

The Toshiba Next Plan

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My First 45 Days with Toshiba

Harness the energy to drive forward revitalization



Welcoming
2018 new hires



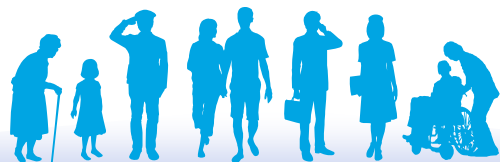
Meetings with
employees



A visit to TEPCO's
Fukushima Daiichi
Nuclear plant

Toshiba Group Management Policy and Focus Areas

Toshiba will contribute to a sustainable future by focusing on business domains that sustain modern life and society, and create new value with reliable technologies



Retail &
Printing



Building &
Facilities



Railway
Systems &
Industrial
Systems



Public
Infrastructure



Transmission
&
Distribution



Power
Generation

Social Infrastructure

Energy

Electronic Device

Digital Solutions

FY2018 Management Policy

The first year of transformations that will make Toshiba an excellent global company

**FY
2018**

**Strengthen Core
Earning Power**

**Promote
Engines of Growth**

**FY
2017**

**Recovered financial base
Shut down risk**

**Improved internal control system
Raised capital Promoted structural reforms**

The Toshiba Next Plan

Now discussing how to improve basic earning power and plans for business transformation

Toshiba Next Plan

Mid-term
Business
Strategies

Short-term
Measures

Use digital solutions to promote transformation to a “recurring business” model with high earnings

Create transformation plans for individual businesses by benchmarking excellent companies

Advance measures that strengthen core earning power

Strengthen Core Earning Power

Introduce measures that shape
a muscular organization

Build Strong Management Infrastructure

- Visualize KPI for individual businesses
- Broaden internal audit functions
- Establish a CEO Office
- Bring talents of young employees into the “Next PJ”

Improve Operations

- Revisit procurement and engineering value chains
- Reinforce project evaluations and monitoring
- Implementing working capital improvement PJ
- Strengthen sales & marketing structures

Further Structural Reform

- Energy business
- Indirect staff, number of group companies

Create Mid-term Business Strategies

Working from scratch, develop transformation plans for all businesses

Action Plan

- Implement KPI-based monitoring
- Make investments in growth engines
—businesses facing difficulties must make structural improvements

Target Setting

- Emphasize enhanced cash-generation abilities, and metrics including FCF and ROIC
- Implement measures that bridge the gap with benchmarked target companies

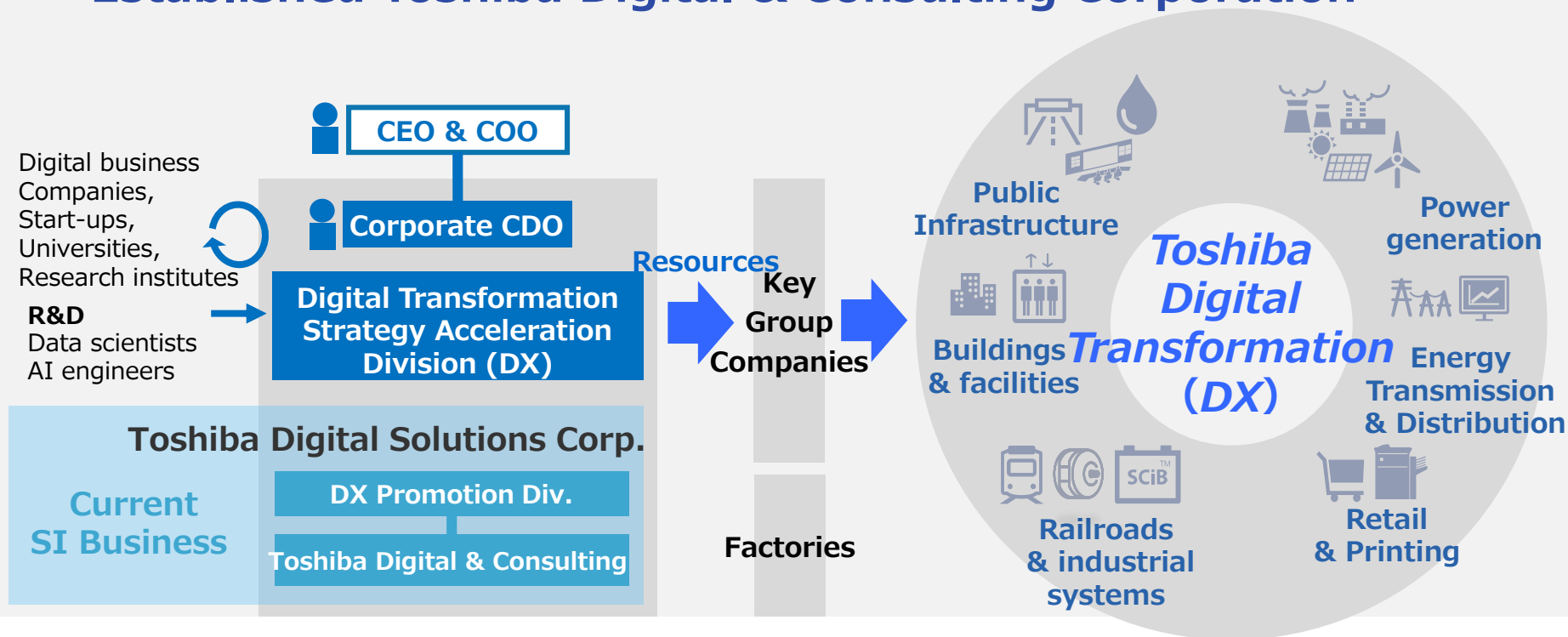
Creation Process

- Set goals, making use of outside advisors
- Direct CEO review of all business units

Building a Recurring Business Model

Transitioning to consistently profitable businesses

- Appointed Chief Digital Officer (CDO)
- Introduced Digital Transformation Strategy Acceleration Division
- Established Toshiba Digital & Consulting Corporation



Revising the Compensation System

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

Position on the Sale of the Memory Business

No change in plan to sell the business

We are continuing measures for the sale of the Memory business

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- Ensure the business's flexibility and speedy management decision-making
 - Expand scope of investment resources and secure further growth
 - Recover Toshiba's financial base, support continued growth

Policy on Shareholder Return

To be implemented after closing the sale of the Memory business

**Create Toshiba Next Plan,
maximize enterprise value**

**Determine allocations of resources:
invest in growth, reform structures, build a
solid financial base, secure strong credit
ratings, and consider shareholder returns,
including share buybacks**

**Committed to People,
Committed to the Future. TOSHIBA**

