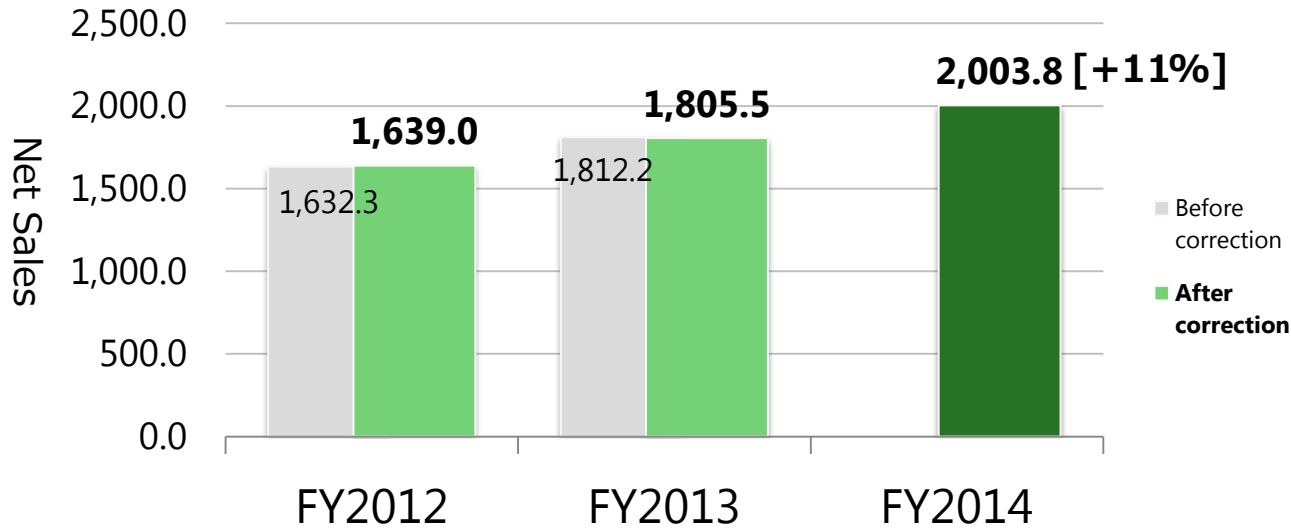
FY2014 Consolidated Business Results by segment

(Yen in billions)

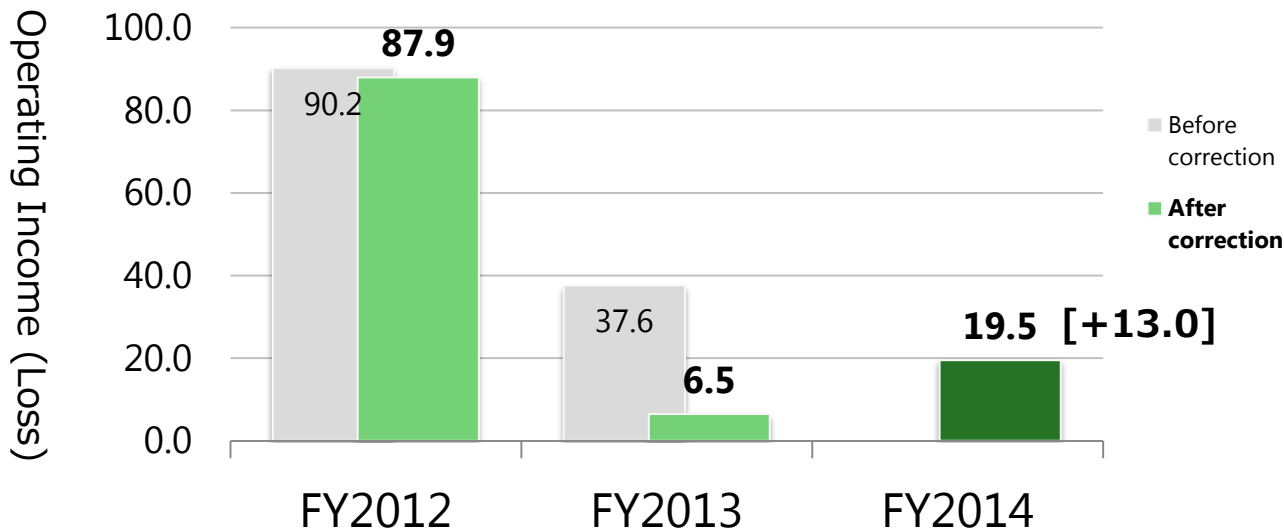
		FY2014	FY2013 corrected results	Difference	Special Factors	Forecast (as of Aug.18)	Difference
Energy & Infrastructure	Net Sales	2,003.8	1,805.5	198.3		2,010.0	-6.2
	Operating Income (Loss)	19.5	6.5	13.0	-58.6	25.0	-5.5
Community Solutions	Net Sales	1,410.7	1,356.7	54.0		1,410.0	0.7
	Operating Income (Loss)	53.9	55.5	-1.6		54.0	-0.1
Healthcare Systems & Services	Net Sales	412.5	410.7	1.8		410.0	2.5
	Operating Income (Loss)	23.9	29.9	-6.0		24.0	-0.1
Electronic Devices & Components	Net Sales	1,768.8	1,687.3	81.5		1,760.0	8.8
	Operating Income (Loss)	216.6	246.8	-30.2	-41.9	214.0	2.6
Lifestyle Products & Services	Net Sales	1,163.7	1,314.6	-150.9		1,160.0	3.7
	Operating Income (Loss)	-109.7	-54.6	-55.1	-74.5	-110.0	0.3
Others	Net Sales	529.0	504.0	25.0		520.0	9.0
	Operating Income (Loss)	7.5	11.6	-4.1		7.0	0.5
Corporate and Eliminations	Net Sales	-632.6	-589.1	-43.5		-610.0	-22.6
	Operating Income (Loss)	-41.3	-38.6	-2.7		-44.0	2.7
Total	Net Sales	6,655.9	6,489.7	166.2		6,660.0	-4.1
	Operating Income (Loss)	170.4	257.1	-86.7	-175.0	170.0	0.4

Energy & Infrastructure

(Yen in billions)
[] = Year-on-year comparison



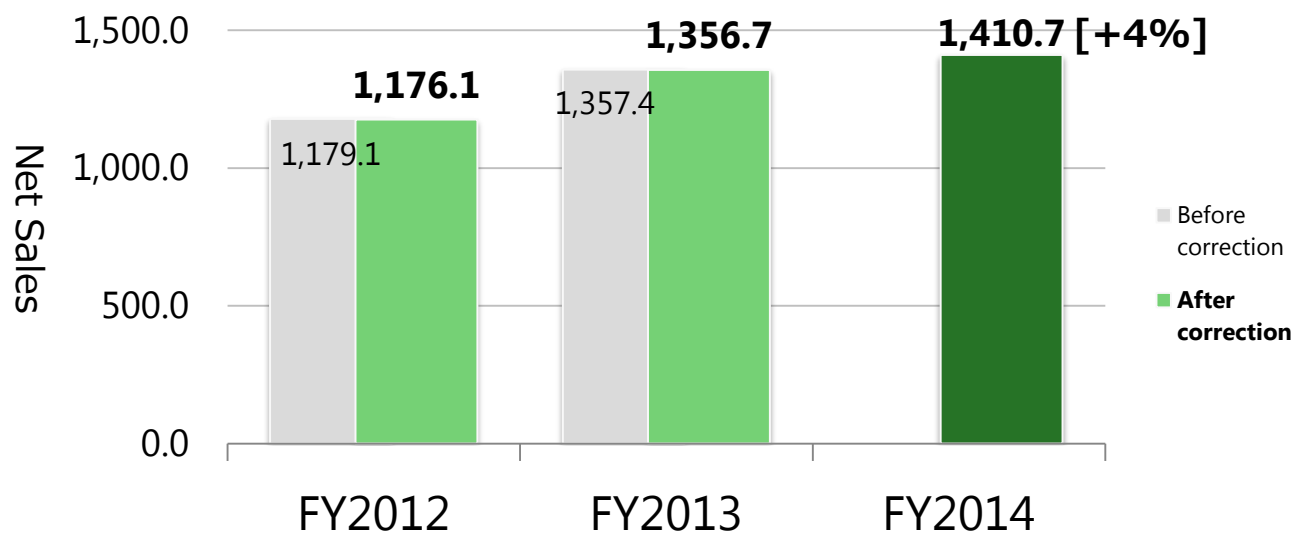
- All businesses—the Nuclear Power Systems, Thermal & Hydro Power Systems, Transmission & Distribution Systems and Solar Photovoltaic Systems businesses—saw higher sales.



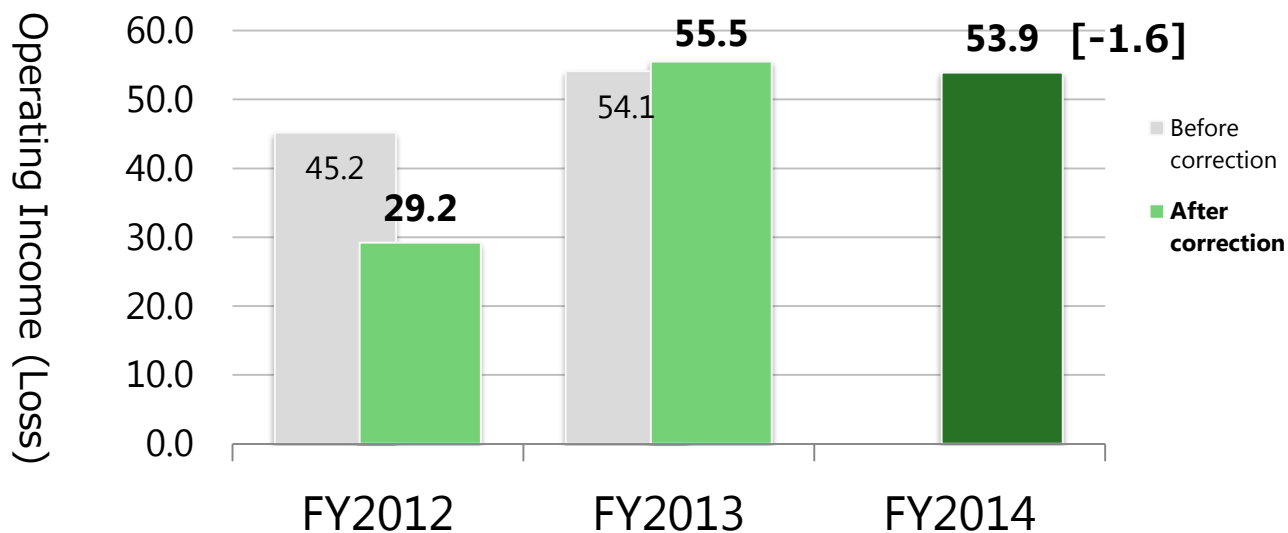
- The Nuclear Power Systems business saw a significant improvement in operating income (loss) despite STP impairment. The Transmission & Distribution Systems business also saw improvement.
- The Thermal & Hydro Power Systems and Solar Photovoltaic Systems business saw lower operating income. The Automotive/Batteries business made provision for impairment of fixed assets.

Community Solutions

(Yen in billions)
[] = Year-on-year comparison



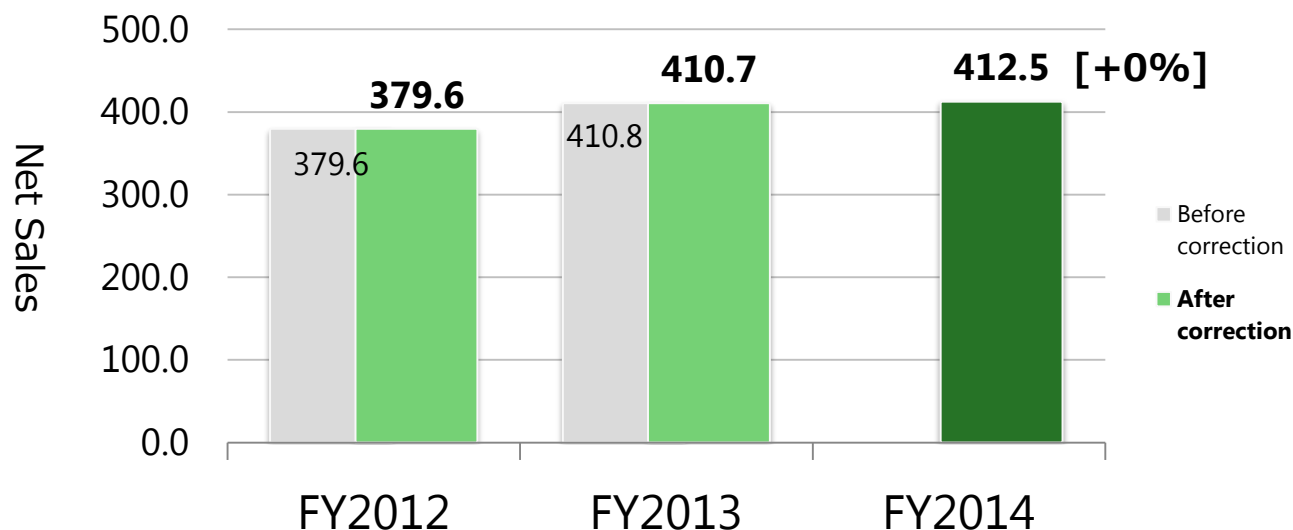
- The Water & Environmental Systems, Elevator and Building Systems, Commercial Air-Conditioners businesses and Toshiba TEC saw higher sales.
- The Lighting business saw lower sales.



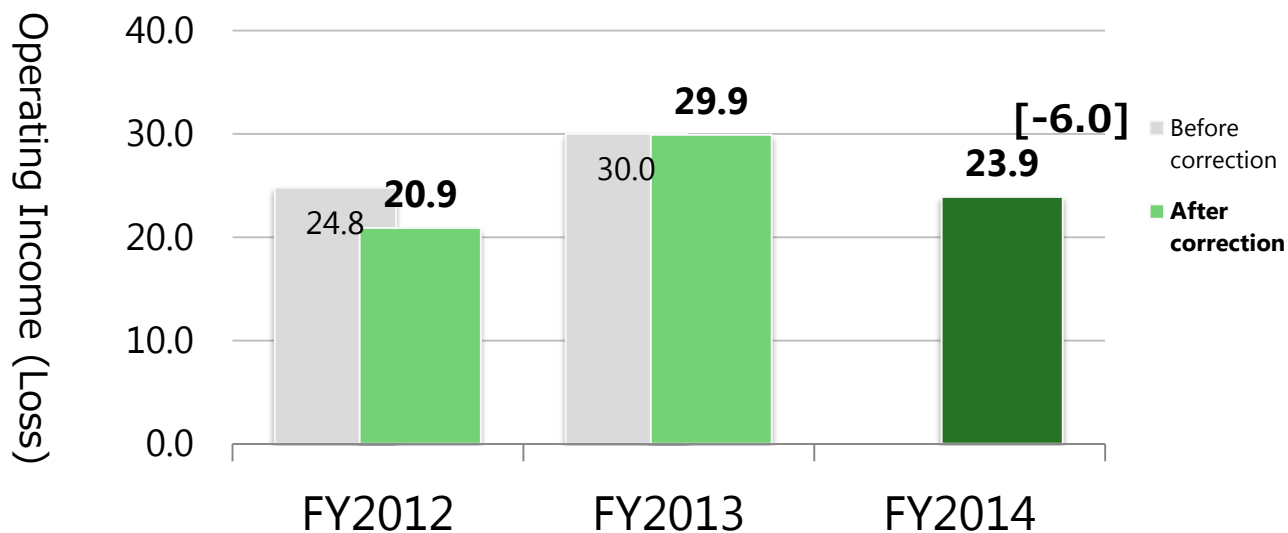
- The Water & Environmental Systems, Elevator and Building Systems and Commercial Air-Conditioners businesses saw higher operating income.
- Toshiba TEC saw lower operating income.

Healthcare Systems & Services

(Yen in billions)
[] = Year-on-year comparison



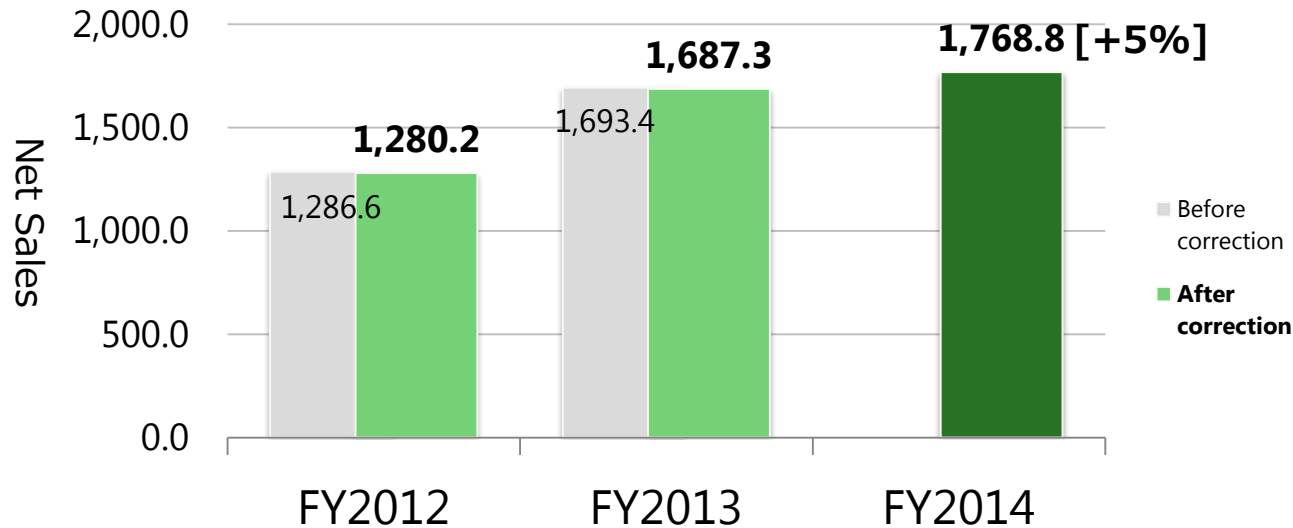
- Solid performance, mainly in Computerized Tomography (CT) Systems in the US and emerging economies.



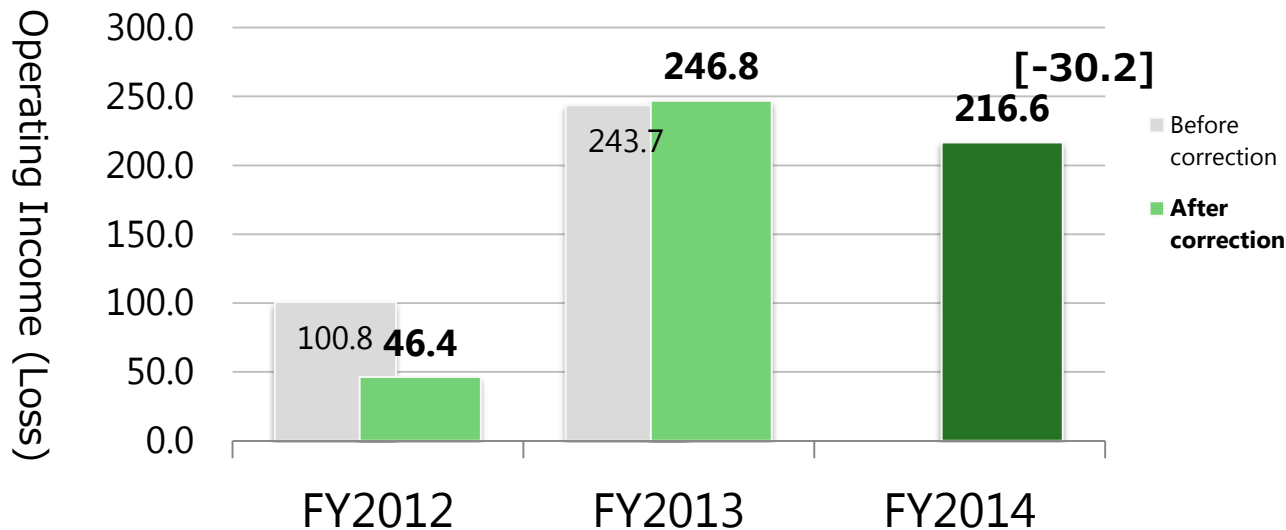
- Lower operating income due to R&D costs increased on investments to develop next-generation systems.

Electronic Devices & Components

(Yen in billions)
[] = Year-on-year comparison



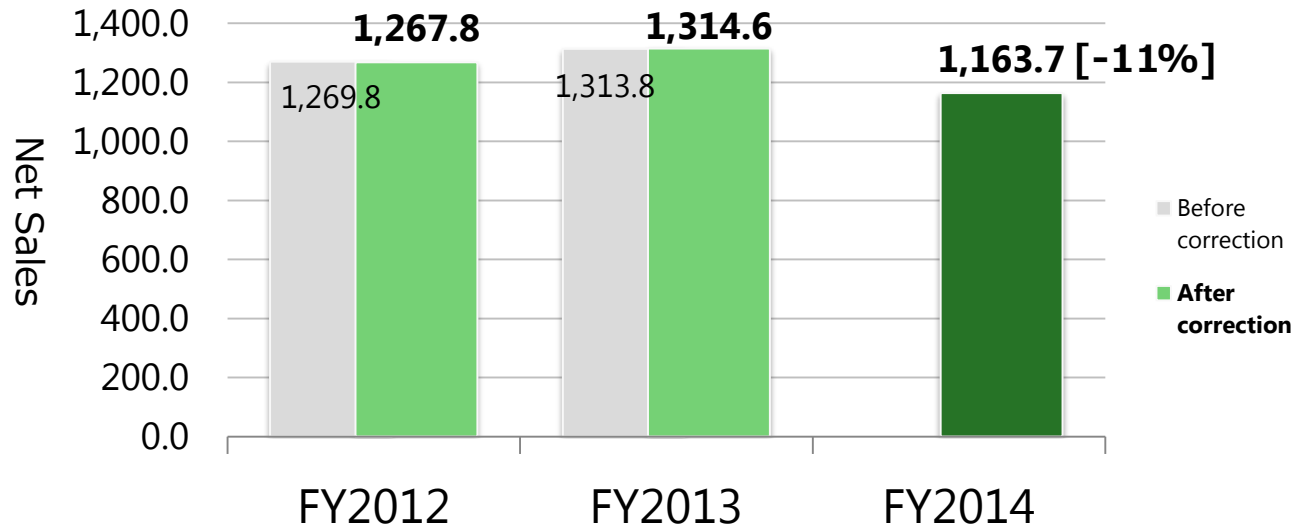
- Memories saw higher sales on increased sales volume. The Storage Product business also saw higher sales.
- Discretes and System LSIs saw lower sales.



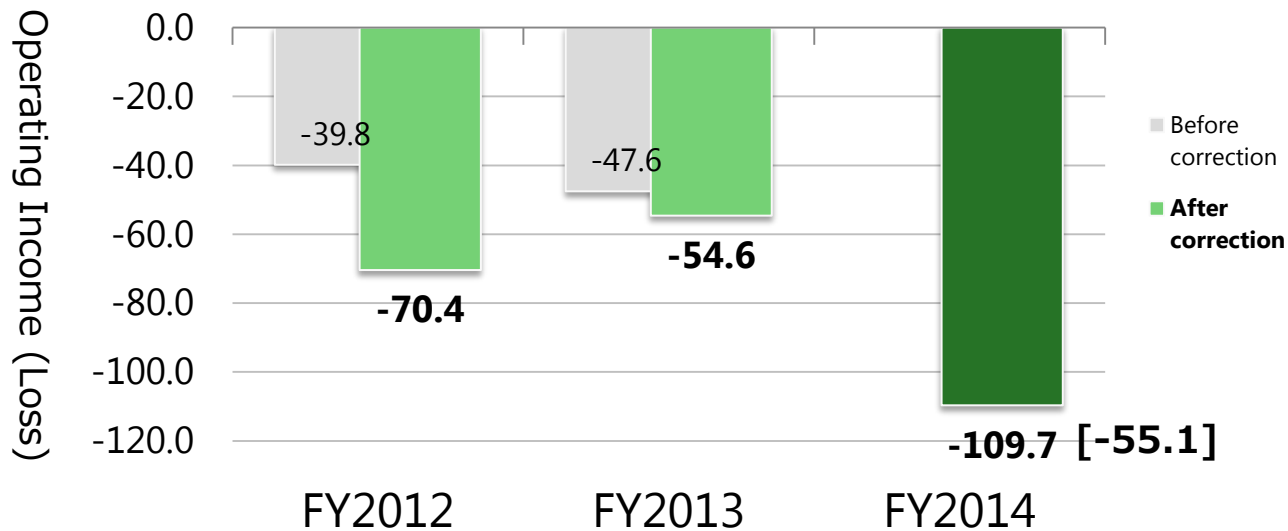
- Memories saw lower operating income despite continued high profitability. Discretes saw significantly deteriorated operating income (loss) resulting in impairment of fixed assets.
- The Storage Product business saw higher operating income and System LSIs also saw improvement.

Lifestyle Products & Services

(Yen in billions)
[] = Year-on-year comparison



- The PC and TV businesses saw lower sales because of a shift in focus to redefined sales territories. The Home Appliances business also saw lower sales.



- The PC and TV businesses saw deteriorated operating income (loss) on the cost of business withdrawals. The Home Appliances business saw a significant deterioration in operating income by the effect of impairment of fixed assets.

Non-Operating Income (Loss) and Expenses

(Yen in billions)

	FY2014	FY2013 corrected results	Difference
Net financial Income (Loss)	-14.1	-20.0	5.9
Foreign exchange Income (Loss)	20.0	15.3	4.7
Income (Loss) on sales of fixed assets	-14.7	-0.5	-14.2
Structural reform costs	-48.2	-42.8	-5.4
Settlement cost of lawsuits	-26.2	-28.7	2.5
Others	^(*) 49.4	1.9	47.5
Total	-33.8	-74.8	41.0

(*) Including the income from a legal settlement with Korea's SK Hynix, gains on sales of securities and a reserve for administrative monetary penalties

Income Tax and Net Income (Loss) Attributable to Noncontrolling Interests

(Yen in billions)

	FY2014	FY2013 corrected results	Difference
Income (Loss) before income taxes and noncontrolling interests	136.6	182.3	-45.7
Income Tax	-155.6	-92.0	-63.6
Loss from discontinued operations	0.0	-15.0	15.0
Net Income (Loss) attributable to noncontrolling interests	-18.8	-15.1	-3.7
Net Income (Loss)	-37.8	60.2	-98.0

➤ Breakdown of FY2014 Income Taxes

① Effective tax rate commensurate -48.6 billion yen

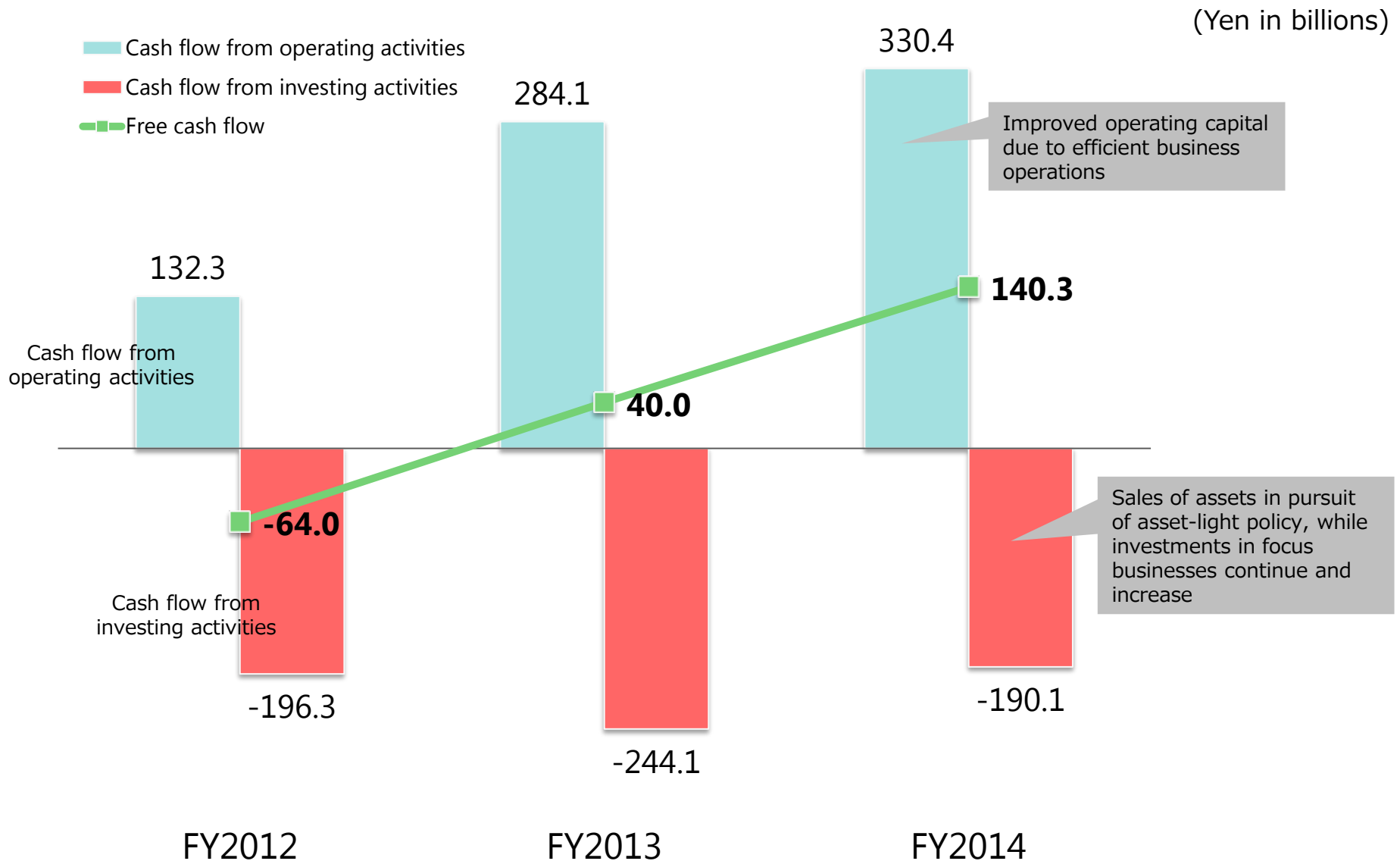
② Difference from effective tax rate -107.0 billion yen

- Effect for impairment provision for STP, Semiconductors and Home Appliances
- Effect from consolidated subsidiaries not applying the tax effect
- Effect of FY2014 tax reforms

➤ Net deferred tax assets as of the end of FY2014 were 259.9 billion yen

➤ Toshiba has evaluated that there is an enough possibility that net deferred tax assets after deduction of valuation reserves will be recoverable based on future plans that incorporate risks anticipated based on the most recent actual results.

Cash Flows

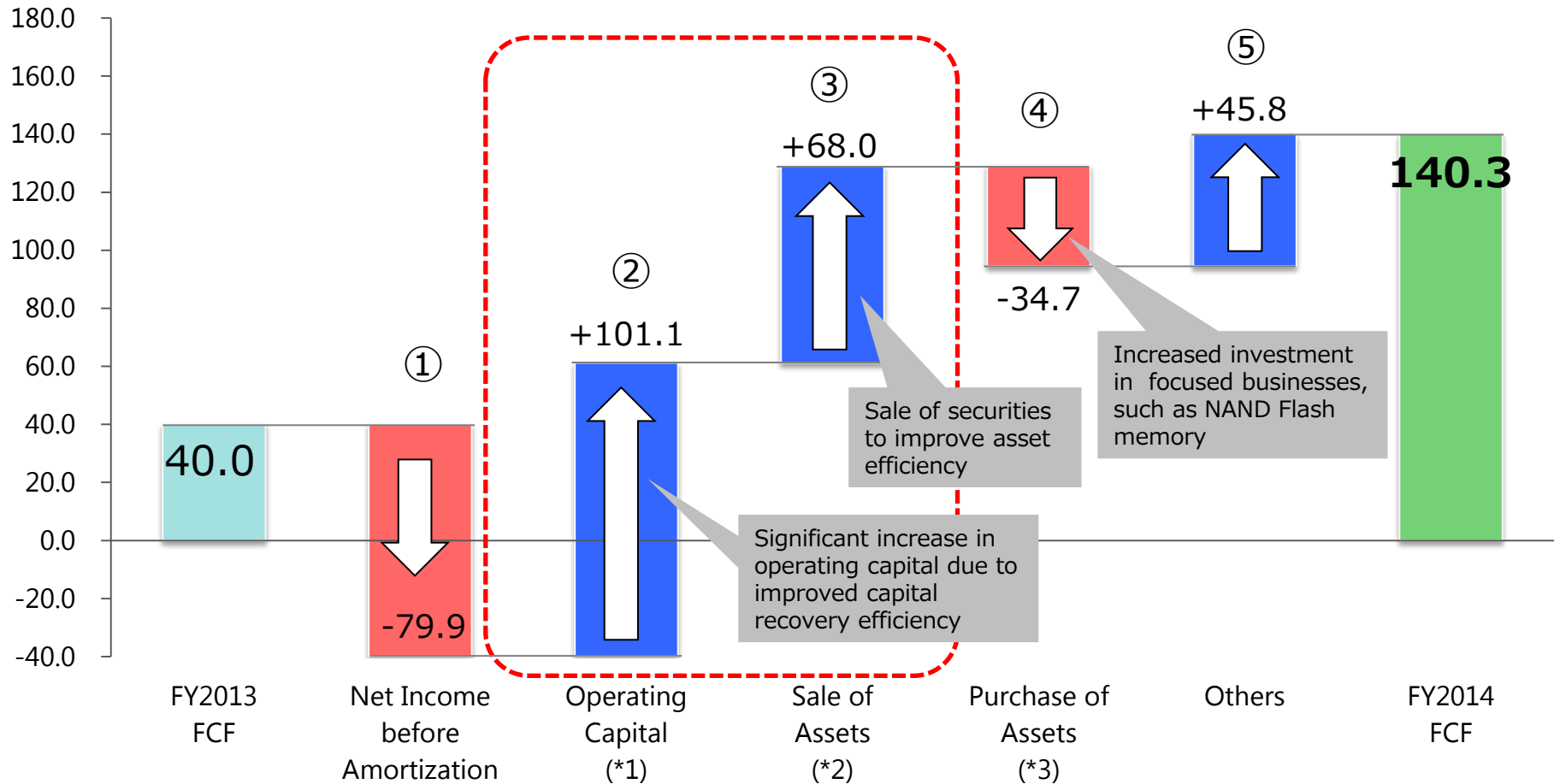


Analysis of Free Cash Flow (Increase and Decrease from FY2013)

FCF improved significantly on improved operating capital, due to efficient business operations and sales of securities

- (*1) Increase/decrease of receivables, inventories, payables and advance payments
- (*2) Sale of fixed assets and investment securities
- (*3) Purchase of fixed assets and investment securities

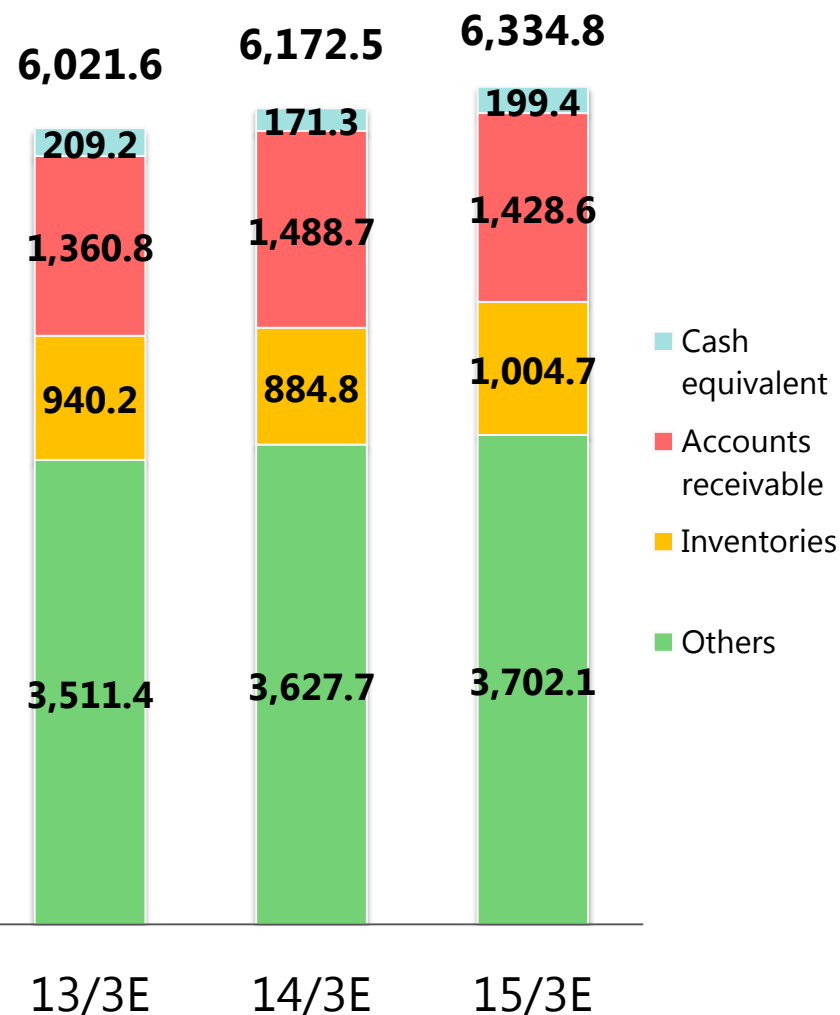
(Yen in billions)



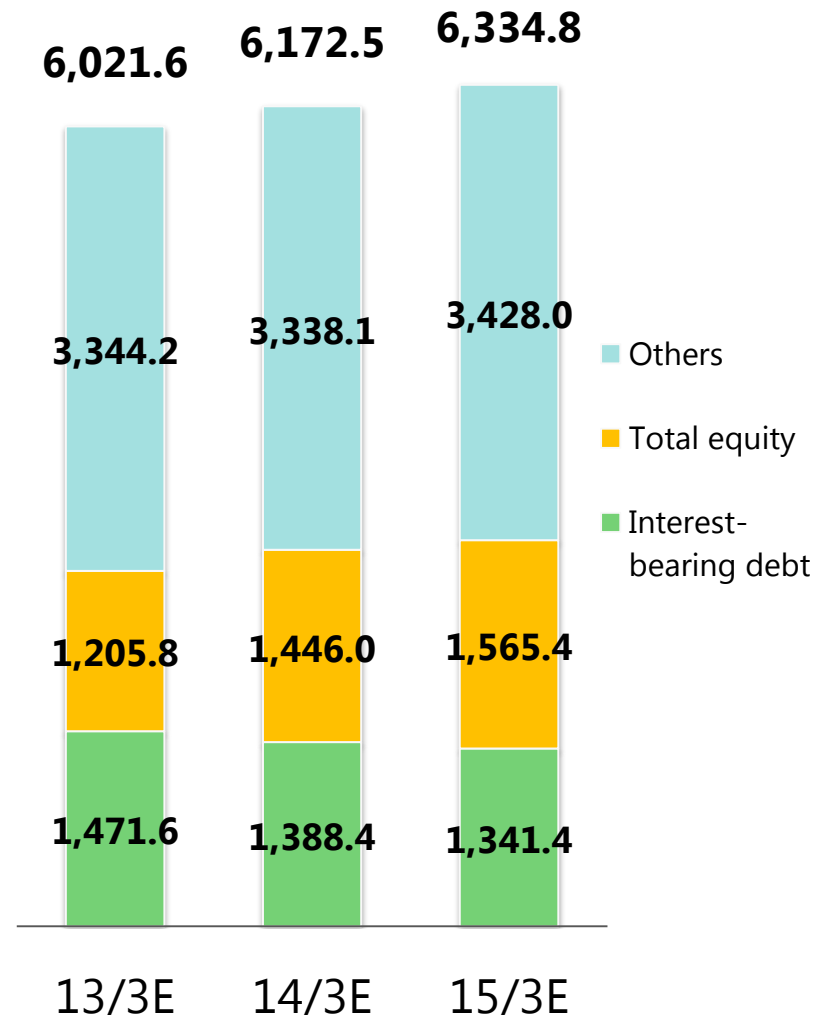
Consolidated Balance Sheets

(Yen in billions)

Assets



Liabilities and Equity



Total Equity

Maintaining 1 trillion yen of Equity attributable to shareholders of the Company, as of 2015/3E

(Yen in billions)

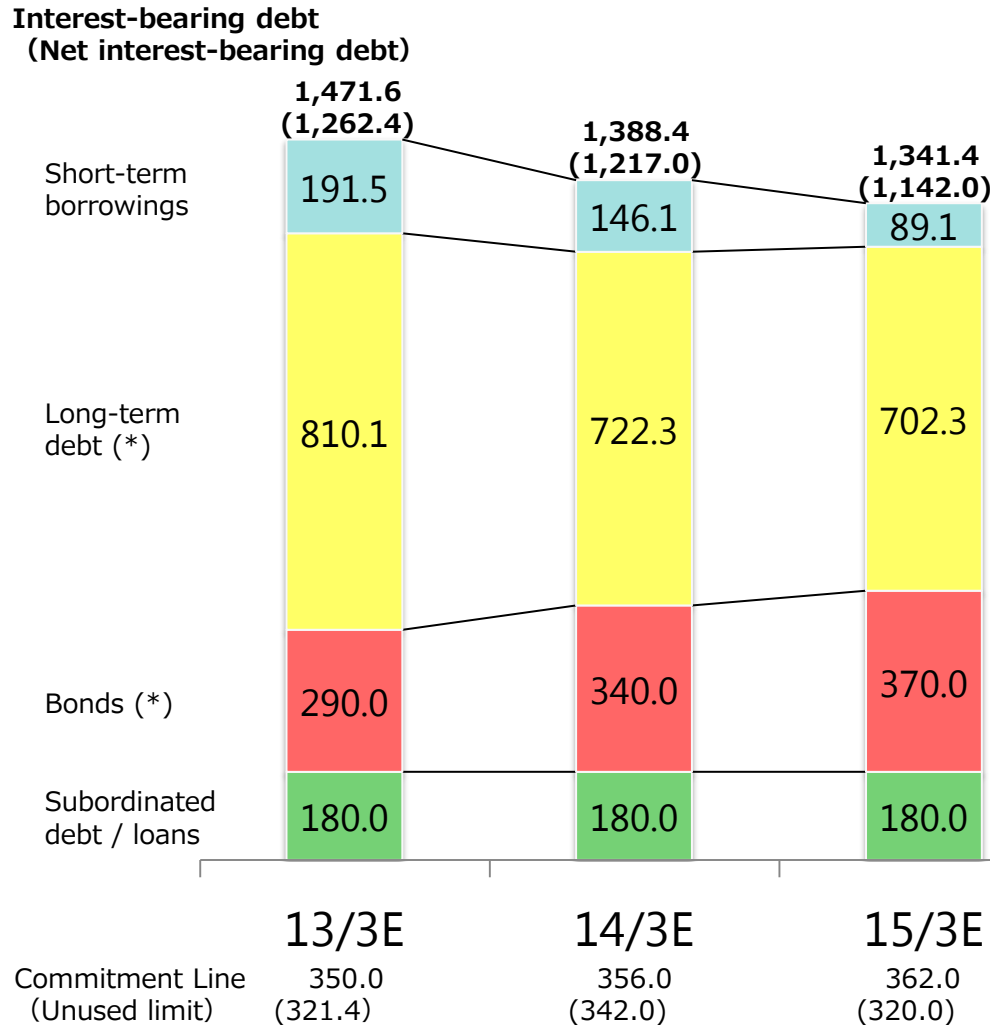
	2015/3E	2014/3E	Difference
Common stock	439.9	439.9	0.0
Additional paid-in capital	402.0	401.8	0.2
Retained earnings	383.2	454.9	-71.7
Accumulated other comprehensive Income (Loss)	-139.3	-267.7	128.4
Treasury stock	-1.8	-1.7	-0.1
Equity attributable to shareholders of the Company	1,084.0	1,027.2	56.8
Equity attributable to noncontrolling interests	481.4	418.8	62.6
Total equity	1,565.4	1,446.0	119.4

Equity attributable to shareholders of the Company/ Total asset ratio	17.1%	16.6%	0.5%
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Interest-Bearing Debt and Limit of Cash Reserves

Consolidate systems to ensure enough liquidity on hand to provide necessary funds for the current term

(Yen in billions)



< FY2015 Funds Measures >

- ◎FY2015 Amount for repayment/redemption
 - ... 296.4 billion yen
 - (Breakdown)
 - Long-term (less than a year) 207.3 billion yen
 - Short-term 89.1 billion yen
- ◎FY2015 Funds measures
 - Commitment line
 - ... 362.0 billion yen
 - Sale of assets, etc.
 - ... more than 160.0 billion yen (KONE, Topcon), etc.
 - Cash and cash equivalent
 - ... 199.4 billion yen (2015/3E)
- ◎FY2015 FCF plan is for a surplus

Income (Loss) before Income Taxes

Restatement of Past Financial Results and Effects of Restatement

(Yen in billions)

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014 (1-3Q cumulative)	Cumulative (2008-14/3Q)
(A) (Before correction) Income (Loss) before income taxes	-259.7	27.2	194.7	145.4	159.6	180.9	134.9	583.0
Items delegated to Independent Investigation Committee	-28.2	-40.0	8.4	-31.2	-85.8	-5.4	30.4	-151.8
Self-check	-0.6	-1.0	1.0	-0.2	-1.5	-1.3	-0.8	-4.4
① Amount of correction (disclosed on July 20)	-28.8	-41.0	9.4	-31.4	-87.3	-6.7	29.6	-156.2
Amount for impairment of fixed assets (incl. Effect of depreciation / gain (loss) on sale or disposal)	(*1) -41.8	2.5	0.3	(*2) -49.0	14.8	13.7	15.5	-44.0
Others	-9.7	1.3	5.6	-5.0	-7.1	-7.9	10.0	-12.8
② Effect incidental to restatement, etc. (disclosed on August 18)	-51.5	3.8	5.9	-54.0	7.7	5.8	25.5	-56.8
③ Effect incidental to restatement, etc. (disclosed on September 7)	3.9	-4.3	-8.2	1.4	-5.1	2.3	-1.8	-11.8
Total amount of correction (①-③)	-76.4	-41.5	7.1	-84.0	-84.7	1.4	53.3	-224.8
(B) (After correction) Income (loss) before income taxes	-336.1	-14.3	201.8	61.4	74.9	182.3	188.2	358.2

(*1) PC and Visual Product

(*2) Mainly Semiconductor

Income (Loss) before Income Taxes

Restatement of Past Financial Results and Effects of Restatement (by element)

(Yen in billions)

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014 (1-3Q cumulative)	Cumulative (2008-14/3Q)
(A) (Before correction) Income (Loss) before income taxes	-259.7	27.2	194.7	145.4	159.6	180.9	134.9	583.0
Percentage-of-completion method	-3.6	0.1	7.0	-7.9	-18.0	-24.5	-1.0	-47.9
Recording of operating expenses, etc. in the Visual Products business	-5.3	-7.8	-6.5	12.7	-2.8	0.8	2.8	-6.1
Component transactions, etc. in the PC business	-19.8	-28.6	11.3	-22.3	-28.1	10.4	19.3	-57.8
Valuation of inventory, etc. in the Semiconductor business	0.0	-4.4	-1.6	-10.3	-36.6	16.3	-0.5	-37.1
Self-check, etc.	-6.0	-3.8	-3.4	-7.3	-12.9	-12.2	16.2	-29.4
Amount for impairment of fixed assets (incl. Effect of depreciation / gain (loss) on sale or disposal)	-41.7	3.0	0.3	-48.9	13.7	10.6	16.5	-46.5
Total amount of correction	-76.4	-41.5	7.1	-84.0	-84.7	1.4	53.3	-224.8
(B) (After correction) Income (Loss) before income taxes	-336.1	-14.3	201.8	61.4	74.9	182.3	188.2	358.2

Net Income (Loss) and Shareholders' Equity

Restatement of Past Financial Results

(Yen in billions)

1. Net Income (Loss) Restatement of Past Financial Results

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014 (1-3Q Cumulative)	Cumulative (2008-14/3Q)
(A) (Before correction) Net Income (Loss)	-343.6	-19.7	137.8	70.1	77.4	50.8	71.9	44.7
Income (Loss) before income taxes and noncontrolling interests	-76.4	-41.5	7.1	-84.0	-84.7	1.4	53.3	-224.8
Tax expenses, etc.	21.1	7.3	13.4	17.1	20.7	8.0	-18.0	69.6
Amount of correction of Net Income (Loss)	-55.3	-34.2	20.5	-66.9	-64.0	9.4	35.3	-155.2
(B) (After correction) Net Income (Loss)	-398.9	-53.9	158.3	3.2	13.4	60.2	107.2	-110.5

2. Shareholders' Equity Restatement of Past Financial Results

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014 (1-3Q Cumulative)
(C) (Before correction) Equity attributable to shareholders of the Company	447.3	797.4	868.1	863.5	1,034.3	1,229.1	1,426.5
Cumulative amount of correction of Net Income (Loss)	-55.3	-89.5	-69.0	-135.9	-199.9	-190.5	-155.2
Other amount of correction of Equity attributable to shareholders of the Company	-6.8	-2.0	-5.2	-8.9	-9.8	-11.4	-13.8
Amount of correction of Equity attributable to shareholders of the Company	-62.1	-91.5	-74.2	-144.8	-209.7	-201.9	-169.0
(D) (After correction) Equity attributable to shareholders of the Company	385.2	705.9	793.9	718.7	824.6	1,027.2	1,257.5

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