

## English Translation of Remarks at July 21 Press/Analyst Conference

### **Moderator**

It's time. We would like to start now. First of all, let me go through the introductions.

Masashi Muromachi, Chairman of the Board and Director; Hisao Tanaka, Representative Executive Officer, President and Chief Executive Officer and Director; and Keizo Maeda, Representative Executive Officer, Corporate Executive Vice President and Director.

My name is Naoto Hasegawa, and I am from the Public Relations & Investor Relations Office. I will serve as the moderator. First, Hisao Tanaka will provide a briefing.

### **Hisao Tanaka**

Thank you for the introduction. I am Hisao Tanaka.

Yesterday, July 20, at just after 17:30, we received the investigation report on Toshiba's accounting issues from the Independent Investigation Committee.

The Independent Investigation Committee pointed out the need for a correction amounting to over 150 billion yen on an income before tax basis for the period from fiscal 2008 to the third quarter of fiscal 2014.

The Independent Investigation Committee pointed out "institutional behavior based on the involvement of top management" as a cause of the inappropriate accounting and identified such contributory factors as "lack of awareness and understanding among management about appropriate accounting treatment," "an over-riding current-term profit policy," and "strong pressure to achieve budget targets."

We express our sincerest apologies to our shareholders and all other stakeholders for any concern or inconvenience caused by this situation.

Management, myself included, bears a heavy responsibility for this matter. With an acute recognition of the gravity of the issues pointed out by the Independent Investigation Committee, and in order to clarify managerial responsibility, I am resigning from my position as Representative Executive Officer, President and Chief Executive Officer and Director effective as of today.

Masashi Muromachi, the Chairman of the Board and Director, will succeed me and concurrently serve as interim Representative Executive Officer and President and Chief Executive Officer of the Company.

Going forward, following my resignation, Toshiba will do its utmost to restore trust in the Company by establishing a new structure as soon as possible. In these endeavors, I would like to request your continued support of Toshiba.

**Moderator**

Now, Masashi Muromachi will provide a briefing on action to be taken by Toshiba going forward.

**Masashi Muromachi**

Thank you for the introduction. I am Masashi Muromachi.

First of all, as the Chairman of the Board and Director, I take this situation very seriously, and would like to apologize whole-heartedly to our shareholders and to all other stakeholders for the situation.

Let me explain the resignations of the people concerned.

In response to the finding of the Independent Investigation Committee that these problems have a history extending back to previous management, Atsutoshi Nishida, previous president and current Advisor to the Board, and Norio Sasaki, former president and current Vice Chairman of the Board and Director, will resign from their positions in the Company effective as of today.

In addition, the following executives involved in this situation will resign from their positions in the Company effective as of today: Hidejiro Shimomitsu, Representative Executive Officer, Corporate Senior Executive Vice President and Director; Masahiko Fukakushi, Representative Executive Officer, Corporate Senior Executive Vice President and Director; Kiyoshi Kobayashi, Representative Executive Officer, Corporate Senior Executive Vice President and Director; Toshio Masaki, Representative Executive Officer, Corporate Senior Executive Vice President and Director; and Makoto Kubo, Chairman of the Audit Committee and Director.

Moreover, Keizo Maeda, Representative Executive Officer, Corporate Executive Vice President and Director, will resign from his positions as Representative Executive Officer and Director effective as of today.

It was resolved at the Company's Board of Directors meeting today that Fumiaki Ushio, Executive Officer and Corporate Senior Vice President, be appointed Representative Executive Officer and Corporate Senior Vice President responsible for the execution of day-to-day business activities.

In addition, the Board of Directors meeting today also resolved to appoint Hiroyuki Itami, an Outside Director, to the Audit Committee as Chairman.

With regard to other executives, once responsibility has been clarified, strict disciplinary measures will be decided.

Next, I would like to refer to measures we will take to prevent a recurrence of this issue.

Since the establishment of the Independent Investigation Committee, the Company has discussed a new management structure, reform of the governance structure, and measures to prevent the recurrence of accounting irregularities. Now, based on the investigation results and the recommendations by the Independent Investigation Committee, in order for the four Outside Directors, with the advice of outside experts, to conduct intensive deliberations concerning a new management structure, reform of the governance structure, and recurrence prevention measures, and in order to reflect the result of such deliberations in the new management structure to be announced mid-August, and also to decide and implement recurrence prevention measures as quickly as possible

under the new management structure, which will be entrusted with leadership of the Company at the Extraordinary General Meeting of Shareholders to be held in September, the Company has today decided to establish a Management Revitalization Committee. The Management Revitalization Committee will consist only of the four Outside Directors and other outside experts. The outside experts who are to serve as members of the Management Revitalization Committee will be decided within this month.

Names of the outside experts and the Chairman of the Management Revitalization Committee will be announced once they have been determined.

The Independent Investigation Committee report has pointed to the involvement of top management regarding the causes of the inappropriate accounting.

As measures to prevent recurrence, the report also recommends that, in addition to the need for a change of thinking among top management, the Company should newly establish a strong internal control department and enhance the supervising structure, including strengthening the auditing function of the Board of Directors and Audit Committee, increasing the number of Outside Directors, and reviewing who serves as Outside Director.

Acting on this, as I have mentioned, the Company has today appointed Hiroyuki Itami, an Outside Director, to Chairman of the Auditing Committee.

The Management Revitalization Committee will coordinate with the Nomination Committee and will promptly but carefully discuss future management and governance structures, including whether to appoint more than half of the Board from outside the Company.

In addition, the Management Revitalization Committee will examine the specific details of recurrence prevention measures, including a thorough review of internal control systems and of the compliance structure.

Under the new structure, we will do our utmost to prevent any recurrence and to renew our corporate culture with the aim of regaining the trust of our stakeholders and of society. I appreciate your understanding and continued support.

That concludes my remarks.

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Note: This conference was held in Japanese. This English translation is for convenience only, and does not serve as an entire or accurate representation of the original Japanese content due to the nature of translation.