

(This Business Report is an English summary of the original Japanese report. The Japanese original is official and this summary is for your convenience only. Toshiba does not guarantee the accuracy of this summary.)

Business Report

From April 1, 2015 to March 31, 2016

1. Business Environment and Results of the Group

(1) Operation and Results of the Group

The US economy generally saw solid growth. With monetary easing, the Eurozone economy saw moderate growth, particularly Germany. The Indian economy saw continued high growth. On the other hand, the Chinese economy slowed, reflecting adjustments in production and investments in sectors with overcapacity, including steel, coal and the real estate market. International financial markets fell into turmoil last summer and at the beginning of 2016, reflecting sharp falls in stock prices and the Chinese yuan.

In Japan, as employment prospects and personal income continued to improve, consumer spending patterns generally remained firm, and capital investment trended toward recovery. Exports varied by sector, showing either a slowdown or remaining at the same level, due to slowdowns in overseas markets and other factors.

In the current fiscal year, the overall global economy is expected to see moderate growth. The Chinese economy is expected to continue to slow down, but the US economy is expected to see continued solid growth. The forecast for the Japanese economy is for relatively weak growth toward a gradual recovery.

Toshiba Group, in order to achieve a strong corporate constitution, has implemented decisive measures for structural reforms of unprofitable businesses, including the PC, Visual Products, Home Appliances, Discrete Semiconductor and System LSI businesses. Toshiba Group has also redefined its focus business areas as the Energy business and the Storage business, centered on Memories and SSD. In the Healthcare business, Toshiba sold Toshiba Medical Systems Corporation in order for the company to maximize its value and realize its full potential, and also to improve Toshiba's financial position. In addition to this, Toshiba also signed a definitive agreement to transfer certain shares of Toshiba Lifestyle Products & Services Corporation. As a result, financial results related to the Healthcare Systems & Services segment and Home Appliances business are classified as discontinued operations in the Company's consolidated statements of operations.

Toshiba Group's net sales decreased by 446.0 billion yen to 5,668.7 billion yen (US\$50,165.4 million). While the Energy & Infrastructure and Community Solutions segments recorded higher sales, the Lifestyle Products & Services segment saw significantly lower sales, due to structural reforms that redefined sales territories and other factors. The Electronic Devices & Components segment also recorded lower sales on lower sales prices.

The Group recorded a consolidated operating loss of 708.7 billion yen (-US\$6,272.0 million), a decline of 897.1 billion yen, reflecting significant operating income deterioration in three business segments: Energy & Infrastructure recorded impairment losses in the Nuclear Power Systems and Transmission & Distribution businesses; Community Solutions recorded impairment losses in the Retail Information Systems and Office Equipment and the Lighting businesses; and Electronic Devices & Components had to absorb lower sales prices and the cost of structural reforms. Income (loss) from continuing operations, before income taxes and noncontrolling interests decreased by 789.7 billion yen to -633.1 billion yen (-US\$5,603.1 million).

Net income (loss) attributable to shareholders of the Company decreased by 422.2 billion yen, after calculating a reversal of deferred tax assets and recording of gain from sales of Toshiba Medical Systems Corporation, and was minus 460.0 billion yen (-US\$4,070.9 million).

The overseas net sales decreased by 337.2 billion yen year on year to 3,368.0 billion yen. The overseas sales ratio also decreased by a 2-point from a year earlier to 59%.

The Company has decided not to pay the dividend for the 177th fiscal year with the situation above. The Company sincerely apologizes to its shareholders.

Performance by Segment

Net sales and operating income (loss) by segment are as follows:

(Billions of yen)

Segment	Consolidated	Change	Consolidated	Change
	Net Sales		Operating Income	
Energy & Infrastructure	2,048.4	+54.5	-367.5	-386.7
Community Solutions	1,425.2	+14.5	-78.8	-132.7
Electronic Devices & Components	1,605.0	-163.8	-101.6	-318.2
Lifestyle Products & Services	610.3	-380.9	-131.9	-66.0
Others	494.6	-48.6	8.6	+2.7
Corporate and Eliminations	-514.8	+78.3	-37.5	+3.8
Total	5,668.7	-446.0	-708.7	-897.1

Business performance and topics by segment are as follows:

Energy & Infrastructure

Main Businesses	As of March 31, 2016
Nuclear power generation systems, Thermal power generation systems, Hydroelectric power generation systems, Fuel cell, Power generation, Solar Photovoltaic Systems, Transmission & Distribution systems, Instrumentation and control systems, Automatic railroad station equipment, Transportation equipment, Electrical machineries, Government systems	

Business Overview

Net sales in the Energy & Infrastructure segment increased by 54.5 billion yen to 2,048.4 billion yen (US\$18,127.5 million). While the Nuclear Power Systems business, Landis+Gyr AG and others recorded higher sales, the Transmission & Distribution System, Solar Photovoltaic Systems and Railway Systems businesses saw lower sales.

Segment operating income deteriorated by 386.7 billion yen to -367.5 billion yen (-US\$3,251.4 million). The Nuclear Power Systems, Transmission & Distribution System and Solar Photovoltaic Systems businesses recorded significantly deteriorated operating income, reflecting the impacts of impairments in goodwill and intangible fixed assets. The Thermal & Hydro Power Systems and Railway Systems businesses also saw deteriorated operating income, reflecting impacts from recording provisions for unprofitable projects and other factors.

Topics

(1) Overseas order-winning activities in the thermal power generation system business

In FY2015, Toshiba received a comprehensive order for supplying, transporting, constructing and installing main equipments for an ultra-supercritical coal-fired power plant in India. Moreover, the Company received an order in Indonesia for supplying and installing steam turbines and power generators as well as peripheral equipments for a project to expand an ultra-supercritical coal-fired power plant with a 1 million kilowatt output, making the plant the country's top power plant in output. Toshiba will bolster its thermal power generation system business for the global market in the future as well.

(2) Contribution to the initiative to decommission the Fukushima Daiichi Nuclear Power Plant

In collaboration with the International Research Institute for Nuclear Decommissioning (IRID), Toshiba developed a small-sized robot to examine the inside of the nuclear reactor container of Reactor 2 at the Fukushima Daiichi Nuclear Power Plant. Moreover, the Company is now in the process of developing equipments to remove debris and fuel from the used fuel pool at Reactor 3 of the power plant on a remote-control basis. Going forward, Toshiba will continue to develop relevant technologies, thereby contributing to the initiative to decommission the Fukushima Daiichi Nuclear Power Plant.

(3) Receiving increased orders for hydrogen-based autonomous energy supply systems

H2One™, Toshiba's hydrogen-based autonomous energy supply system, which integrates a solar power generation system and hydrogen-based fuel cells, went into operation at a hotel of the Huis Ten Bosch theme park. The Company also received orders for this system from the City of Yokohama Port and Harbor Bureau and East Japan

Railway Company. Going forward, Toshiba will continue efforts to engage in hydrogen-related business that contribute to supplying efficient and clean energy.

(4) Expansion of the smart meter business

Toshiba subsidiary Landis+Gyr is the world's number one smart meter provider having a 35% share of the home-use smart meter market in 2014. A smart meter is a next-generation measuring device that measures electricity digitally to eliminate the need for meter readings, based on an embedded telecommunication function, and it can be applied in diverse ways. Landis+Gyr recently received an order from leading Dutch electric power and gas companies for supplying 2.5 million home-use electricity and gas smart meters (for 1.25 million households, equivalent to one-sixth of the nation's entire households). To cement its market share position, Landis+Gyr will continue to further accelerate its global expansion efforts in the coming years.

(5) Expansion of the battery energy storage system business

A battery energy storage system that Toshiba supplied to Tohoku Electric Power Company Co., Inc. for its Minami-Soma power transmission substation came into commercial operation. With an output of 40,000 kilowatts and a capacity of 40,000 kilowatt-hours, this was one of the largest BESS's in the world (as identified by Toshiba). This BESS was intended to verify the effect achieved by the introduction and expansion of renewable energy based on a battery energy storage system, as part of the endeavors to assist the reconstruction of Fukushima Prefecture. With the BESS being supplied to overseas customers as well, the Company will continue to expand the battery energy storage system business globally in the coming years in an effort to step up the market penetration of large-scale battery energy storage systems based on a SCiBTM battery module.

Community Solutions

Main businesses	As of March 31, 2016
Water supply and sewerage systems, Environmental systems, Broadcasting systems, Road systems, Communication Systems, Electric power sources for building and facilities, Elevators, Escalators, Light fixtures, Industrial light parts, Commercial air-conditioner, Compressors, POS systems, Multi-function peripherals	

Business Overview

Net sales in the Community Solutions segment increased by 14.5 billion yen to 1,425.2 billion yen (US\$12,612.8 million). While the Lighting business saw lower sales, the Community Infrastructure such as Water supply and sewerage systems, Electric power sources for building and facilities, Elevator and Building Systems, and Commercial Air-Conditioners businesses recorded higher sales.

Segment operating income decreased by 132.7 billion yen to -78.8 billion yen (-US\$697.5 million). Although the Community Infrastructure, Electric power sources for building and facilities, and Commercial Air-Conditioners businesses all recorded higher operating income, Elevator and Building Systems saw operating income decrease, and the Retail Information Systems and Office Equipment such as POS systems, and Lighting businesses saw a significant deterioration in operating income due to impairments in goodwill and intangible fixed assets.

Topics

Global business expansion

Toshiba additionally acquired shares in UEM India Private Limited (UEM), a water treatment engineering company, converting it into a consolidated subsidiary. Going forward, Toshiba will expand the water treatment business globally at an accelerated pace by combining 1) the monitoring control and energy-saving technologies it has accumulated over many years in Japan and 2) the sophisticated water treatment technologies of UEM, a player that has delivered numerous solutions to customers around the world.

Toshiba Elevator and Building Systems Corporation (Toshiba Elevator) had its local subsidiary based in Shenyang, China establish an elevator inspection center, the purpose of which is to inspect products developed such as lifting equipment, brakes and doors and achieve improved product assessment reliability. Toshiba Elevator exports, via subsidiaries, elevator products to China, the world's largest elevator market, as well as South East Asia, India and the Middle East, and aims to improve its product quality further, thus delivering highly reliable products on a global basis in the coming years.

Toshiba Carrier Corporation (Toshiba Carrier) set up a local subsidiary in France before establishing another subsidiary in the U.S. as well (April 2016) in order to expand operations under a strategic partnership reached with U.S. company United Technologies Corporation (UTC) in the commercial air-conditioner business. Going forward, these local subsidiaries will continue to plan and develop products and roll out air-conditioning systems suitable for the European and U.S. markets on a step-by-step basis, growing operations in the process.

Electronic Devices & Components

Main businesses	As of March 31, 2016
Small-signal devices, Power devices, Optoelectronic devices, Logic LSIs, Mixed signal ICs, Image sensors, NAND flash memories, Storage devices (HDD, SSD), Semiconductor manufacturing equipments	

Business Overview

Net sales in the Electronic Devices & Components segment decreased by 163.8 billion yen to 1,605.0 billion yen (US\$14,203.2 million). In the Semiconductor business, Discretes such as Power devices, System LSIs such as Logic LSIs and Mixed signal ICs, and Memories recorded lower sales. The Storage Products business recorded significantly lower sales.

Segment operating income decreased by 318.2 billion yen to -101.6 billion yen (-US\$899.5 million). In the Semiconductor business, Memories recorded lower operating income on lower sales price and other factors, and Discretes and System LSIs recorded significantly deteriorated operating income due to the effects of structural reform, impairment of fixed assets and other factors. The Storage Products business also recorded significantly deteriorated operating income, also due to the effects of structural reform, impairment of fixed assets and other factors.

Topics

(1) Production of three-dimensional stacked cell structure flash memories

Toshiba launched the mass production of 48-layer stacking process-based 256 gigabit three-dimensional stacked cell structure flash memory called BiCS FLASH™. Optimizing circuitry technologies and processes resulted in greater capacity, longer life and higher writing speed compared to existing two-dimensional stacked cell structure flash memories. Meanwhile, to expand the production of three-dimensional stacked cell structure flash memory, Yokkaichi Operations' new Fab 2 fabrication facility came into operation partially (with full facility completion slated for July 2016). The Company plans to enlarge the plant's premises before setting up a new fabrication facility there. We will continue to carry out capital spending in a timely and appropriate manner in the coming years, striving to step up our production platform aggressively towards raising the competitiveness of our memory business.

(2) Expansion of the automobile image recognition processor business

Automobile image recognition processor "Visconti™ 2" designed to visually recognize preceding lanes and vehicles was adopted by Denso Corporation for its automobile front-monitoring camera system. To realize a safe, comfortable and convenient motorized society, advanced driving aid systems have been growing in importance. Thus, going forward, Toshiba will continue to develop and provide semiconductor products meeting such demand.

(3) Commercialization of SSD equipped with 15nm NAND flash memory

Toshiba commercialized solid state drive (SSD) products (storage device equipped with NAND flash memory) available in up to 1,920 gigabytes, launching the shipment of samples designed for large enterprise servers, data centers and PCs. These products, using the Company's unique technologies, employ multiple error-correction circuits to properly deal with various types of errors occurring within a SSD, and realize efficient and more precise processing. Toshiba will continue to broaden its SSD product lineup in the coming years, catering to diverse user needs.

Note: SSD stands for solid-state drive.

Lifestyle Products & Services

Main businesses	As of March 31, 2016
Personal computers, Tablets, Televisions, Video recording/playback devices (BD recorders, etc.), Video devices repair services	

Business overview

Net sales in the Lifestyle Products & Services segment decreased by 380.9 billion yen to 610.3 billion yen (US\$5,400.6 million), reflecting lower sales in the Visual Products and the PC businesses due to a shift in focus to redefined sales territories and other factors.

Segment operating loss increased by 66.0 billion yen to -131.9 billion yen (-US\$1,167.3 million), reflecting deteriorated operating income in the Visual Products and PC businesses.

Topics

(1) Rollout of 12-inch large display-equipped and thin and light “dynaPad N72”

Toshiba rolled out “dynaPad N72” a new mobile notebook PC that doubles as a Windows tablet. This product was made thin and light as well as tough by using the Company’s unique carbon material and plastic-based single mold structure and mounting technologies.

Moreover, equipped with a highly innovative keyboard, the device offers a comfortable key touch and superior usability while containing various applications that solidly support the user’s business and learning activities.

(2) Rollout of 4K Regza high-end model “Z20X series”

In recent years, the 4K television market has been growing rapidly with consumers eager to watch high-quality video image on a large-sized screen at home. To cater to their needs, Toshiba rolled out the 4K Regza high-end model Z20X series, a product family offering the highest-ever picture quality in the history of Regza by fully leveraging the Company’s newly developed technologies. The Company will strive to attain a greater share of the 4K television market by employing three sets of series composed of the Z20X series, mid-range model J20X series and standard model G20X series.

Others

Main businesses	As of March 31, 2016
IT solutions, Logistics service	

Business Overview

The Others segment recorded operating income of 8.6 billion yen (US\$76.1 million) on sales of 494.6 billion yen (US\$4,377.4 million).

Topics

(1) Launch of the “RECAIUS™” cloud service

Toshiba launched RECAIUS™, a cloud service that leverages its unique technology and know-how in speech and image recognition. This service has features such as text-to-speech conversion, lecture/meeting transcription, simultaneous interpretation and audio interaction arrangement. At JR Kyushu Hakata Station, Toshiba conducted an empirical experiment on the service of providing various types of support to foreign tourists who were visiting Japan.

Going forward, the Company will continue to provide a variety of services based on an integration of technologies utilizing speech and images.

(2) Receiving increased orders for heavy-ion radiotherapy cancer treatment device

Toshiba’s next-generation heavy-ion radiotherapy cancer treatment device delivered to the Kanagawa Cancer Center came into operation. This device can treat cancer on a pinpoint basis. Meanwhile, the Company completed manufacturing the world’s first-ever superconductivity technology-based rotating gantry for heavy-ion radiotherapy cancer treatment as a product designed for the National Institute of Radiological Sciences. Going forward, this gantry will become operational following a necessary testing process. Toshiba received from Yamagata University an order for next generation type heavy-ion radiotherapy cancer treatment equipment including a rotating gantry. The Company will continue to make contributions to society in the coming years using products to which its nuclear technologies are applied.

(Notes)

1. The Company states the matters concerning the business results of the Group based on the consolidated financial statements pursuant to the provisions of Article 120, Paragraph 2 of the Ordinance for Enforcement of the Companies Act.
2. Toshiba's consolidated financial statements are based on U.S. generally accepted accounting principles ("GAAP") pursuant to the provisions of Article 120-2 of the Ordinance on Accounting of Companies. Operating income (loss) is derived by deducting the cost of sales and selling, general and administrative expenses from net sales. This result is regularly reviewed to support decision-making in allocations of resources and to assess performance. Certain operating expenses such as restructuring charges, litigation settlement and other costs are not included in it.
3. The Group indicated a "net income (loss) attributable to shareholders of the Company" under the U.S. GAAP as the net income (loss).
4. The Healthcare Systems & Services segment and the Home Appliances business are classified as discontinued operations in accordance with ASC 205-20 "Presentation of Financial Statements - Discontinued Operations". The results of these businesses 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 results of these businesses to income (loss) from continuing operations, before income taxes and noncontrolling interests. In addition, these businesses are also classified as discontinued operations for the Group's consolidated balance sheets and are indicated separately. Results of the past fiscal year have been revised to reflect these changes.
5. Descriptions such as "World's first", "Japan's first" and "World's highest" are based on data surveyed by Toshiba Group as of the time of announcement and release, unless otherwise noted.

(2) Management Policies of the Toshiba Group Moving Forward (Issues to be Addressed)

We sincerely apologize for significantly harming the trust of all of our stakeholders including our shareholders, investors, customers, and employees due to the accounting treatment issues pertaining to the Company.

In relation to the accounting treatment issues, in September 2015 the Company received dispositions from the Tokyo Stock Exchange and the Nagoya Stock Exchange designating the shares of the Company as Securities on Alert because it was recognized that the Company has serious problems in its internal control systems, etc. and that the improvement of those internal control systems, etc. is highly necessary, and in December 2015 the Company received an administrative monetary penalty payment order of JPY 7,373,500,000 from the Financial Services Agency. The Company has taken seriously the dispositions designating its shares as Securities on Alert and the administrative monetary penalty payment order for the largest-ever penalty amount, which is a measure proportional to delisting, and in September 2015 the Company established a management revitalization promotion structure, took measures to ensure sincere management based on compliance, and proceeded with corporate governance reform, and in December 2015 the Company established corporate governance guidelines.

Further, while the entire Company has been working to steadily implement measures to prevent any recurrence, it compiled an “Improvement Plan and Situation Report” in March 2016. In formulating the “Improvement Plan and Situation Report,” the Company once again analyzed the causes of the accounting treatment issues taking into account not only the issues pointed out in the reports by the Independent Investigation Committee and the Executive Liability Investigation Committee but also the historical background and structural factors, while also referring to the “Principle for Listed Companies in Scandal” issued by the Japan Exchange Regulation. As a result, the Company has recognized that the events in question occurred because of a combination of multiple factors including pressure to meet targets from Atsutoshi Nishida, Norio Sasaki, and Hisao Tanaka, each of whom are former CEOs of the Company, performance assessment and budget control systems that focused on net income that allowed for such pressure, insufficient checks and balances by the Finance Division (CFO) and business execution departments such as finance and accounting departments, dysfunction in the internal audit department, insufficient supervising of past CEOs and executive officers by the Board of Directors and bodies such as the Nomination Committee and the Audit Committee, a lack of awareness towards appropriate financial reports by past CEOs and executive officers, and reduced awareness towards appropriate financial reports in finance and accounting departments because the opinions of past CEOs were given priority.

We believe that as a cause of repeated demands by past CEOs to the presidents of the in-house companies and others to improve profits, which was difficult to achieve, multiple factors interacted such as the fact that the Company’s financial condition was poor in the context of the rapid deterioration of the global economy and the challenging business environment in which existing businesses had downsized and that there was a strong sense of crisis that the Company would not survive if it did not meet high targets. At the same time, the standards and process of selecting CEOs were unclear and there was no clearly established succession plan, so the checks and balances function of the Nomination Committee was also insufficient.

Further, in spite of the fact that it was not easy for outside directors to understand proposals for meetings of the Board of Directors because the Company operates various businesses, sufficient prior explanations of proposals for meetings of the Board of Directors were not

given to the outside directors, and in addition, a majority of the directors were in-house directors and it was the Chairman, who was the former CEO, who advanced the proceedings as the chairperson of the meetings; therefore, the outside directors did not necessarily actively take part in discussions at meetings of the Board of Directors up to this point that were led by the in-house directors. It was not an essential requirement to select people with special knowledge of finance, accounting, or auditing as outside directors, and in practice people with auditing knowledge have not been selected. Further, given that the Audit Committee believed that accounting auditing was primarily the duty of the accounting auditor, there was a lack of awareness of the necessity of auditing with respect to accounting treatment, and the Company also lacked awareness of the necessity of proactively sharing information with the accounting auditor.

In light of the results of those cause analyses, in addition to inspecting and coordinating measures to prevent recurrence including what has been formulated and published to date, the Company has analyzed problems in its timely disclosure system and established new measures such as developing and operating a disclosure system aimed at proactive information disclosure.

The Company hopes to regain the trust of shareholders, investors and all stakeholders by achieving a strong corporate constitution together with implementing measures to prevent recurrence. For this purpose, it has released and is implementing management measures, the “Toshiba Revitalization Action Plan,” which has four strands: “Strengthening Internal Control Systems and Reforming the Corporate Culture,” “Decisive Action on Business Structural Reform,” “Review the Business Portfolio and Operational Structure,” and “Reforming the Financial Base.”

The details of the measures to prevent recurrence and other reforms currently underway by the Company are as follows:

◎Strengthening Internal Control Systems and Reforming the Corporate Culture

I. Corporate Governance Reforms

1. Composition of the Board of Directors and Reinforcement of the Board of Directors’ Supervisory Functions
 - (1) Composition of the Board of Directors
 - (i) To ensure substantive and productive deliberations, the Company reduced membership of the Board of Directors from 16 to 11 people (the Articles of Incorporation states “20 people or less”).
 - (ii) To secure an effective “monitor and supervise business execution” function, the Company increased the ratio of independent outside directors to be over half the members of the Board of Directors.
 - (iii) By appointing independent outside directors who are management executives, legal and accounting professionals, or experts in other areas, the composition of the Board of Directors was changed to take the expertise of the directors into account.
 - (iv) An independent outside director was appointed as Chairman of the Board of Directors.
 - (2) Reinforcement of the Board of Directors’ Supervisory Functions
 - (i) The function and headcount of the Audit Committee Office was expanded in order to provide support for independent outside directors. By utilizing independent outside experts (including attorneys-at-law and certified public accountants) and others, the Audit Committee Office reinforced its powers of investigation. This provides the independent outside directors with stronger report collection and investigation abilities and reinforces

- their capabilities.
- (ii) The minutes of performance reporting meetings are submitted to the independent outside directors, allowing them to fully understand the content of the discussions thereat.
 - (iii) The Company established ‘Executive Sessions,’ meetings that only consist of independent outside directors to stimulate their information exchanges and to deepen their understanding of the Company’s business.
 - (iv) In addition to newly adding matters relating to monthly performance to the matters to be reported to the Board of Directors, the Company revised reporting standards to be more specific by establishing monetary amounts with respect to management of risk of loss, compliance and other items that were already included in the matters to be reported.
2. Reinforcement of the Audit Function of the Audit Committee
- (1) Composition of the Audit Committee
 - (i) The composition of the Audit Committee was changed to only include, in principle, independent outside directors.
 - (ii) A full-time member of the Audit Committee was appointed so as to reinforce the functions of report collection and investigation by the Audit Committee.
 - (iii) The Audit Committee became composed of independent outside directors with a high level of expertise and extensive experience in the fields of accounting, law or management.
 - (2) Reinforcement of the Audit Function of the Audit Committee
 - (i) To ensure that the Audit Committee Office is able to collect reports and conduct investigations based on instructions from the Audit Committee, the Company increased the size of the Audit Committee Office’s staff, expanded opportunities to use independent and outside experts, and implemented other measures. The Company also appointed the executive officer in charge as the head of the Audit Committee Office.
 - (ii) In addition to the internal whistleblower system on the business execution side, the Company established an internal reporting function in the Audit Committee Office. The Company also clarified that all members of the Audit Committee have the right to access all reports made to the business execution side using the whistleblower system.
 - (iii) The Audit Committee came to have the right to approve the appointment of, request the dismissal of, and veto the dismissal of the head and employees of the Audit Committee Office, thereby securing the independence of the Audit Committee Office.
 - (iv) The Company eliminated the current Corporate Audit Division, separated the internal audit function of the Corporate Audit Division from the business execution side, and reestablished these functions in an Internal Audit Division under the direct control of the Audit Committee.
 - (v) The Company limits and focuses the work of the Internal Audit Division to audits of accounting, compliance inspections, audits of appropriateness and audits of internal control and thereby clearly separated the execution and supervisory functions. The Company appointed the executive officer in charge as general manager of the Internal Audit Division. The Company intends to newly establish the methodology of accounting audits by actively utilizing outside experts and plans to ensure the effectiveness of internal audits by allowing the outside experts to be continuously involved in internal audits to ensure constant external viewpoints in conducting internal audits in the future.

- (vi) The Company changed to a system in which the head and employees of the Internal Audit Division have a constant understanding of the latest business environment and management issues by regularly attending important meetings on the business execution side.
 - (vii) The Company thoroughly and continually follows up on the improvement status of the matters indicated by internal audits through reporting the same to the Audit Committee.
 - (viii) The Audit Committee came to have the right to approve the appointment of, request the dismissal of, and veto the dismissal of the head of the Internal Audit Division, thereby securing the independence of the Internal Audit Division.
 - (ix) The number of members of the Internal Audit Division was increased to approximately sixty (60) people, which is 1.5 times as compared to that when the Management Audit Department existed. The Internal Audit Division has been reinforcing their functions by actively utilizing external accounting experts.
 - (x) Recognizing the inadequacies in cooperation between the Audit Committee and the accounting auditor, for the purpose of further becoming aware of the necessity of audits of accounting treatment, the Audit Committee not only receives reports on audit result summaries from the accounting auditor as in the past, but also has been setting topics to allow for active discussions between the Audit Committee and the accounting auditor, thereby further enhancing cooperation between the Audit Committee and the accounting auditor. In addition, before closing, the CFO and the General Manager of the Accounting Division sort out the important accounting treatment issues with the accounting auditor, and beginning from a stage prior to closing, report to the Audit Committee on the details of their discussions and the progress at the time of closing.
3. Reinforcing the Nomination Committee and Ensuring the Transparency of Nomination Procedures
- (1) Composition of the Nomination Committee
 - (i) The composition of the Nomination Committee was changed to only include, in principle, independent outside directors.
 - (2) Ensuring the Fairness of Nomination Procedures
 - (i) To ensure the objectivity and fairness of the process for nominating the successor of the President and Chief Executive Officer, it was decided that the Nomination Committee will formulate a Succession Plan.
 - (ii) A reform was made to have the Nomination Committee determine the standards for electing executive officers. The Nomination Committee came to have the authority to conduct periodic interviews with all candidates, and the Company introduced a system for votes of confidence regarding the President and Chief Executive Officer by senior management.
4. Consideration of Compensation Planning
- Compensation for executive officers is divided into fixed compensation and performance-based compensation, and determined at an adequate level to secure highly competent personnel and ensure their compensation package functions as an effective incentive to improve business performance. While a compensation system directly linked to medium- to long-term performance is not currently adopted, the executive officers are members of the Officer Stock Ownership Plan,

whereby the Company aims to share value between shareholders and executive officers and to promote management that bears responsibility for the long-term corporate value. The Company will continue to examine the establishment of appropriate incentives for the management team with the aim of improving business performance.

II. Reinforcing the Internal Control Function

1. Review of Budgetary Control

From the viewpoint of escaping from an over-riding current term profit policy and formulating reasonable medium-term business plans and budgets that are feasible based on actual capabilities, the budget formulation policy has been clarified from a medium-term perspective, and the budget formulation process and performance evaluation for in-house companies were also revised. As for the clarification of the budget formulation policy, a policy of business concentration and selection has been clarified in which concentrated investments are made on businesses with high growth potential, and the review of business for which growth is not anticipated is considered based on quantitative evaluations of business profitability and qualitative evaluations of business growth potential, and budget formulation reflecting this policy has been thoroughly enforced.

In addition, for the budget formulation process, revisions were conducted to shift from a process that focused on sales and increasing profits to a process that considers feasibility from a medium-term perspective focused on cash flows. Furthermore, for performance evaluations for in-house companies, changes were made from the focus on operating profit and the degree of budget attainment to a focus on investment efficiency centered on cash flows. Specifically, evaluation items including budget evaluation items have been reviewed and adjusted to shift to an evaluation system based on investment efficiency (quantitative aspects) and business potential including market growth potential and the company's advantageous position (qualitative aspects) on a business by business basis. At the same time, in order to encourage the autonomous and independent management of in-house companies, in-house companies will conduct decisions on whether to make investments based on their own responsibility through means such as requiring explanations from in-house companies on the appropriateness of the interest-bearing liabilities balance from the perspective of business profitability and investment efficiency.

Along with the revisions above, the CEO Monthly Meetings that discussed the outlook for improvements in short-term profit figures were abolished, and performance reporting meetings were newly established as a forum to have debates aimed at future performance improvements based on results centered on cash flows. In addition, the General Manager of the Internal Audit Division came to attend performance reporting meetings, and the submitted materials and minutes are to be promptly shared with outside directors.

2. Strengthening the Checks and Balances Function Played by the CFO and Finance and Accounting Divisions

(1) CFO

The checks and balances function of the CFO was strengthened by incorporating into the account settlement process the coordination between the CFO and the Audit Committee composed only of independent outside directors. In addition, to ensure the independence of the CFO from top

management, the authority to consent to proposals for CFO appointment and dismissal has been granted to the Nomination Committee.

(2) Reform of the Finance and Accounting Divisions

In order to secure the independence of the accounting departments of the in-house companies from the presidents of the same, the in-house company accounting divisions, which had been under the direct control of the in-house company presidents, were changed to be under the direct control of the Finance and Accounting Divisions as corporate staff. Following that, the Company transferred the right to evaluate the performance of the in-house company Chief Financial Officers (CCFOs) from the presidents of each in-house company to the CFO, so as to secure the independence of the finance and accounting functions. Affirming that financial accounting is something that is stringent in order to support the soundness of securities markets, the financial accounting personnel and managerial accounting personnel in the corporate staff division were separated, the Finance & Accounting Division was abolished, and the Finance & Cash Division and the Accounting Division were newly established so as to reinforce internal control functions over accounting treatment.

3. Reform of the internal reporting system

Together with establishing a direct internal reporting function in the Audit Committee Office in addition to the internal whistleblower system on the business execution side, the Company endeavors to make its whistleblower system more accessible to employees by ensuring that all employees are fully aware that a whistleblower system is available to them and that the anonymity of whistleblowers is strictly ensured. The Company has enacted a reform to immediately share the details of whistleblower reports regarding accounting with the accounting auditor.

4. Business Process Reform

Responding to material weakness found in the current internal control systems in respect of financial reporting, accounting regulations were amended for the revision of accounting treatment standards and revisions were made in business processes for which the existence of weakness was confirmed for four particularly important items (percentage-of-completion method, parts transactions, recording of expenses, and inventory valuation).

(1) Percentage-of-completion Method

For estimates such as total estimated income from contract work and total estimated cost of contract work, the details of regulations related to such estimates were formulated in order to make those estimates reliable, as reliable estimates are also an application condition for the percentage-of-completion method. In reflection of the fact that rules on accounting and business processes were not made well known, accounting compliance education was thoroughly implemented and the check systems on the appropriateness of accounting treatment (the appropriateness of total estimated cost of contract work, etc.) by accounting departments, etc. have also been strengthened. Furthermore, in order to ensure the appropriateness of accounting treatment for projects for which the percentage-of-completion method or the contract-completion method are used, a Project Examination Division has been newly established to conduct reviews before project orders are received and to conduct monitoring on the appropriateness of costs after orders are received.

(2) Buy-Sell Transactions, etc.

As part of structural reforms in the PC Business, horizontal specialization through the outsourcing of development and production to the companies contracted to design and manufacture the Company's brand products (ODMs) has been stopped, and the buy-sell transactions that were an issue have been abolished from the newly-handled portion. In addition, as a measure until abolition, the monitoring of abnormal values in supply quantity and price was introduced by preparing receipt and payment tables and managing physical inventory for the inventory held by ODMs. Furthermore, by conducting regular stocktaking, the book quantity of actual goods is being confirmed.

(3) COs (carry overs)

Rules and processes relating to treating expenses and intra-group transactions were revised in order to appropriately recognize revenues and expenses. Specifically, checks and controls are being strengthened in departments applying for expenses, accounting departments, etc. through means such as management of abnormal values through transitive analysis and confirmation of various provision calculation results based on expense management materials.

(4) Inventory Valuation

For turn out of value (TOV) revision, the rules for revision timing have been clarified to include confirmation that front-end and back-end standard costs in relation to the manufacturing of semiconductors are linked, and it has been also clarified that the cost variance allocation method was implemented by process. In addition, the valuation criteria have been revised for inventory subject to valuation that was not clear, and education on accounting principles and regulations is being thoroughly implemented.

5. Development of J-SOX Compliance

Responding to the fact that J-SOX compliance was not appropriately implemented within in-house companies, the number of members of the J-SOX Promotion Group (Internal Management System Reinforcement Project Team J-SOX Promotion Group) has been increased from four (4) as in the past to 10. The J-SOX Promotion Group is providing support to ensure that J-SOX compliance is being properly implemented at in-house companies. In addition, the Internal Audit Division shall conduct audits on J-SOX-related systems, frameworks, and implementation status. Furthermore, the members of the J-SOX Promotion Group on the corporate staff side endeavor to conduct regular training for in-house company personnel to ensure the expertise of in-house company personnel.

6. Accounting Compliance Committee

With the establishment of the Accounting Compliance Committee, in which the President and Chief Executive Officer serves as Chairman and the Audit Committee and the Internal Audit Division participate as observers, the Company has established a company-wide framework for the timely and appropriate assessment of issues that could lead to inappropriate financial reporting, the early discovery of risks that could threaten internal control, and instructing and considering countermeasures.

III. Improving of Management and Employee Awareness

(1) Improved Awareness and Strengthening of Compliance

The President and Chief Executive Officer sent a message to all employees

expressing a firm commitment to steadily implementing the corporate governance reform discussed by the Management Revitalization Committee and to reviving Toshiba Group. His message also declared a determination for the whole Company to work together in order to regain public trust. The Company also conducted an employee survey in order to gather candid opinions. In addition, the Company held an awareness improvement seminar for officers and top management in October and December 2015 and March 2016, toward improving the awareness of top management. The Company plans to continue these seminars.

(2) Education on accounting compliance

In addition to the awareness improvement seminar for officers and top management, the Company will also hold seminars by rank and function, according to posts held and work areas, to enhance the effectiveness of accounting compliance. The Company plans to continue these seminars.

◎Decisive Action on Business Structural Reform

The Company has pursued structural reform of System LSIs and Discretes in the Semiconductor business segment of the Electronic Devices Department, the PC, Visual Products, and Home Appliances business segments in the Lifestyle Products and Services Department, and the corporate Staff Division, etc.

Through these measures, the Company reduced its headcount in the departments subject to structural reform by approximately 14,000 employees in total in and outside of Japan, including 3,000 employees reassigned within the Toshiba Group.

◎Review the Business Portfolio and Operational Structure

Within the process of developing mid-term plans, starting from FY2016, the Company is discussing and reforming the following items. The Company announced the mid-term plan at the FY2016 Business Plan presentation meeting held on March 18, 2016.

1. Business Portfolio

- (1) For the purposes of solving various social problems through our techniques and products and contributing to the realization of the productive, safe and secure lives of people, the Company will focus on the businesses of Energy, Social Infrastructure and Storage, which are foundations of those goals.
- (2) The Healthcare business was one of the areas of focus expected to produce future growth. However, in order for the Healthcare business to realize its potential to the full and to maximize its value to the full and for the Company to strengthen its balance sheet, the Company decided to sell Toshiba Medical Systems Corporation and has signed the transfer and related agreements with Canon Inc. on March 2016.
- (3) Although the Home Appliances business has a long history and tradition and has been one of the businesses that represent the Company, the Company has pursued structural reform of that business to further improve operational efficiencies, considering alliances with third party companies as a future option. Specifically, after the Media business of Toshiba Lifestyle Products & Services Corporation (“TLSC”), which was the Company’s consolidated subsidiary and engaged in the Home Appliances business, was split off, the Company finally agreed to transfer more than 80% of the shares of TLSC, which will continue to engage in the Home Appliances business, to Midea Group Co., Ltd., a major Chinese home appliances manufacturer in March 2016.
- (4) The Company improved operational efficiencies by splitting off the PC business and merging it with a sales company targeting domestic corporations in April

2016. Specifically, the Company signed an absorption-type company split agreement in February 2016, whereby Toshiba Information Equipments Co., Ltd. (name changed to Toshiba Client Solutions Co., Ltd. as of April 1, 2016) succeeded to the Company's PC business by means of a company split, and the PC business was transferred to that company in April 2016.

- (5) The Company signed an absorption-type company split agreement in February 2016, whereby part of the System LSI business at the Company's Oita Operations was transferred to Iwate Toshiba Electronics Co., Ltd. (name changed to Japan Semiconductor Co., Ltd. as of April 1, 2016) by means of a company split, so that the Company will concentrate management resources in business areas where the Company anticipates market growth and enjoys technological advantages, such as analog integrated circuits and motor control drivers for automotive and other applications, and will secure efficient integration and management of the 200mm and 150mm wafer production lines. The Company decided to withdraw from the CMOS image sensor business and transfer to Sony Corporation the 300mm wafer production line at the Company's Oita Operations in March 2016.

2. Establishment of a Small but Strong Headquarters

The Company will slim down corporate staff functions and concentrate the corporate staff's mission on strategic planning for the future. At the same time, in order to strengthen the independent autonomous management of the in-house companies, functions needed for business operations will be transferred to the in-house companies. Based on this decision, the Company reformed the corporate Staff Division on April 1, 2016. In order to announce the business activities of Toshiba Group in a timely and appropriate manner, and to enhance interactive communications with stakeholders, the Company repositioned the Public Relations & Investor Relations Office as a division directly under the President and Chief Executive Officer, and within that office, established a new Information Disclosure Office specifically in order to make timely and appropriate disclosure to stock markets. In addition, the Company abolished the Finance & Accounting Division and newly established the Finance & Cash Division and the Accounting Division in order to separate the financial accounting functions and the management accounting functions and to strengthen the internal control functions for accounting treatment.

3. Review of In-house Company System

The Company reorganized the seven in-house companies into four in-house companies in order to establish the business structure focusing on three businesses – the Energy business, Social Infrastructure business and Storage business.

- (1) The Company integrated and reorganized the Power Systems Company, the Social Infrastructure Systems Company and the Community Solutions Company into two new companies – the Energy Systems & Solutions Company and the Infrastructure Systems & Solutions Company.
- (2) The Company renamed the Semiconductor & Storage Products Company to the Storage & Electronic Devices Solutions Company.
- (3) As a result of the sale of Toshiba Medical Systems Corporation, the Company's medical equipment subsidiary, the Company abolished the Healthcare Company and newly established the Life Science Division.
- (4) The Company abolished the Personal & Client Solutions Company. The Company repositioned its Ome Complex, which was under that company, as part of the corporate Staff Division.

4. Reforming the Financial Base

Reflecting on the fact that it fell into an overriding current-period profit policy, the Company will continue to further promote business management emphasizing cash flow and give first priority to restructuring for recovery from a weakened financial platform.

(1) Measures to Secure Financial Platform

- (i) The Company will set firm rules on limits to investments and make resource allocations based on the business portfolio and in those business domains that will generate cash.

Under this policy, the Company will focus its FY2016 investments on the Energy and Storage businesses and limit investments in other areas to refurbishment. The Company will also focus on research and development in technologies that generate cash flows and, with a long-term outlook, will advance research and development with an aim to create new growth businesses.

- (ii) The Company will also reinforce management of interest-bearing debt on a consolidated basis by the in-house companies so that the Company will be able to reduce interest-bearing debt.

2. Sales of Assets

The Company has been thoroughly reviewing the assets it holds, such as stocks and real estate, and their necessity and considering selling them off without any restrictions. The Company plans to raise funds in the amount of one trillion yen or more by examining its assets by the end of FY2016, including the already-completed sale of Toshiba Medical Systems Corporation and the sale of shares of KONE Corporation, a Finnish corporation and partner in the elevator business, and Topcon Corporation, an affiliate.

The Company has been implementing the reforms set out above and once again sincerely apologizes for causing the current situation. The management team and the entire Company will continue making their best efforts to recover the trust of all the Company's shareholders.

2. Group Business Results and Asset Conditions for the Four-Year Period

(1) The Group (Consolidated)

Item	174th Period	175th Period	176th Period	177th Period (current period)
	FY2012	FY2013	FY2014	FY2015
Net Sales (Billions of yen)	5,140.5	5,889.8	6,114.7	5,668.7
Net income (loss) (Billions of yen)	13.4	60.2	△37.8	△460.0
Net income (loss) per share (Yen)	3.17	14.23	△8.93	△108.64
Total Assets (Billions of yen)	6,021.6	6,172.5	6,334.8	5,433.3

(Note)

Net income (loss) attributable to shareholders of the Company in accordance with U.S. Generally Accepted Accounting Standards (“U.S.GAAP”), is presented as Net income (loss) in this section.

(2) The Company (Non-consolidated)

Item	174th Period	175th Period	176th Period	177th Period (current period)
	FY2012	FY2013	FY2014	FY2015
Net Sales (Billions of yen)	2,899.0	3,289.0	3,232.4	2,875.3
Net income (loss) (Billions of yen)	△33.4	54.1	△60.0	△330.0
Net income (loss) per share (Yen)	△7.90	12.77	△14.17	△77.94
Total Assets (Billions of Yen)	3,951.4	4,023.1	3,768.5	3,598.0

3. The Company’s Policy on Decisions of Dividends, etc.

While giving full consideration to such factors as the strategic investments necessary to secure medium- to long-term growth, the Company seeks to achieve continuous increases in its actual dividend payments, aiming at a payout ratio in the region of 30 percent, on a consolidated basis.

It is highly regrettable that the Toshiba Group posted a record operating loss and net loss for the fiscal year ended March 31, 2016. In light of this situation, the Company decided not to pay dividends of surplus for the fiscal year under review.

4. Outline of Main Group Companies As of March 31, 2016

Segment	Name of Company	Paid in Capital	Voting Rights Ratio (Percentage)	Main Business	Location
Energy & Infrastructure	Toshiba Plant Systems & Services Corporation	11,876 (Millions of yen)	61.5	Engineering, construction, trial operation, alignment, maintenance and service of power systems and social infrastructure & industrial systems	Yokohama
	Toshiba Nuclear Energy Holdings (US) Inc.	4,000,000 (Thousands of U.S. dollars)	87.0	Holding company of nuclear power business	U.S.
	Toshiba Nuclear Energy Holdings (UK) Ltd.	1,400,000 (Thousands of U.S. dollars)	87.0	Holding company of nuclear power business	U.K.
	Toshiba America Nuclear Energy Corporation	676,000 (Thousands of U.S. dollars)	100.0	Sales, construction and maintenance of nuclear power system	U.S.
	Landis & Gyr Holdings Pty Ltd	295,100 (Thousands of Swiss Franc)	60.0	Holding company of Landis+Gyr AG	Switzerland
Community Solutions	Toshiba TEC Corporation	39,971 (Millions of yen)	52.8	Development, design, manufacture, sales, and maintenance of retail information systems and office equipment	Shinagawa-ku, Tokyo
	Toshiba Elevator and Building Systems Corporation	21,408 (Millions of yen)	80.0	Development, design, manufacture, sales, installation, maintenance, repair and renewal of elevators and escalators, and construction and remote monitoring of building-related facilities, and building management	Kawasaki
Electronic Devices & Components	Toshiba America Electronic Components, Inc.	60,393 (Thousands of U.S. dollars)	100.0	Sales of memory, HDD, SSD, CPU, logic, ASIC, bipolar, discrete, CRT, MDT, magnetron, and other electronic components	U.S.
	Toshiba Information Equipment (Philippines), Inc.	95,481 (Thousands of U.S. dollars)	100.0	Manufacture and sales of HDD and SSD	Philippines
	Toshiba Electronics Components Taiwan Corporation	50,000 (Thousands of Taiwan dollars)	100.0	Sales of memory, HDD, SSD, mixed signal IC, logic LSI, ASIC, discrete, and other electronic components	Taiwan

Segment	Name of Company	Paid in Capital	Voting Rights Ratio (Percentage)	Main Business	Location
Lifestyle Products & Services	Toshiba Lifestyle Products & Services Corporation	13,500 (Millions of yen)	100.0	Development, manufacture, and sales of TVs and home electric appliances	Ome
Others	Toshiba Solutions Corporation	23,500 (Millions of yen)	100.0	Consultation, development, sales, maintenance, operation and management of IT-related solutions	Kawasaki
	Toshiba America, Inc.	1,869,590 (Thousands of U.S. dollars)	100.0	Holding company and operating company in the North America	U.S.
	Taiwan Toshiba International Procurement Corporation	26,000 (Thousands of Taiwan dollars)	100.0	Procurement and export of personal computers and related parts	Taiwan

(Notes)

1. The Company has 550 consolidated subsidiaries (including the companies listed above) in accordance with U.S.GAAP, and 140 affiliated companies accounted for by the equity method. The main affiliated companies accounted for by the equity method are Shibaura Mechatronics Corporation and Toshiba Machine Co., Ltd.
2. As the Company sold the shares of Topcon Corporation (hereafter Topcon) in September 2015, Topcon was removed from the affiliated companies.
3. As the Company decided to sell Toshiba Medical Systems Corporation (hereafter TMSC), and transferred determinately all the shares of TMSC, TMSC was removed from the main group companies.
4. Toshiba Nuclear Energy Holdings (US) Inc. substantially owns all of the equity of Westinghouse Electric Company L.L.C.
5. Voting rights ratio include those which are held indirectly.

5. Shares and Stock Acquisition Rights of the Company As of March 31, 2016

- (1) Total Number of Authorized Shares: 10,000,000,000
(2) Total Number of Issued Shares: 4,237,602,026
(3) Total Number of Shareholders: 437,466
(4) Principal Shareholders

Name of Shareholder	Number of shares (in thousands)	Shareholding ratio (Percentage)
JP MORGAN CHASE BANK 380055	185,468	4.4
The Master Trust Bank of Japan, Ltd. (Trust accounts)	142,837	3.4
Toshiba Employees Shareholding Association	130,075	3.1
Japan Trustee Services Bank, Ltd. (Trust accounts)	116,693	2.8
The Dai-ichi Life Insurance Company, Limited	115,159	2.7
Nippon Life Insurance Company	110,352	2.6
JPMCB:CREDIT SUISSE SECURITIES EUPORE-JPY 1007760	62,422	1.5
Japan Trustee Services Bank, Ltd. (Trust accounts No. 4 9)	59,757	1.4
BNYML - NON TREATY ACCOUNT	57,492	1.4
Japan Trustee Services Bank, Ltd. (Trust accounts No. 4)	56,383	1.3

For the purpose of calculation of shareholding ratio, treasury shares are excluded from total number of issued shares (denominator).

(5) Shareholding Ratio by Category :

Category	Government and local public entities	Financial institutions	Securities companies	Other entities	Overseas entities and others		Individuals and others
					Other than individuals	Individuals	
Ratio	% 0.0	29.0	1.2	3.2	28.3	0.1	38.2

For the purpose of calculation of shareholding ratio, treasury shares are excluded from total number of issued shares (denominator).

(6) Stock Acquisition Rights:

There is no relevant item.

6. Main Lenders of the Group As of March 31, 2016

Lender	Loans Outstanding (Billions of yen)
Mizuho Bank, Ltd	183.4
Sumitomo Mitsui Banking Corporation	176.8
Sumitomo Mitsui Trust Bank, Limited	131.0
The Bank of Tokyo-Mitsubishi UFJ, Limited	111.2

7. Financing of the Group

In September 2015, the Group newly entered into a total of 400 billion yen commitment line agreement with multiple financing banks. The objective of this agreement was to supplement the liquidity of cash reserves by securing access to stable financing. The agreement was intended to provide protection against unexpected contingencies in the future, such as temporary changes in the market environment, in consideration of the fact that shares of the Company were designated as “Securities on Alert” on September 15, 2015. As of March 31, 2016, there was no balance of loan under this agreement.

In FY2015, the Group procured funds by selling shares of Toshiba Medical Systems Corporation for 665.5 billion yen, shares of Finnish company KONE Oyj for 118.8 billion yen, shares of Topcon Corporation for 48.6 billion yen and shares of NREG Toshiba Building Co., Ltd. for 37.0 billion yen.

Funds for capital investment and other activities were appropriated mainly from own funds, etc.

8. Capital expenditure of the Group

(1) Overview

In FY2015, the Group made continued investments for priority businesses comprising Energy and Storage in a highly selective manner, and made other investments upon rigorously selecting individual projects by investment category. Consequently, the total amount of investment including loan stood at 327.1 billion yen, of which capital investment on an ordering basis amounted to 303.2 billion yen, a decrease of 33.4 billion yen from 336.6 billion yen in the previous year.

In Electronic Devices & Components, the Group continued to invest in fabrication equipment for cutting-edge fine processing with the aim of enhancing the competitiveness of its NAND flash memory products. At the same time, in preparation for establishing a new fabrication building in the future, we initiated a process to acquire the block of land bordering Yokkaichi Operations.

The above-mentioned capital investment includes the Group’s portion in investments made by Flash Forward, Ltd. and other affiliates accounted for by the equity method.

(Billions of yen)

Segment	Capital Expenditures (Note 1)	Investment and loan (Note 2)	Total amount
Energy & Infrastructure	49.8	0.4	50.2
Community Solutions	25.0	22.3	47.3
Electronic Devices & Components	202.2	1.0	203.2
Lifestyle Products & Services	2.0	0.0	2.0
Others	24.2	0.2	24.4
Total	303.2	23.9	327.1

(Note)

1. Including intangible fixed assets, on ordering basis
2. On payment basis

(2) Primary Capital Investment

	Segment	Outline
Completed during the term	Electronic Devices & Components	<ul style="list-style-type: none">• Manufacturing building, facilities, interior decorating and power equipment, and manufacturing facilities for NAND flash memory (the Company's Yokkaichi Operations)
Ordered during the term	Electronic Devices & Components	<ul style="list-style-type: none">• Manufacturing facilities for NAND flash memory (the Company's Yokkaichi Operations)

(3) Primary Investment and Loan

Segment	Outline
Community Solutions	<ul style="list-style-type: none">• Acquisition of stake in Toshiba Global Commerce Solutions Holdings Corporation from IBM in the US by Toshiba TEC Corporation

9. Names, Responsibilities, etc. of the Company's Directors / Officers

As of March 31, 2016

Assignment	Name	Responsibility	Status of significant concurrent holding of positions
Director	Masashi Muromachi		
Director	Satoshi Tsunakawa		
Director	Fumiaki Ushio		
Director	Masayoshi Hirata		
Outside Director	Hiroyuki Itami	Member of the Nomination Committee,; Member of the Audit Committee	Professor, Graduate School of Innovation Studies, Tokyo University of Science; Outside Company Auditor, JFE Holdings, Inc.; Outside Company Auditor, Mitsui O.S.K. Lines, Ltd.
Director	Teruko Noda	Member of the Audit Committee,; Member of the Compensation Committee	
Outside Director	Kouichi Ikeda	Member of the Nomination Committee,; Member of the Compensation Committee	Advisor to the Board, Asahi Group Holdings, Ltd.; Outside Director, Komatsu Ltd.; Outside Director, Sumitomo Chemical Company, Ltd.; Chairman, National Federation of Taxpayer's Association; Chairman, Corporate Taxpayer's Association
Outside Director	Yūki Furuta	Chairman of the Compensation Committee,; Member of the Audit Committee	Professor, Kanagawa University Graduate School, School of Law
Outside Director	Yoshimitsu Kobayashi	Chairman of the Nomination Committee,; Member of the Compensation Committee	Director, Chairman, Mitsubishi Chemical Holdings Corporation; Director, Chairman, Mitsubishi Chemical Corporation; Director, Chairman, The KAITEKI Institute, Inc.; Chairman, Japan Association of Corporate Executives; Chairman, Council on Competitiveness-Nippon; Chairman, Japan Chemical Industry Association

Assignment	Name	Responsibility	Status of significant concurrent holding of positions
Outside Director	Ryoji Sato	Chairman of the Audit Committee,; Member of the Nomination Committee	
Outside Director	Shinzo Maeda	Chairman of the Board of Director,; Member of the Nomination Committee,; Member of the Compensation Committee	Senior Advisor, SHISEIDO Co., Ltd; Outside Director, Yuasa Trading Co., Ltd; Chairman of the Board of Directors, SHISEIDO BEAUTY ACAMEDY; Chairman, Tokyo Convention & Visitor Bureau; Vice Chairman, The Tokyo Chamber of Commerce and Industry

(Notes)

1. All of 16 Directors elected for appointment at the 175th fiscal year Ordinary General Meeting of Shareholders held on June 25, 2014 were re-elected for appointment at the 176th fiscal year Ordinary General Meeting of Shareholders held on June 25, 2015. This was for a term of office running until the first Extraordinary General Meeting of Shareholders to be held within one year of the closing of the June 25, 2015 meeting.
2. Ms. Teruko Noda is a non-executive Director.
3. The followings are Directors who left their offices during the fiscal year.

Assignment when leaving their office	Name	Responsibility and Status of significant concurrent holding of positions when leaving their office	Reason	Date
Vice Chairman of the Board and Director	Norio Sasaki		Resignation	July 21, 2015
Director	Hisao Tanaka	Member of the Compensation Committee	Resignation	July 21, 2015
Director	Hidejiro Shimomitsu		Resignation	July 21, 2015
Director	Masahiko Fukakushi		Resignation	July 21, 2015
Director	Kiyoshi Kobayashi		Resignation	July 21, 2015
Director	Toshio Masaki		Resignation	July 21, 2015
Director	Keizo Maeda		Resignation	July 21, 2015
Director	Makoto Kubo	Chairman of the Audit Committee	Resignation	July 21, 2015
Director	Naoto Nishida		Expiry of the term	September 30, 2015

Assignment when leaving their office	Name	Responsibility and Status of significant concurrent holding of positions when leaving their office	Reason	Date
Director	Seiya Shimaoka	Member of the Audit Committee	Expiry of the term	September 30, 2015
Outside Director	Ken Shimanouchi	Chairman of the Compensation Committee; Member of the Audit Committee	Expiry of the term	September 30, 2015
Outside Director	Kiyomi Saito (Name on the Family Register: Kiyomi Takei)	Member of the Audit Committee; Member of the Compensation Committee; President, JBond Totan Securities Co., Ltd; Outside Director, Kajima Corporation; Outside Director, Japan Post Insurance Co., Ltd.; Outside Company Auditor, Showa Denko K.K.	Expiry of the term	September 30, 2015
Outside Director	Sakutaro Tanino	Chairman of the Nomination Committee; Member of the Audit Committee; Adviser, Japan - China Friendship Center; Outside Director, ALCONIX Corporation; Outside Director, Suzuki Motor Corporation	Expiry of the term	September 30, 2015

4. At the Extraordinary General Meeting of Shareholders held on September 30, 2015, Mr. Masashi Muromachi and Mr. Fumiaki Ushio were each re-elected as Directors and Mr. Hiroyuki Itami was re-elected as Outside Director with the following eight persons newly elected for appointment: Mr. Satoshi Tsunakawa as Director; Mr. Masayoshi Hirata as Director; Ms. Teruko Noda as non-executive Director; Mr. Kouichi Ikeda as Outside Director; Mr. Yuki Furuta as Outside Director; Mr. Yoshimitsu Kobayashi as Outside Director; Mr. Ryoji Sato as Outside Director; and Mr. Shinzo Maeda as Outside Director.
5. Mr. Ryoji Sato, head of the Audit Committee, and Ms. Teruko Noda, Audit Commissioner, are Certified Public Accountants, and are equipped with a considerable level of knowledge in finance and accounting. Mr. Hiroyuki Itami, Audit Commissioner, has conducted a wide range of research on corporate business administration as a whole including business strategy, and is equipped with a proper level of knowledge in finance and accounting.
6. The following six Outside Directors are independent directors as defined by the Tokyo Stock Exchange: Mr. Hiroyuki Itami, Mr. Kouichi Ikeda, Mr. Yuki Furuta, Mr. Yoshimitsu Kobayashi, Mr. Ryoji Sato and Mr. Shinzo Maeda.
7. The state of significant concurrent holding of positions by Directors concurrently serving as Executive Officers is described in table (3) for Executive Officers.

8. Until the closing of the Extraordinary General Meeting of Shareholders held on September 30, 2015, Audit Commissioners from among the Company's employees were elected as full-time Audit Commissioners for the purpose of ensuring that internal information is shared smoothly in the Audit Committee. Under the new organizational structure in place after this meeting, no full-time Audit Commissioner was elected since the Company decided to appoint, in principle, all Audit Commissioners as independent Outside Directors in order to bolster the independence of the Audit Committee. Nevertheless, we reinforced the staffing of the Audit Committee Office and put in place the Internal Audit Division as a unit under the direct control of the Audit Committee. In this regard, we took measures to ensure that internal information is separately delivered to the Audit Committee in an appropriate manner by enabling the above-mentioned units to smoothly share information with the committee.
9. Prior to the fiscal year-end audit for FY2015, Mr. Ryoji Sato, independent Outside Director was appointed full-time Audit Commissioner effective April 1, 2016 upon having him become ready to serve the Company on a full-time basis. This was aimed at further bolstering the function to require reports from the executive side of the organization and conduct investigation with instructions flexibly issued to the Audit Committee Office and the Internal Audit Division by the head of the Audit Committee serving at the head office on a full-time basis.

(2) Outside Directors

1) Relationship between the Company and entities at which outside directors hold significant concurrent positions

The Company has an ongoing business relationship with the JFE Group consisting of JFE Holdings, Inc. and its subsidiaries, and with Showa Denko K.K., Kajima Corporation, JAPAN POST INSURANCE Co., Ltd., ALCONIX CORPORATION, SUZUKI MOTOR CORPORATION, the Asahi Group consisting of Asahi Group Holdings, Ltd. and its subsidiaries, Komatsu Ltd., Sumitomo Chemical Company, Limited and the Mitsubishi Chemical Holdings Group consisting of Mitsubishi Chemical Holdings Corporation and its subsidiaries, and Shiseido Company, Limited and YUASA TRADING CO., LTD.

In any of the cases above, there is no materiality that may affect the independence of our Outside Directors.

There is no relationship to be disclosed between the Company and other entities at which Outside Directors hold significant concurrent positions.

2) Main Activities

a. Attendance of board meetings and Audit Committee meetings.

During the FY2015, the Board of Directors met 24 times, the Nomination Committee 14 times, the Audit Committee 46 times and the Compensation Committee 9 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 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.

Name	Responsibility	Activities
Hiroyuki Itami	Member of the Nomination Committee, Member of the Audit Committee	Attended the meeting of the Board of Directors 23 times (96%), that of the Nomination Committee 12 times (86%), and that of the Compensation Committee three times (100%) (until September, 2015). Also, Attended the meeting of the Audit Committee 29 times (94%) on and after July, 2015 when he took his office of the member of the Audit Committee (the chairman of the Audit Committee from July, 2015 to September, 2015). Commented as necessary based on his wealth of experience and knowledge as a specialist of business administration and an administrator of a university.
Ken Shimanouchi	Chairman of the Compensation Committee, Member of the Audit Committee	Until September 30, 2015 when leaving their office due to expiration of the term, attended the meeting of the Board of Directors 14 times (100%), that of the Compensation Committee 3 times (100%), and that of the Audit Committee 25 times (96%). Commented as necessary based on his wealth of experience and knowledge as an ex-diplomat.
Kiyomi Saito	Member of the Audit Committee, Member of the Compensation Committee	Until September 30, 2015 when leaving their office due to expiration of the term, attended the meeting of the Board of Directors 14 times (100%), that of the Audit Committee 26 times (100%), and that of Compensation Committee 3 times (100%). Commented as necessary based on her wealth of experience and knowledge as a management executive.
Sakutaro Tanino	Chairman of the Nomination Committee, Member of the Audit Committee	Until September 30, 2015 when leaving their office due to expiration of the term, attended the meeting of the Board of Directors 14 times (100%), that of Nomination Committee 5 times (100%), and that of the Audit Committee 25 times (96%). Commented as necessary based on his wealth of experience and knowledge as an ex-diplomat.
Teruko Noda	Member of the Audit Committee, Member of the Compensation Committee	After September 2015 when she was elected, attended the meeting of the Board of Directors 10 times (100%), that of Audit Committee 20 times (100%), and that of the Compensation Committee 6 times (100%). Commented as necessary based on his wealth of experience and knowledge as a certified public accountant.
Kouichi Ikeda	Member of the Nomination Committee, Member of the Compensation	After September 2015 when he was elected, attended the meeting of the Board of Directors 10 times (100%), that of Nomination Committee 9 times (100%), and that of the Compensation Committee 5 times (83%). Commented as

Name	Responsibility	Activities
	Committee	necessary based on his wealth of experience and knowledge as a management executive.
Yūki Furuta	Chairman of the Compensation Committee, Member of the Audit Committee	After September 2015 when he was elected, attended the meeting of the Board of Directors 10 times (100%), that of Compensation Committee 6 times (100%), and that of the Audit Committee 20 times (100%). Commented as necessary based on his wealth of experience and knowledge as a legal professional.
Yoshimitsu Kobayashi	Chairman of the Nomination Committee, Member of the Compensation Committee	After September 2015 when he was elected, attended the meeting of the Board of Directors 9 times (90%), that of Nomination Committee 9 times (100%), and that of the Compensation Committee 5 times (83%). Commented as necessary based on his wealth of experience and knowledge as a management executive.
Ryoji Sato	Chairman of the Audit Committee, Member of the Nomination Committee	After September 2015 when he was elected, attended the meeting of the Board of Directors 10 times (100%), that of Audit Committee 20 times (100%), and that of the Nomination Committee 9 times (100%). Commented as necessary based on his wealth of experience and knowledge as a certified public accountant.
Shinzo Maeda	Chairman of the Board of Director, Member of the Nomination Committee, Member of the Compensation Committee	After September 2015 when he was elected, attended the meeting of the Board of Directors 10 times (100%), that of Nomination Committee 9 times (100%), and that of the Compensation Committee 6 times (100%). Commented as necessary based on his wealth of experience and knowledge as a management executive.

(Note)

Although Ms. Teruko Noda is a non-executive Director, she was deemed to be practically an Outside Director due to meeting the requirements for an outside director set forth in the Act on Partial Revision to the Companies Act (law number 90 of 2014) that came into force on May 1, 2015. For this reason, the state of Ms. Noda's activities is disclosed.

b. Actions taken on the Company's facts which are illegal or inappropriate execution

After a revelation that instances of inappropriate accounting treatment involving a significant amount of money had occurred for an extended period of time from FY2008 to FY2014, the Company filed amendments of its past Annual Securities Reports and other reports in September 2015. On account of misstatements contained in these past reports, the Tokyo Stock Exchange and the Nagoya Stock Exchange designated shares of the Company as "Securities on Alert" and informed their intention to demand payment of a penalty for breaching the listing agreement. Moreover, in December the same year the Commissioner of the Financial Services Agency ordered the Company to pay a fine.

Although Mr. Hiroyuki Itami, Outside Director was not aware of the above-mentioned accounting treatment incident until it came to light, he had continued to routinely provide comments to bolster and ensure compliance, at Board of Directors meetings, etc. After this

incident was revealed, Mr. Hiroyuki Itami was appointed Chairman of the Audit Committee on July 22, 2015 (Audit Committee Member from September 2015 onwards) before being appointed Chairman of the Management Revitalization Committee which was set up on July 29. Thus, Mr. Itami performed his duties properly by making proposals on the fundamental policy for reforming the Company's corporate governance with a focus on the function and composition of the Board of Directors and the enhancement of supervision body, as a recurrence prevention measure of any comparable incident. Likewise, Outside Directors Mr. Ken Shimanouchi, Ms. Kiyomi Saito and Mr. Sakutaro Tanino were not aware of the above-mentioned incident until it came to light, they had continued to routinely provide comments to bolster and ensure compliance, at Board of Directors meetings, etc. After this incident was revealed, the above-mentioned three Outside Directors were each appointed members of the Management Revitalization Committee. These Outside Directors performed their duties properly by making proposals on the fundamental policy for reforming the Company's corporate governance with a focus on the function and composition of the Board of Directors and the enhancement of supervision body, as a measure to avoid a recurrence of any comparable incident.

Following the revelation of the above-mentioned incident, Ms. Teruko Noda, non-executive Director and Outside Directors Messrs. Kouichi Ikeda, Yuki Furuta, Yoshimitsu Kobayashi, Ryoji Sato and Shinzo Maeda participated in deliberations at the Management Revitalization Committee as observers or commissioners prior to being each appointed as non-executive Director or Outside Director in September 2015. They made proposals on the fundamental policy for reforming the Company's corporate governance with a focus on the function and composition of the Board of Directors and the enhancement of supervision body, as a recurrence prevention measure. Moreover, following their appointment, these officers monitored the state of the implementation of the recurrence prevention measure, thereby performing their duties appropriately.

3) Limited Liability Contracts

The Company has entered into a liability limitation agreement with each of the following 10 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 pre-determined amount of at least 10 million yen and the minimum liability set forth in Article 425 of the Companies Act: Mr. Hiroyuki Itami, Mr. Ken Shimauchi, Ms. Kiyomi Saito, Mr. Sakutaro Tanino, Ms. Teruko Noda, Mr. Kouichi Ikeda, Mr. Yuki Furuta, Mr. Yoshimitsu Kobayashi, Mr. Ryoji Sato and Mr. Shinzo Maeda.

(3) Executive Officers

Assignment	Name	Responsibility	Status of significant concurrent holding of positions.
Representative Executive Officer President and Chief Executive Officer (*)	Masashi Muromachi		Outside Company Auditor, H ₂ O RETAILING CORPORATION; Chairman, Japan Fine Ceramics Association; Chairman, Association for Electric Home Appliance

Assignment	Name	Responsibility	Status of significant concurrent holding of positions.
Representative Executive Officer Corporate Senior Executive Vice President	Shigenori Shiga	Support of the President; General Executive, Energy & Infrastructure Group; General Executive, Community Solutions Group	President, Toshiba Nuclear Energy Holdings (US) Ltd.; President, Toshiba Nuclear Energy Holdings (UK) Ltd.; Outside Director, Toshiba TEC Corporation
Representative Executive Officer Corporate Senior Executive Vice President	Yasuo Naruke	Support of the President; General Executive, Industrial ICT Solutions Business; General Executive, Electronic Devices & Components Group; General Executive, Quality Promotion Div.	
Representative Executive Officer Corporate Senior Executive Vice President (*)	Satoshi Tsunakawa	Support of the President; General Executive, Healthcare Systems & Services Group; General Executive, Lifestyle Products & Services Group; General Executive, Strategic Planning Div.; President and CEO, Healthcare Company (in-house company)	
Representative Executive Officer Corporate Executive Vice President (*)	Fumiaki Ushio	General Executive, Corporate Communications Div.; General Executive, Human Resources & Administration Div.; General Manager, Management Reform Promotion Div.	Chairman, Japan Overseas Medical Fund
Executive Officer Corporate Executive Vice President	Naoto Nishida	General Executive, Research & Development Div.	
Executive Officer Corporate Executive Vice President	Osamu Maekawa	General Executive, Project Audit Div.; Project Manager, New Energy Solutions Project Team	

Assignment	Name	Responsibility	Status of significant concurrent holding of positions.
Executive Officer Corporate Executive Vice President	Naoki Takenaka	General Executive, Marketing Div.; General Executive, Design Center; General Executive, Branch Offices	
Representative Executive Officer Corporate Senior Vice President (*)	Masayoshi Hirata	General Executive, Finance & Accounting Div.(CFO)	
Executive Officer Corporate Senior Vice President	Masayasu Toyohara	Corporate Representative -China	Chairman, Toshiba China Co., Ltd.
Executive Officer Corporate Senior Vice President	Hironobu Nishikori	President and CEO, Industrial ICT Solutions Company (in-house company)	President, Toshiba Solution Corporation
Executive Officer Corporate Senior Vice President	Shinichiro Akiba	President and CEO, Community Solutions Company (in-house company)	
Executive Officer Corporate Senior Vice President	Takeshi Yokota	President and CEO, Social Infrastructure Systems Company (in-house company)	
Executive Officer Corporate Senior Vice President	Yoshihiro Aburatani	President and CEO, Power Systems Company (in-house company)	
Executive Officer Corporate Senior Vice President	Yukihiko Kazao	Chief Technology Executive, Power Systems Company (in-house company); Chief Quality Executive, Power Systems Company (in-house company); Director, Power and Industrial Systems Research and Development Center	
Executive Officer Corporate Senior Vice President	Seiichi Mori	President and CEO, Semiconductor & Storage Products Company (in-house company)	
Executive Officer Corporate Senior Vice President	Shiro Saito	General Manager, Research & Development Div.	President, Specified Non Profit Corporation Japan Multiplex bio- Analysis Consortium

Assignment	Name	Responsibility	Status of significant concurrent holding of positions.
Executive Officer Corporate Senior Vice President	Fumio Otani	Corporate Representatives-America	Chairman and CEO, Toshiba America, Inc.
Executive Officer Corporate Vice President	Masakazu Kakumu	Executive Vice President, Healthcare Company (in-house company)	
Executive Officer Corporate Vice President	Kiyoshi Okamura	Assistant To President and CEO, Power Systems Company (in-house company)	President & CEO, Toshiba America Energy Systems Corporation
Executive Officer Corporate Vice President	Takemi Adachi	Executive Vice President, Social Infrastructure Systems Company (in-house company)	
Executive Officer Corporate Vice President	Shigeyoshi Shimotsuji	Executive Vice President, Industrial ICT Solutions Company (in-house company)	
Executive Officer Corporate Vice President	Hiroshi Kurihara	Assistant to President and CEO, Social Infrastructure Systems Company (in-house company)	Chairman, Landis+Gyr A.G.; Chairman, Concert, Inc.
Executive Officer Corporate Vice President	Noriaki Hashimoto	Project Manager, Internal Management System Reinforcement Project Team	
Executive Officer Corporate Vice President	Hidehito Murato	Corporate Representatives-EMEA	President and CEO, Toshiba of Europe Ltd.; President, Toshiba Personal Computer & Network (Shanghai) Co., Ltd
Executive Officer Corporate Vice President	Nobuo Hayasaka	Chief Technology Executive, Semiconductor & Storage Products Company (in-house company)	
Executive Officer Corporate Vice President	Koichi Harazono	Vice President, Transmission & Distribution Systems Division, Social Infrastructure Systems Company (in-house company)	
Executive Officer Corporate Vice President	Isahiro Hasegawa	General Executive, Productivity Planning & Manufacturing Engineering Div.; General Executive, Procurement Division	

Assignment	Name	Responsibility	Status of significant concurrent holding of positions.
Executive Officer Corporate Vice President	Naoya Sakurai	General Executive, Legal Affairs Div.; General Executive, Export Control Div.; General Manager, Audit Committee Office	
Executive Officer Corporate Vice President	Ichiro Hirata	General Manager, Marketing Div.	
Executive Officer Corporate Vice President	Hideki Yokomizo	General Manager, Kansai Branch Office	
Executive Officer Corporate Vice President	Hitoshi Ootsuka	General Manager, Internal Audit Div.	

(Notes)

1. An asterisk (*) indicates that the Executive Officer concurrently serves as a Director.
2. All of the 37 Executive Officers elected for appointment at the first Board of Directors meeting convened after the closing of the 175th fiscal year Ordinary General Meeting of Shareholders held on June 25, 2014 were re-elected for reappointment at the first Board of Directors meeting convened after the closing of the 176th fiscal year Ordinary General Meeting of Shareholders held on June 25, 2015.
3. Mr. Masashi Muromachi was elected Representative Executive Officer and Executive Officer. Mr. Fumiaki Ushio was newly elected Representative Executive Officer before assuming the post effective July 22, 2015.
4. Mr. Masayoshi Hirata was newly elected Representative Executive Officer and Executive Officer before assuming the posts effective September 7, 2015.
5. All of the 32 Executive Officers in service as of September 30, 2015 resigned as Executive Officers effective the same date, and 28 of them, excluding Mr. Hiroshi Saito, Mr. Shigenori Tokumitsu, Mr. Hiroshi Igashira and Mr. Shigeru Tasaki, were elected for appointment at the first Board of Directors meeting convened after the closing of the Extraordinary General Meeting of Shareholders held on September 30, 2015.
6. Mr. Naoya Sakurai, Mr. Ichiro Hirata, Mr. Toshio Takiguchi, Mr. Hideki Yokomizo and Mr. Hitoshi Otsuka were newly elected as Executive Officers for appointment at the first Board of Directors meeting convened after the closing of the Extraordinary General Meeting of Shareholders held on September 30, 2015.
7. Mr. Shigenori Shiga, Mr. Yasuo Naruke and Mr. Satoshi Tsunakawa were newly elected Representative Executive Officers before assuming the posts effective September 30, 2015.
8. The followings are Executive Officers who left their offices during the fiscal year.

Assignment when leaving their office	Name	Responsibility and Status of significant concurrent holding of positions when leaving their office	Reason	Date
Representative Executive Officer President and	Hisao Tanaka	Chairman, Home Electric Appliance Fair Trade Conference; Chairman, Association for Electric Home Appliance	Resignation	July 21, 2015

Assignment when leaving their office	Name	Responsibility and Status of significant concurrent holding of positions when leaving their office	Reason	Date
Chief Executive Officer (*)				
Representative Executive Officer Corporate Senior Executive Vice President (*)	Hidejiro Shimomitsu	Support of the President; Responsible for Community Solutions Group; General Executive, Marketing Division; General Executive, Corporate Communications Division; General Executive, Design Center; General Executive, Branch Offices; Outside Director, Toshiba TEC Corporation	Resignation	July 21, 2015
Representative Executive Officer Corporate Senior Executive Vice President (*)	Masahiko Fukakushi	Support of the President; General Executive, Strategic Planning Division; Project Manager, Global Action for Innovative Enterprise Project Team	Resignation	July 21, 2015
Representative Executive Officer Corporate Senior Executive Vice President (*)	Kiyoshi Kobayashi	Support of the President; Responsible for Electronic Devices & Components Group; General Executive, Quality Promotion Division	Resignation	July 21, 2015
Representative Executive Officer Corporate Senior Executive Vice President (*)	Toshio Masaki	Support of the President; Responsible for Energy & Infrastructure Group	Resignation	July 21, 2015
Representative Executive Officer Corporate Executive Vice	Keizo Maeda	General Executive, Finance & Accounting Div.(CFO)	Resignation	July 21, 2015 (Representative Executive Officer) August 31, 2015

Assignment when leaving their office	Name	Responsibility and Status of significant concurrent holding of positions when leaving their office	Reason	Date
President (*)				(Executive Officer)
Executive Officer Corporate Senior Vice President	Masaaki Osumi	Corporate Representative – America; Chairman and CEO, Toshiba America, Inc.	Resignation	July 29, 2015
Executive Officer Corporate Executive Vice President	Hiroshi Saito	General Executive, Risk Management Division; President & CEO, Osaka Small and Medium Business Investment & Consultation Co.,Ltd	Resignation	September 30, 2015
Executive Officer Corporate Senior Vice President	Shigenori Tokumitsu	Responsible for Lifestyle Products & Services Group; Chairman, TOSHIBA EL ARABY VISUAL PRODUCTS COMPANY	Resignation	September 30, 2015
Executive Officer Corporate Vice President	Hiroshi Igashira	General Manager, Corporate Audit Division	Resignation	September 30, 2015
Executive Officer Corporate Vice President	Shigeru Tasaki	General Manager, Kansai Branch Office	Resignation	September 30, 2015
Executive Officer Corporate Vice President	Toshio Takiguchi	President and CEO, Healthcare Company (in-house company); President and Chief Executive Officer, Toshiba Medical Systems Corporation	Resignation	March 16, 2016

9. The following Changes occurred as of April 2016.

Assignment	Name	Responsibility	Status of significant concurrent holding of positions.
Representative Executive Officer Corporate Senior Executive Vice President	Shigenori Shiga	Support of the President; General Executive, Energy Systems & Solutions Company; General Executive, Infrastructure Systems & Solutions Company; President and CEO, Energy Systems & Solutions Company (in-house company)	President, Toshiba Nuclear Energy Holdings (US) Ltd.; President, Toshiba Nuclear Energy Holdings (UK) Ltd.; Outside Director, Toshiba TEC Corporation

Assignment	Name	Responsibility	Status of significant concurrent holding of positions.
Representative Executive Officer Corporate Senior Executive Vice President	Yasuo Naruke	Support of the President; General Executive, Storage & Electronic Devices Solutions Company; General Executive, Materials & Devices Div., ODD Div.; General Executive, Industrial ICT Solutions Company	
Representative Executive Officer Corporate Senior Executive Vice President (*)	Satoshi Tsunakawa	Support of the President; General Executive, Life Science Div.; General Executive, Strategic Planning Div.; General Executive, Public Relations & Investor Relations Div.	
Representative Executive Officer Corporate Executive Vice President (*)	Fumiaki Ushio	General Executive, Human Resources & Administration Div.; General Manager, Management Reform Div.	Chairman, Japan Overseas Medical Fund
Executive Officer Corporate Executive Vice President	Naoto Nishida	General Executive, Technology Div.	
Executive Officer Corporate Executive Vice President	Osamu Maekawa	General Executive, Project Audit Div.	
Executive Officer Corporate Executive Vice President	Naoki Takenaka	General Executive, Marketing Div.; General Executive, Branch Offices	
Representative Executive Officer Corporate Senior Vice President (*)	Masayoshi Hirata	General Executive, Finance & Cash Management Div., Accounting Div. (CFO)	

Assignment	Name	Responsibility	Status of significant concurrent holding of positions.
Executive Officer Corporate Senior Vice President	Shinichiro Akiba	President and CEO, Infrastructure Systems & Solutions Company (in-house company)	
Executive Officer Corporate Senior Vice President (*)v	Takeshi Yokota	Executive Vice President, Energy Systems & Solutions Company (in-house company)	
Executive Officer Corporate Senior Vice President	Yoshihiro Aburatani	Executive Vice President, Energy Systems & Solutions Company (in-house company)	
Executive Officer Corporate Senior Vice President	Yukihiko Kazao	Chief Technology Executive, Energy Systems & Solutions Company (in-house company); Chief Quality Executive, Energy Systems & Solutions Company (in-house company); Director, Power and Industrial Systems Research and Development Center	
Executive Officer Corporate Senior Vice President	Seiichi Mori	President and CEO, Storage & Electronic Devices Solutions Company (in-house company)	
Executive Officer Corporate Senior Vice President	Shiro Saito	General Manager, Technology Div.	Chairman, Specified Non Profit Corporation Japan Multiplex bio- Analysis Consortium
Executive Officer Corporate Vice President	Masakazu Kakumu	Assistant to Senior Vice President-Tsunakawa	
Executive Officer Corporate Vice President	Kiyoshi Okamura	Assistant to President and CEO, Energy Systems & Solutions Company (in-house company)	President & CEO, Toshiba America Energy Systems Corporation
Executive Officer Corporate Vice President	Takemi Adachi	Chief Quality Executive, Infrastructure Systems & Solutions Company (in-house company)	

Assignment	Name	Responsibility	Status of significant concurrent holding of positions.
Executive Officer Corporate Vice President	Hiroshi Kurihara	Assistant to President and CEO, Energy Systems & Solutions Company	Chairman, Landis+Gyr A.G.; Chairman, Concert, Inc.
Executive Officer Corporate Vice President	Nobuo Hayasaka	Chief Technology Executive, Storage & Electronic Devices Solutions Company (in-house company)	
Executive Officer Corporate Vice President	Koichi Harazono	Vice President, Transmission & Distribution Systems Div., Energy Systems & Solutions Company (in-house company)	
Executive Officer Corporate Vice President	Isahiro Hasegawa	General Executive, Productivity Planning & Procurement Div.	
Executive Officer Corporate Vice President	Naoya Sakurai	General Executive, Legal Affairs Div.; General Manager, Audit Committee Office	

(4) State of activities of the Board of Directors and committees

The following outlines the Board of Directors' and committees' principal activities performed mainly during the period after the Extraordinary General Meeting of Shareholders held on September 30, 2015.

1) State of activities of the Board of Directors

Toshiba established 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 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.

To bolster the Board of Directors' supervision function, Toshiba clearly defined matters to be reported at Board of Directors meetings and enhanced the description of such matters. Specifically, we added monthly financial results-related items to the list of matters to be reported to the Board of Directors. In addition, as for items related to loss risk control and compliance, existing matters for reporting, a more concrete reporting standard was introduced, replacing the existing one.

We deliberated on the proposed sale of shares in Toshiba Medical Systems Corporation from the perspective of maximizing its enterprise value and customer value and bolstering Toshiba's financial structure. As a result, Toshiba decided to sign with Canon Inc. an agreement to transfer the former's shareholding in Toshiba Medical Systems Corporation.

Management was provided with detailed explanations by Executive Officers in charge of the following individual business units concerning their structural reform actions before deliberating on their reasonableness and determining them: 1) System LSIs and Discretes in

the Semiconductor business of Electronic Devices Division & Components; 2) Personal Computers, Video and Home Appliances in Lifestyle Products & Services; and 3) Staff Divisions of the entire organization, etc.

Management 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 and the Board of Directors Regulations, etc.

2) State of activities by committees

a. Nomination Committee

To prevent the recurrence of the accounting treatment incidents, the Nomination Committee deliberated on a system to clarify the criteria for the suitability as top management and on a scheme that allows a specific candidate's suitability to be judged properly. The committee revised its director nomination criteria and determined standards for Outside Director's independence. Moreover, in light of these criteria and standards, the committee amended the Nomination Committee Regulations.

As an initiative to bolster the Company's internal control system and reform its corporate culture, the Nomination Committee deliberated on the proposed implementation of a survey of confidence in the President and Chief Executive Officer. In mid- to late January 2016, targeting 115 senior executives, the committee conducted a survey on the behavior and compliance mindedness of the President and Chief Executive Officer as top manager.

The Nomination Committee deliberated on the proposal for the election of President and Chief Executive Officer to be submitted to the first Board of Directors meeting to be held after the closing of the Ordinary General Meeting of Shareholders for the 177th fiscal year.

b. Audit Committee

The Audit Committee monitored the state of duty execution by executive side personnel by attending significant meetings (Board of Directors meeting and corporate management meeting, etc.) and making inquiries to Executive Officers concerning measures to prevent the recurrence of the accounting treatment incidents, thus enhancing restraint on top management. In addition, the Audit Committee made inquiries to the Internal Audit Division, the Internal Management System Reinforcement Project Team and the Management Revitalization Promotion Department at an increased frequency, thereby verifying the state of improvement of the internal control system and the status of progress of corporate culture reform programs.

The Audit Committee proactively demanded and obtained information on the state of the Company's business administration through the Audit Committee Office, whose staffing was reinforced, and the Internal Audit Division, placed under the committee's direct control. Moreover, the Audit Committee deliberated on a proposed plan to install a full-time Audit Commissioner, a move aimed at achieving increased ability to gather information, before passing a resolution by which Mr. Ryoji Sato, Outside Director, Chairman of the Audit Committee shall be elected full-time Audit Commissioner.

In relation to the accounting treatment incidents, the Audit Committee resolved to establish the Executive Liability Investigation Committee for the purpose of examining whether all Directors and Executive Officers in office in any of the period from FY2008 to the third quarter of FY2014 were liable for being negligent in the execution of their duties and whether the Company should file an action against them. Based on the report and recommendation by this investigation committee, Toshiba filed an action for compensatory damages with the Tokyo District Court against five former executives of the Company — Atsutoshi Nishida, Norio Sasaki, Hisao Tanaka, Fumio Muraoka and Makoto Kubo.

A whistleblowing system was established within the Audit Committee, and it received 55 whistleblowing reports after its establishment (including 4 accounting-related reports) before taking action to deal with them. The Audit Committee was briefed on details of all 127 whistleblowing cases reported to the whistleblowing contact point on the Company's executive side on or after September 30, 2015 (including 9 accounting-related cases), following which the committee reviewed the facts of these cases.

The Audit Committee held Toshiba Group Company Auditors information exchange meetings, and exchanged information with Company Auditors of consolidated subsidiaries before providing training to newly appointed Company Auditors of group enterprises, thus striving to improve the governance over, and the quality of, the Group's audits.

The Audit Committee ascertained decisions made according to corporate management decision-making documents, and verified that the Company was run appropriately in conformity to its internal regulations.

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 FY2014.

The committee deliberated on the details of person-by-person compensation to be paid to Directors and Executive Officers who were appointed on September 30, 2015.

The Compensation Committee deliberated on the desirable state of Executive Officer compensation such as the levels, structure and composition of compensation, including on a compensation design which was intended to motivate top management to devise a reasonable and feasible long-term business plan and which was based on medium- to long-term enterprise value.

10. Compensation Policy and the Amount of Compensation

(1) 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 function of their compensation package as an incentive to improve business performance.

i. Director's Compensation

The fixed compensation is paid to Directors who do not concurrently hold office as an Executive Officer based on his/her status as a full-time or part-time Director and his/her duties.

The fixed compensation is paid to Directors who concurrently hold office as an Executive Officer in addition to the Executive Officer's compensation specified in (ii).

ii. Executive Officer's Compensation

Executive Officer's compensation is comprised of the basic compensation based on the Executive Officer's rank (eg. Representative Executive Officer, President and Chief Executive Officer, Representative Executive Officer, Corporate Senior Executive Vice

President) and the service compensation calculated according to his/her duties as an Executive Officer.

40-45% 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.

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.

(2) Amount of Compensation

Item	Number of Directors/Executive Officers	Amount
Directors	Persons 24	Millions of yen 230
(Outside Directors)	(9)	(88)
Executive Officers	40	872

(Notes)

The above-mentioned compensations include: 1) compensations for Directors who retired at the closing of the Extraordinary General Meeting of Shareholders held on September 30, 2015 and Executive Officers who resigned at the closing of the Board of Directors meeting held on the same date with regard to the period from April 2015 to the retirement or resignation date; 2) compensations for Directors and Executive Officers who resigned no later than the Extraordinary General Meeting of Shareholders with regard to the period from April 2015 to the resignation date; and 3) compensations for, among Executive Officers who were appointed Executive Officers at the above-mentioned Board of Directors meeting, Executive Officers who resigned no later than March 31, 2016 with regard to the period from their appointment date to resignation date.

11. The Company's accounting auditor

(1) Name of the Company's accounting auditor

Ernst & Young ShinNihon LLC

(Note)

Of the main Group companies, following companies were audited by accounting auditors other than Ernst & Young ShinNihon LLC: Toshiba Nuclear Energy Holdings (US) Inc., Toshiba Nuclear Energy Holdings (UK) Ltd., Toshiba America Nuclear Energy Corporation, Landis & Gyr Holdings Pty Ltd, Toshiba America Electronic Components, Inc., Toshiba Information Equipment (Philippines), Inc., Toshiba Electronics Components Taiwan Corporation, Toshiba America, Inc., and Taiwan Toshiba International Procurement Corporation.

(2) Amounts of accounting auditor fees for the fiscal year under review

Item	Total (million yen)
Amount of fee required to be paid by the Company	1,885

Total amount of money and other financial benefits required to be paid to accounting auditors by the Company and its consolidated subsidiaries	5,502
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(Notes)

1. The audit contract between the Company and its accounting auditors does not distinguish between an audit fee as defined by the Companies Act and an audit fee as defined by the Financial Instruments and Exchange Act. Therefore, a combined total amount of these two fee categories is presented above.
2. The total amount of money and other financial benefits required to be paid to accounting auditors by the Company and its consolidated subsidiaries includes 2,884 million yen as a fee for an audit service associated with the correction of organization's financial results for past years conforming to the Companies Act and the Financial Instruments and Exchange Act.
3. Following the accounting treatment incidents discussed above, Ernst & Young ShinNihon LLC beefed up its audits of financial statements and internal controls, giving rise to a fairly large number of additional cases of service. Ernst & Young ShinNihon LLC demanded payment of a fee determined by adding the additional number of cases to an ordinary number of cases. Judging the fee charged as appropriate and reasonable, the Audit Committee consented to the fee for the accounting auditor.

(3) Policy of the dismissal or non-reappointment of accounting auditors

- i. The Audit Committee will, if it considers that any accounting auditor comes under any of the items of Article 340, Paragraph 1 of the Companies Act, dismiss such accounting auditor by the agreement of all of its members.
- ii. The Audit Committee will, if it considers that any accounting auditor comes under any of the following items, decide to propose the appointment of a new accounting auditor and the dismissal and non-reappointment of such accounting auditor at the General Meeting of Shareholders:
 - a. If the accounting auditor received an administrative punishment for violation of any law or regulation;
 - b. If the accounting auditor was punished, etc. in accordance with the regulations of the Japanese Institute of Certified Public Accountants;
 - c. If the Company receives from the accounting auditor a notice to the effect that the auditor does not continue the audit engagement with the Company; or
 - d. If the Company intends to make the audit service more proper or more efficient.

(4) Matters related to a business suspension order issued to accounting auditors

i. Order recipient

Ernst & Young ShinNihon LLC (Located in Chiyoda-ku, Tokyo)

ii. Order description

Suspension of business concerning conclusion of new contracts: Three months (from January 1 to March 31, 2016)

Business improvement instruction (improvement of business administration system)

iii. Reason for order

- a. Certified Public Accountants at Ernst & Young ShinNihon LLC (the "Audit Firm") neglected to take due care during the course of auditing financial statements of Toshiba Corporation for the fiscal years ended March 31, 2010, March 31, 2012 and March 31, 2013, and certified financial statements containing serious falsifications to be financial statements not containing such falsifications.

- b. The audit firm's operation was deemed to be highly inadequate. The audit firm was ordered to pay 2,111 million yen as a fine for having issued audit certifications for the falsified financial statements of Toshiba Corporation for the fiscal years ended March 31, 2012 and March 31, 2013.

12. System for Ensuring the Appropriate Performance of the Company's Business (Internal Control System), etc.

(1) Systems to Ensure the Appropriateness of Business Operations of Toshiba Corp. and its Subsidiaries

The Board of Directors resolved systems to ensure the appropriateness of business operations as follows:

- i. System to ensure that Executive Officers' compliance with laws and regulations and the Articles of Incorporation.
 - a. Executive Officers periodically report to the Board of Directors of Toshiba Corp. on their execution of their duties and are required to report on necessary items to the Board of Directors, as necessary.
 - b. The General Manager of the Internal Audit Division periodically reports to the Board of Directors of Toshiba Corp. on internal audit results.
 - c. The Audit Committee of Toshiba Corp. periodically interviews Executive Officers, and the General Manager of the Internal Audit Division periodically reports to the Audit Committee on internal audit results.
 - d. Executive Officers report to the Audit Committee of Toshiba Corp. on any material violation of laws and regulations without delay in accordance with the Rules concerning Reporting to the Audit Committee.
 - e. Toshiba Corp. has established the Toshiba Group Standards of Conduct clarifying values and codes of conduct to be shared by all officers and employees and ensures, through continuous execution of officer education, etc., that Executive Officers of Toshiba Corp. comply with the Toshiba Group Standards of Conduct.
 - f. Toshiba Corp. separates supervision from business execution by placing the Internal Audit Division under the direct control of the Audit Committee and establishes a system in which the Internal Audit Division effectively performs audits of accounting, compliance inspections and audits of other matters.
- ii. System for retention and management of information concerning Executive Officers' execution of their duties.
 - a. In accordance with the Rules concerning the Document Retention Period, Executive Officers of Toshiba Corp. appropriately retain and manage material documentation, such as information materials for the Management Meetings and decision-making documents, and other documents such as account books and records.
 - b. Executive Officers of Toshiba Corp. run a system that allows Directors to access significant information, such as information materials for the Management Meetings, decision-making documents, financial statements and records and business reports.
- iii. Rules and other systems concerning risk of loss management
 - a. In accordance with the Basic Rules concerning Risk-Compliance Management, the Chief Risk-Compliance Management Officer (hereinafter referred to as the "CRO") of Toshiba Corp. formulates and promotes measures concerning crisis and risk management of Toshiba Group in his/her capacity as the chairman of the Risk-Compliance Committee. In formulating and promoting such measures, the CRO appropriately performs risk of loss management for the entire Toshiba Group by confirming and improving the effectiveness of such measures.

- b. Executive Officers of Toshiba Corp. formulate and promote measures necessary for continuously clarifying business risk factors of Toshiba Group and minimizing loss in the event that risk is realized in accordance with Basic Rules of Business Risk Management.
- iv. System to ensure that Executive Officers efficiently execute their duties
 - a. The Board of Directors of Toshiba Corp. determines the basic management policy and approves the mid-term business plan and annual budgets of Toshiba Group prepared by the Executive Officers.
 - b. The Board of Directors of Toshiba Corp. delegates authority and responsibilities to each Executive Officer in an appropriate manner, and Executive Officers clarify the authority and responsibilities of the Executive Officers and employees in accordance with the Rules concerning Responsibilities of Division and the Rules concerning Managerial Duties.
 - c. Executive Officers of Toshiba Corp. set concrete targets and roles for organizations and employees.
 - d. Executive Officers of Toshiba Corp. make decisions on business operations based on appropriate procedures in accordance with the Board of Directors Rules, the Corporate Decision Making Rule, the In-house Company Decision Making Rule and other rules.
 - e. Executive Officers of Toshiba Corp. appropriately evaluate the performance of Toshiba Group by means of the Performance Evaluation Committee.
 - f. Executive Officers of Toshiba Corp. promote strengthening of information security systems and operate the accounting system, the authorization system and other information processing systems in an appropriate manner.
- v. System to ensure that employees' performance of their duties conforms to laws and regulations and the Articles of Incorporation
 - a. The Representative Executive Officer, President and CEO of Toshiba Corp. ensures, through continuous execution of employee education, etc., that employees comply with the Toshiba Group Standards of Conduct clarifying values and codes of conduct to be shared by all officers and employees.
 - b. The CRO of Toshiba Corp. formulates and promotes measures of Toshiba Group concerning compliance with laws and regulations in his/her capacity as the chairman of the Risk-Compliance Committee in accordance with the Basic Rules concerning Risk-Compliance Management.
 - c. Toshiba Corp. establishes a whistle-blower system in which the officers and employees of Toshiba Corp. are able to make a report to the business execution side of Toshiba Corp. if they become aware of an illegal act of Toshiba Corp., and the Executive Officer of Toshiba Corp. in charge endeavors to detect problems early and deal with them in an appropriate manner by making use of the whistle-blower system. The Toshiba Group Standards of Conduct clearly stipulate that the officers and employees who have used this system must not be treated disadvantageously on the grounds that they have done so. In addition, Toshiba Corp. establishes a whistle-blower system in which the Audit Committee of Toshiba Corp. directly receives internal reports and endeavors to collect information on problems early.
- vi. System to ensure the appropriateness of business operations of the corporate group composed of Toshiba Corp. and its subsidiaries
 - a. The subsidiaries adopt and implement the Toshiba Group Standards of Conduct and establish whistle-blower systems according to the legal systems and circumstances of the countries in which they operate.
 - b. Toshiba Corp. establishes a system in which its subsidiaries report to Toshiba Corp. in accordance with the Operational Communication Arrangement, etc. in the event that material issues arise in their business operations.
 - c. Toshiba Corp. formulates appropriate measures for internal control, including that of its subsidiaries, and causes its subsidiaries to promote the measures according to their situations.

- d. The subsidiaries establish audit systems such as auditors in accordance with the Toshiba Group Auditors' Audit Policy.
- e. Toshiba Corp. executes internal audits on the accounting treatment processes and business processes of its subsidiaries.
- f. Toshiba Corp. appropriately and effectively manages the systems and business processes common throughout Toshiba Group and establishes a system in which shared resources are appropriately and effectively allocated.
- g. Under the relevant license agreements, Toshiba Corp. in principle obligates its affiliates that are permitted to use “Toshiba” in part of their company names to adopt the Toshiba Group Standards of Conduct.

(2) Items Necessary for Performance of Duties by the Audit Committee of Toshiba Corp.

The Board of Directors resolved items necessary for the Audit Committee’s performance of its duties as follows:

- i. Directors and employees assigned to assist the Audit Committee in the performance of its duties
 - a. In order to assist the Audit Committee of Toshiba Corp. in the performance of its duties, the Audit Committee Office consisting of around ten staff is established, and the head of the Audit Committee Office is an Executive Officer. No director is assigned to assist the Audit Committee in the performance of its duties.
- ii. Ensuring independence of employees mentioned in the preceding paragraph from Executive Officers and effectiveness of instructions to such employees
 - a. The Audit Committee has the right to approve the appointment, request the dismissal, and veto the dismissal of the head and employees of the Audit Committee Office of Toshiba Corp., and the head of the Audit Committee Office is under the direction of the Audit Committee. The employees of the Audit Committee Office are under the direction of the Audit Committee and the head of the Audit Committee Office.
- iii. System for reporting to the Audit Committee
 - a. Directors, Executive Officers and employees of Toshiba Corp. report to the Audit Committee on each relevant occasion in accordance with the Rules concerning Reporting to the Audit Committee and the Rules concerning Operation of the System of Reporting to the Audit Committee in the event that any material issue arises that may affect operations and financial performance.
 - b. The subsidiaries of Toshiba Corp. periodically report their situations and other matters to the Audit Committee of Toshiba Corp. through the Toshiba Group Auditors Liaison Organization, etc. In addition, Toshiba Corp. establishes the Toshiba Group Auditor Hotline through which the auditors and employees in charge of audit reporting of the subsidiaries are able to make a report to the Audit Committee if they become aware of an illegal act of such subsidiaries.
 - c. Toshiba Corp. establishes the Audit Committee Hotline through which the officers and employees of Toshiba Corp. and officers and employees of its domestic subsidiaries are able to make a report to the Audit Committee of Toshiba Corp. in accordance with the Rules concerning Operation of the System of Reporting to the Audit Committee if they become aware of an illegal act of Toshiba Corp. or such subsidiaries.
 - d. The Representative Executive Officer, President and CEO provides members of the Audit Committee designated by the Audit Committee with opportunities to attend important meetings, including the Management Committee meetings.
- iv. System to ensure that persons reporting to the Audit Committee are not treated disadvantageously on the grounds that they have made such report
 - a. The Rules concerning Reporting to the Audit Committee and the Rules concerning Operation of the System of Reporting to the Audit Committee clearly stipulate that the

officers and employees of Toshiba Group who have made a report to the Audit Committee of Toshiba Corp. must not be treated disadvantageously on the grounds that they have done so.

- v. Policy on procedures for advance payment or redemption of expenses arising from performance of duties of the Audit Committee's members and other settlement of expenses or debts arising from performance of such duties
 - a. If a member of the Audit Committee requests Toshiba Corp. to make advance payment of the expenses, etc. set out in Article 404, Paragraph 4 of the Companies Act in relation to the performance of his or her duties, unless it is determined after examination by the relevant departments that the expenses or debts in relation to such request are not necessary for the performance of duties of such member of the Audit Committee, Toshiba Corp. promptly settles such expenses or debts. Toshiba Corp. annually budgets a certain amount for the payment of expenses and other costs arising from the performance of duties of the Audit Committee's members. If the need arises during the fiscal year, Toshiba Corp. increases the budget after examination by the relevant departments at the request of the Audit Committee's members.
- vi. Other system to ensure that audits by the Audit Committee are conducted effectively
 - a. The Representative Executive Officer, President and CEO periodically exchanges information with the Audit Committee.
 - b. Executive Officers and employees report the execution of their duties to the Audit Committee by means of the periodic interviews conducted by the Audit Committee and circuit interviews.
 - c. The Audit Committee places the Internal Audit Division under its direct control. The Audit Committee presents audit policies and gives audit instructions to the Internal Audit Division. The General Manager of the Internal Audit Division periodically reports the internal audit results to the Audit Committee.
 - d. The Audit Committee has accounting auditors provide explanations and reports concerning the accounting audit plan at the beginning of each fiscal year, the situation of accounting audits during each fiscal year, and the results of the accounting audits at the end of each fiscal year.
 - e. The Executive Officer in charge provides explanations to the Audit Committee concerning the settlement of accounts at the end of each fiscal year as well as each quarterly settlement of accounts prior to the approval by the Board of Directors.
 - f. The General Manager of the Internal Audit Division is an Executive Officer. The Audit Committee has the right to approve the appointment, request the dismissal, and veto the dismissal of the General Manager of the Internal Audit Division. The General Manager of the Internal Audit Division is under the direction of the Audit Committee.
 - g. The members of the Audit Committee have the right to access all internal reports made to the whistle-blower system on the business execution side.

(3) State of Operation of the Systems to Ensure the Appropriateness of Business Operations for itself and its Subsidiaries

i. Revision to significant internal regulations on internal control

In light of the Revised Companies Act and its accounting issues, the Company in FY2015 revised twice the "System for Ensuring the Appropriate Performance of the Company's Business Operations (Internal Control System), etc.". Moreover, the Company amended the Board of Directors Regulations, the Enforcement Standards for the Board of Directors Regulations and the Board of Directors Meeting Operation Guidelines to upgrade matters for reporting concerning "Risk of Loss Management" and "Compliance," among others. In response to supervisor functions being bolstered, we revised the "Risk Compliance Management Basic Regulations" to stipulate details of the whistleblowing system,

establishing the “Whistleblowing System Operation Regulations” in order to clarify the operation.

ii. State of establishment of the Compliance Committee and holding of its meetings

To formulate and promote measures to manage crisis risk for the Group, the Company held a Risk-Compliance Committee meeting twice in FY2015 to determine company-wide priority measures before implementing them for a period of one year. Moreover, we established the Accounting Compliance Committee and held its meeting twice in March 2016 in order to: 1) detect timely any early signs potentially leading to an instance of inappropriate financial reporting; 2) discover early any risks threatening the Company’s internal control; and 3) issue instruction on, and discuss, countermeasures.

iii. State of development of the whistleblowing system

The Company has put in place, as an executive structure, the Risk Consultation Hotline (each whistleblower is to choose from the law office as a contact point or the internal contact point), utilizing its whistleblowing system. Moreover, in October 2015 the Company established, as an auditor structure, the Audit Committee Hotline whose whistleblowing contact point is the Audit Committee Office. To make sure we have the whistleblowing system utilized well, we provided all employees with information on the whistleblowing system by email and through e-learning processes. In addition, we highlighted instances of whistleblowing, seeking to further ensure that the existence of this system was fully known to employees and that the anonymity of whistleblowers was strictly protected. Whistleblowing cases, including those related to accounting treatment, totaled 81 in the first half of FY2015 and 182 in the second half, and they were reported to the Audit Committee and the Board of Directors.

Accounting-related whistleblowing cases were immediately reported to accounting auditors as well without disclosing the whistleblower’s personal information. We investigated all cases of whistleblowing before addressing any case needing to be dealt with.

iv. State of implementation of compliance-related training for Directors and employees

In FY2015, targeting senior managerial personnel, the Company implemented three occasions training on awareness reform, an extensive penetration of compliance awareness, importance of information disclosure and prevention of insider trading. Moreover, we conducted an awareness reform training program for business unit heads based in Japan. Meanwhile, the Company briefed managers of its overseas subsidiaries on the actual state of the accounting treatment incidents, providing accounting compliance training to these managers while providing all accounting personnel inside and outside Japan with corporate culture reform training. In addition to using the e-learning scheme to provide accounting compliance and follow-up training to employees, we arranged for external lecturers to implement an insider trading prevention training program, targeting employees potentially accessing insider information.

v. State of implementation of internal audit

The Internal Audit Division formulated its internal audit policy and plan pursuant to the Audit Committee’s audit policy. The department conducted onsite audits of six group companies and 26 consolidated subsidiaries from December 2015 to March 2016 according to the above-mentioned audit plan. Moreover, the department implemented the written format-based Toshiba Group Audit Program, targeting consolidated subsidiaries. The processes and findings of such onsite audits and written format-based audits were reported to the Audit Committee by the head of the Internal Audit Division at least once a month with the information shared with the executive side.

vi. State of Audit Committee members' activities and assistance for them

Audit Commissioners monitored and reviewed the state of duty execution by Directors and Executive Officers by attending significant meetings, such as Board of Directors meetings and corporate management meetings, and making inquiries to Executive Officers on 15 occasions in total and to the heads of internal control and internal audit business units on 17 occasions. Moreover, Audit Committee members received explanations and reports from accounting auditors on audit plans and the state of implementation of audits and their findings. During the course of audit activities, they actively demanded reporting through the Audit Committee Office whose staffing was increased and the Internal Audit Division that was put under its direct control. In October 2015, the Company established, also as an auditor structure, the Audit Committee Hotline whose whistleblowing contact point is the Audit Committee Office, and received whistleblowing reports totaling 55 including accounting treatment-related ones during the period until March 31, 2016 before taking action to deal with them.

13. Basic Policy on the Control of the Company and Takeover Defense Measure

(1) Contents of our basic policy

We are of the view that, in order for the Toshiba Group to earn an appropriate level of profits to be returned to shareholders and continuously improve its enterprise value and shared benefit of shareholders, the Group must solidify and develop an adequate relationship with stakeholders such as customers, business partners, employees and local communities, etc., not to mention shareholders, and run the organization in ways that pay sufficient attention to the benefit of such stakeholders.

If a party offers to acquire shares in the Group and in order to properly judge the effect the acquisition will potentially have on its enterprise value and shareholders' shared benefit, it is necessary to fully grasp: 1) a synergy effect that will likely be achieved through an organic integration of individual business segments; 2) the actual conditions of the Group; and 3) components of the Group's enterprise value.

In light of the above-mentioned elements, Toshiba's Board of Directors believe that: 1) any such party acquiring, or offering to acquire, a large number of shares in the Company as does not contribute to securing and improving its enterprise value and shareholders' shared benefit is not suitable to be an entity governing the determination of the organization's financial and operational policy; and 2) against such entity's act to acquire a large number of shares in the Company, we must take the necessary and reasonable action, thereby securing enterprise value and shareholders' shared benefit.

Based on the above-mentioned thinking, Toshiba introduced countermeasures against large-scale acquisitions of shares of the Company (so-called "Takeover Defense Measures") in June 2006 before renewing them in June 2009 and June 2012. However, we have decided not to renew these countermeasures after carefully considering the renewal in light of: 1) the changing operating environment; 2) the state of progress of the development of the Financial Instruments and Exchange Act; and 3) the opinions of shareholders.

Even after the termination of the measures, if any party seeks to acquire a large number of shares in the Company, we will i) request the party to provide information necessary and sufficient for shareholders to properly judge whether the proposed acquisition is reasonable or not and ii) publish the opinion of the Toshiba Board of Directors to secure an amount of time and information for shareholders to consider the proposed share acquisition. Thus, the

Company will continue striving to secure and improve its enterprise value and shareholders' shared benefit while taking appropriate action within a scope that is allowed under the Financial Instruments and Exchange Act, the Companies Act and other applicable laws and regulations.

(2) Special initiative that will contribute to achieving the goal of the basic policy

In an effort to regain the confidence of all stakeholders such as shareholders and investors by becoming an organization with a robust corporate structure, the Toshiba Group continues to implement the business measure titled "Toshiba Revitalization Action Plan" consisting of the following programs: 1) "Reinforcement of Internal Management System and Reform of Corporate Culture"; 2) "Execution of Structural Reform"; 3) "Revision to Business Portfolios and Business Operation Framework"; and 4) "Development of Financial Platform."

14. The Group's Employees

As of March 31, 2016

Segment	Number of Employees
Energy & Infrastructure	54,066
Community Solutions	50,768
Electronic Devices & Components	34,158
Lifestyle Products & Services	20,393
Others	24,870
Group-wide (shared)	3,5544
Total	187,809

(Note)

1. The Company has 36,601 employees.

2. The number of employees includes the one of retired employees and others on March 31, 2016.

15. Main Places of Business and Facilities of the Group

As of March 31, 2016

(1) The Company

Segment	Major Distribution	
Company-wide	Offices	Principal Office (Minato-ku, Tokyo, Koto-ku, Tokyo and Kawasaki), Hokkaido Branch Office (Sapporo), Tohoku Branch Office (Sendai), Kanto Branch Office (Minato-ku, Tokyo), Hokuriku Branch Office (Toyama), Chubu Branch Office (Nagoya), Kansai Branch Office (Osaka), Chugoku Branch Office (Hiroshima), Shikoku Branch Office (Takamatsu), Kyushu Branch Office (Fukuoka)
	Laboratories, etc.	Corporate Research & Development Center (Kawasaki), Corporate Manufacturing Engineering Center (Yokohama), Yokohama Complex (Yokohama)
Energy & Infrastructure	Laboratories	Power and Social Systems Research and Development Center (Yokohama), Isogo Nuclear Engineering Center (Yokohama)
	Production Facilities	Kashiwazaki Operations (Kashiwazaki), Fuchu Complex (Fuchu, Tokyo), Fuchu Operations-Power Systems (Fuchu, Tokyo), Fuchu Operations-Social Infrastructure Systems (Fuchu, Tokyo), Komukai Complex (Kawasaki), Hamakawasaki Operations (Kawasaki), Keihin Product Operations (Yokohama), Mie Operations (Asahi-Cho, Mie)
Community Solutions	Production Facilities	Fuchu Operations-Community Solutions (Fuchu, Tokyo)
Electronic Devices & Components	Laboratories	Center For Semiconductor Research & Development (Kawasaki)
	Production Facilities	Fukaya Complex (Fukaya), Yokkaichi Operations (Yokkaichi), Himeji Operations – Semiconductor (Taishi, Hyogo), Oita Operations (Oita)
Lifestyle Products & Services	Production Facilities	Ome Complex (Ome)
Others	Laboratories, etc.	IoT Technology Center (Kawasaki)

(Notes)

In April 2016, the Company carried out the following business facility abolition and reorganization programs

- The head office section located in Koto-ku, Tokyo was shut down.
- Fuchu Operations-Power Systems was reorganized into Fuchu Operations-Energy Systems & Solutions.
- Fuchu Operations-Community Solutions was shut down.
- Oita Operations was shut down.
- Ome Complex was turned into a business facility for the Company's entire business units

(2) The Group Companies

The names and locations of the main companies in the Group are noted in “4. Outline of Main Group Companies”.