(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, 2017 to March 31, 2018

1. Business Environment and Results of the Group

(1) Operation and Results of the Group

During FY2017 (April 2017-March 2018), the US economy was generally solid, with positive growth in consumption, investment and exports. The Eurozone economy saw moderate growth, primarily in Germany, though growth slowed in the UK. The Chinese economy saw recovery, including increased investment in infrastructure and exports. Other Asian markets also saw a modest recovery. There was a modest rise in energy prices.

The Japanese economy continued to see a modest recovery, with an uptick in consumer spending and a moderate rise in capital investment. Export levels continued to show a gradual increase.

In FY2018 (April 2018-March 2019), the overall global economy is expected to see favorable growth, as the US economy is expected to continue to expand on the strength of the recent tax reduction, and the Eurozone economy is expected to see moderate growth. China's economy is expected to see a slight slowdown due to a policy targeting the quality of growth. Forecasts for the Japanese economy indicate moderate growth.

In these circumstances, the Company has implemented various actions in this fiscal year toward mitigating the financial crisis, and to strengthen the base for transforming the Company. Toward enhancing its financial soundness, the Company has entered into a transaction for the Memory business, issued shares through third-party allotments that raised approximately 600.0 billion yen, and settled in full its company guarantee obligations for Westinghouse Electric Company ("Westinghouse") in respect of the extraordinary loss generated by Westinghouse for nuclear-power-plant-project related costs, and also closed the sale of Westinghouse-related claims to third parties. In reevaluating its portfolio, the Company liquidated its holding in Landis+Gyr and deconsolidated it through an IPO, disposed of the Visual Products business, and implemented other measures to improve profitability and increase asset efficiency. The results of the Memory business have been reclassified as a discontinued operation in the Company's consolidated statements of operations from the third quarter of FY2017, in accordance with U.S. generally accepted accounting principles.

Taking into account the aforementioned items, Toshiba Group's net sales decreased by 96.1 billion yen to 3,947.6 billion yen (US$37,241.5 million). Although the Company recorded higher sales in Storage & Electronic Devices Solutions, Energy Systems & Solutions saw lower sales due to the deconsolidation of Landis+Gyr through an IPO, and Infrastructure Systems & Solution saw lower sales.

As a result of minimizing emergency measures, including bonus reductions, the Group recorded consolidated operating income of 64.1 billion yen (US$604.4 million), a decrease of 17.9 billion yen.

Income (loss) from continuing operations, before income taxes and noncontrolling interests, increased by 37.5 billion yen to 82.4 billion yen (US$777.2 million), due to a profit of 66.8 billion yen from the Landis+Gyr IPO.

Income (loss) from discontinued operations, before noncontrolling interests was 696.1 billion yen (US$6,566.7 million), due to the Memory business recording a profit rate of 40%, the surplus from the sale of Westinghouse-related claims to third parties, and the effect of a significant tax reduction, as the Westinghouse-related claims and investments in shares were recognized as a loss.

Net income (loss) attributable to shareholders of the Company increased by 1,769.7 billion yen to 804.0 billion yen (US$7,585.0 million).

The Company recovered from negative shareholders' equity through a share issue by third-party allotments in December 2017 and other measures, for both its consolidated and non-consolidated statements, however, as the distributable amount based on non-consolidated financial statement as of the end of March 2018 stood at -757.8 billion yen, it is not possible to pay a dividend under the terms specified in the Companies Act. Given the situation, Toshiba has decided, with regret, not to pay a full-year dividend for FY2017.
The Company sincerely apologizes to its shareholders once more.

Moving forward, Toshiba will continue to work to close the Memory business transaction as soon as possible. The Company will work toward early finalization of "Toshiba Next Plan", the overall business plan that aims to transform Toshiba and its business in the four areas of Social Infrastructure, Energy, Electronic Devices and Digital Solutions. The Company will consider appropriate allocations of resources in areas such as investment in growth, structural reform, building a solid financial base, securing strong credit ratings, and, after closing the Memory business transaction, returns to shareholders, including share buybacks.

Performance by Segment

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

(Billions of yen)

Segment	Consolidated Net Sales	Change	Consolidated Operating Income	Change
Energy Systems & Solutions	844.7	-130.2	-14.8	+26.9
Infrastructure Systems & Solutions	1,246.8	-15.6	48.0	-10.4
Retail & Printing Solutions	522.8	+15.1	27.0	+10.7
Storage & Electronic Devices Solutions	879.6	+42.5	47.3	-10.3
Industrial ICT Solutions	258.9	+19.3	1.3	-5.8
Others	525.6	-10.0	-48.6	-31.5
Eliminations	-330.8	-17.2	3.9	+2.5
Total	**3,947.6**	**-96.1**	**64.1**	**-17.9**

Business performance and topics by segment are as provided in the following pages.

Energy Systems & Solutions

Main Businesses	As of March 31, 2018
Thermal power generation systems, Hydroelectric power generation systems, Transmission & Distribution systems, Nuclear power generation systems, Solar Photovoltaic systems	

Business Overview

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

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

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

Topics

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

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

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

The need to adjust the balance of power supply and demand (energy aggregation) to achieve a stable supply of power has increased sharply with the liberalization of the power industry and the rise of renewable energy, such as solar generation and wind power where the amount of power generated is affected by the weather. In view of this, in January 2018, Toshiba Energy Systems & Solutions Corporation established a new Energy Aggregation Division, integrating solar power, wind power, and energy supply and demand management. In the future, the Company will use IoT technologies to connect diverse equipment via the internet to detect signs of abnormality early and improve operating efficiency in solar and wind power generation, and to provide a virtual power plant as soon as possible with integrated management of distributed power generation facilities, including solar and wind power, and energy storage facilities, such as batteries, so that they function as a single power plant.

(3) World's most efficient combined-cycle power plant

Nishi-Nagoya Thermal Power Station No. 7-1 of Chubu Electric Power Co., Inc., for which

Toshiba Energy Systems & Solutions Corporation combined gas turbines of General Electric of the U.S. with a steam turbine and generator of Toshiba Energy Systems & Solutions Corporation to achieve optimal overall plant system design, achieved the world's highest efficiency for a combined-cycle power plant of 63.08% (on a lower heating value basis). The power plant employs a combined-cycle system that combines three gas turbines and a heat recovery boiler for one steam turbine. Going forward, the Company will continue making a contribution to stable and safe electricity supply and the realization of a low-carbon society through high efficiency power generating technologies that achieve reductions in fuel consumption and CO_2 emissions.

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

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

(5) Structural reforms, etc.

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

	Details
Sell	• Sale of Landis+Gyr Group shares • Sale of Mangiarotti S.p.A shares • Sale of Toshiba South America Ltda. shares
Acquisition	• Acquisition of Westinghouse Group shares from IHI Corporation • Acquisition of NuGeneration Limited shares from French company ENGIE S.A. • Acquisition of Westinghouse Group shares from Kazakhstan's National Atomic Company Kazatomprom Joint Stock Company

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

Infrastructure Systems & Solutions

Main businesses	As of March 31, 2018
Water supply and sewerage systems, Environmental systems, Broadcasting systems, Road systems, Electrical machineries, Automatic railroad station equipment, Elevators, Light fixtures, Industrial light parts, Commercial air-conditioner, Compressors, Transportation equipment, Instrumentation and control systems, Industrial systems	

Business Overview

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

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

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

Topics

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

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

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

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

(3) Agreement concluded on Ube City Public Sewerage Tamagawa Pumping Station Project

A private-sector enterprise group to which Toshiba Infrastructure Systems & Solutions Corporation belongs concluded an agreement on the Ube City Public Sewerage Tamagawa Pumping Station Project with Ube City in Yamaguchi Prefecture. The city's public sewerage has been in operation for nearly 70 years since the start of the project, and the facilities and drainage channels are aging. The project will do away with two old pumping stations and establish a new pumping station that integrates their functions. Under the project, Ube City will procure the funds, and the private-sector enterprise group that the company is part of will design, build, maintain, and manage the new station in an integrated manner. The company will primarily be responsible for the design, manufacture, installation, and testing of the electrical equipment for the pumping station in addition to operation maintenance and management services. The company will utilize IoT technology in the operation maintenance and management services in areas such as controlling the pump, assigning personnel and maintaining facilities with the aim of streamlining services.

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

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

Retail & Printing Solutions

Main businesses	As of March 31, 2018
POS systems, Multi-function peripherals	

Business Overview

The Retail & Printing Solutions segment saw higher sales of 522.8 billion yen, 15.1 billion yen increase from the previous year, as both businesses recorded stable performances.

The segment as a whole saw an increase in operating income of 27.0 billion yen, 10.7 billion yen increase from the previous year, as both the Retail business and the Printing business saw increases in operating income.

Topics

(1) Digital receipt and electronic tag (radio-frequency identification: RFID) empirical experiments

In recognition of its work to date, TOSHIBA TEC CORPORATION provided the main systems for empirical experiments in two projects commissioned by Japan's Ministry of Economy, Trade and Industry and the New Energy and Industrial Technology Development Organization (NEDO). One project was for the standardization of digital receipt specifications. The standardization of digital receipts will allow accumulation of purchase history for analysis, which is expected to lead to the provision of goods and services by manufacturers and retailers with an accurate understanding of consumer preferences.

The other project was for electronic tags attached to products at convenience stores. Attaching electronic tags to products that enable multiple data to be read at once will promote cash register automation and is expected to resolve the labor shortage which is becoming severe in the retail industry. In addition, the sharing of the data added to electronic tags in the distribution process with manufacturers and retailers is expected to streamline inventory management. Based on the results of these empirical experiments, we will aim for the further promotion of the use of IoT technology in the retail and distribution industries.

(2) Launch of latest multi-function printer featuring erasable and non-erasable printing in one machine

TOSHIBA TEC CORPORATION launched the latest hybrid multi-function printer featuring a regular monochrome printing function that cannot be erased along with the Loops paper reuse system that can erase printing (the printed text color disappears through the action of special components in the toner once a certain temperature is exceeded) to allow the reuse of paper. While the reuse of paper is the feature of Loops, the company has also improved efficiency with the new printer as it can achieve erasable and non-erasable printing with one machine. In addition, with the latest functions apart from erasable printing, the printer has realized simple and comfortable usability.

Storage & Electronic Devices Solutions

Main businesses	As of March 31, 2018
Small-signal devices, Image sensors, Power devices, Logic LSIs, Optoelectronic devices, HDDs, Mixed signal ICs, Semiconductor manufacturing equipment	

Business Overview

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

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

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

Topics

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

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

(2) Technologies aimed at advanced driver assistance and automated driving

The Company and Toshiba Electronic Devices & Storage Corporation have developed automotive measurement circuit technology that achieves the function of long-distance measurement of 200 m, which is the world's longest, and high quality images based on a technology called LiDAR, which uses illumination by laser light to obtain distance information for distant objects as 3D images. Measurements are made by detecting the reflected laser light, and the unique circuit technology enables the detection of even small and distant objects and high-resolution distance measurements can be produced quickly.
In addition, DENSO CORPORATION has adopted Visconti^{TM}4 for its next-generation front-camera-based active safety systems dedicated to automotive applications. Visconti^{TM}4 is an image recognition processor developed by Toshiba Electronic Devices & Storage Corporation that processes camera-generated images and recognizes traffic lanes, vehicles in front, pedestrians and other images. The Visconti^{TM}2 was adopted by DENSO CORPORATION for the same application, and the Visconti^{TM}4 has come to be adopted in recognition of further enhancements in performance. Toshiba Electronic Devices & Storage Corporation and DENSO CORPORATION have been jointly developing deep neural network-intellectual property (DNN-IP) for use in image recognition systems, cooperating in the field of advanced driver assistance and automated driving. Going forward, the Toshiba Group will continue to actively

propose automotive semiconductor products that pursue road traffic safety.

(3) Discrete business

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

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

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

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

Industrial ICT Solutions

	Main businesses	As of March 31, 2018
IT solutions		

Business Overview

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

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

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

Topics

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

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

(2) Establishment of new company aimed at digital transformation

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

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

Others

Main businesses	As of March 31, 2018
Personal computers, Logistics service	

Business overview

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

Topics

(1) Transfer of the Visual Products business

In a challenging business environment, it has been difficult for the Company to invest management resources and strengthen competitiveness in the Visual Products business on its own, and the Company has continued to consider structural reforms that will contribute to the continual development of that business and to strengthening the financial base of the Toshiba Group. As a result, the Company transferred 95% of the shares of TOSHIBA VISUAL SOLUTIONS CORPORATION to Hisense Group, a major Chinese home appliances manufacturer.

(2) Promotion of business selection and concentration

In order to improve the asset efficiency and financial position of the Toshiba Group, the Company transferred shares of SHIBAURA MECHATRONICS CORPORATION, an affiliate company accounted for by the equity method, to SHIBAURA MECHATRONICS CORPORATION, Shin-Etsu Engineering Co., Ltd., and others in December 2017. In addition, to prevent the risk of a future increase of the shortfall in the defined benefit plans of a European subsidiary, the assets and liabilities of the plans were taken over by a U.K. insurance company in March 2018.

Furthermore, as part of business selection and concentration aimed at building a small yet resilient head office structure, in April 2018, the Company transferred the business of Toshiba General Hospital to Midorino-kai, a medical corporation with extensive knowledge, experience and management resources in healthcare as a whole. The Company also concluded an agreement with SECOM CO., LTD., a major security company, to transfer 80.1% of the shares of TOSHIBA SECURITY GUARD CORPORATION, which operates security services, etc.

(3) Launch of high-performance, compact information processing terminal for onsite use

TOSHIBA CLIENT SOLUTIONS CO., LTD. used the notebook PC development technology it has cultivated so far to develop the dynaEdge DE100, a high-performance, compact information processing device measuring approximately 16.5 cm × 8.5 cm × 2.0 cm, and launched sales. As an example of its use, the device can respond quickly to manufacturing process revisions by obtaining a variety of information from manufacturing equipment via wireless communications, etc. and analyzing data with software close to the manufacturing location, as well as reducing the high load on telecommunications infrastructure that accompanies the transmission of a volume of information to external servers. Moreover, onsite workers and skilled technicians in an office can work by sharing camera images from special glasses (sold separately) and sound via wireless communications from the device, so the issue of passing on skills can also be addressed amid an ongoing labor shortage.

(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 120-3 of the Ordinance on Accounting of Companies. Operating income (loss) is derived by deducting the cost of sales and selling, general and administrative expenses, and impairment loss on goodwill from net sales. This result is regularly reviewed to support decision-making in allocations of resources and to assess performance. 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, the Home Appliances business, the Nuclear Power Generation business in Westinghouse Group, and the Memory 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)

The Company's accounting treatment issues include inappropriate accounting issues for which the Company received punishment from the Financial Services Agency in FY2015, a negative net worth resulting from high losses occurring in relation to WEC, which was a Group company of the Company, reassignment of the listed shares of the Company to the Second Section of the exchanges and delayed business results. As a result of these accounting treatment issues, the trust of all of our stakeholders including our shareholders, investors, customers, and employees has been significantly harmed and for this the Toshiba Group sincerely apologizes.

◎ Inappropriate Accounting Issues

In September 2015, the Company received dispositions from the Tokyo Stock Exchange and the Nagoya Stock Exchange (hereinafter referred to as the "two Exchanges") designating the shares of the Company as "Securities on Alert" due to its inappropriate accounting issues 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.

Under the new management team set up in September 2015, through governance reforms, the Company has promoted strengthening of the supervisory function over top management centered on Outside Directors, enhancement of checks and balances by CFO and finance and accounting departments as well as internal controls through the reform of operating process and others, raising of awareness of the management group and employees and improvement of the disclosure system.

Consequently, the two Exchanges cancelled the designation of the Company's shares as "Securities on Alert" in October 2017, considering that reasonable improvements were made to its internal control systems. In order to recover the trust of all its shareholders, the Company will continue to take measures toward improvement and reform.

In relation to the inappropriate accounting issues, a total of 36 lawsuits for damages have been filed against the Company and the sum of amounts in controversy is approximately ¥174 billion. The Company will develop appropriate responses in light of the plaintiffs' claims in the lawsuits.

◎ Losses Relating to the Overseas Nuclear Power Business and the Negative Net Worth

In 2008, WEC received orders for U.S.-based projects (hereinafter the "Projects") to build its new AP1000 nuclear reactors for a subsidiary of Southern Company of the U.S. called Georgia Power Company (hereinafter referred to by the name of its parent as "Southern Company") and a subsidiary of SCANA Corporation of the U.S. called South Carolina Electric & Gas Company (hereinafter referred to by the name of its parent as "SCANA Corporation") under a consortium with CB&I Stone & Webster Inc. (hereinafter "S&W"), a subsidiary of Chicago Bridge & Iron Company (hereinafter "CB&I"). After receipt of the orders, design changes and others were required for additional safety measures mandated in the wake of the terrorist attacks in the U.S. on September 11, 2001 and the Great East Japan Earthquake. This necessitated coordination between the consortium and its clients regarding additional costs and the adjustment of completion dates, but discussions failed to produce agreement, and Southern Company brought a lawsuit, while potential lawsuits by SCANA Corporation and S&W also became a concern. In order to resolve this situation and progress with the Projects, WEC established a structure capable of centralized management for the Projects in their entirety by acquiring S&W and taking over the operations that had been under its jurisdiction. In addition, as a result of an agreement reached with Southern Company and SCANA Corporation on the contract price and adjustment of completion dates, WEC signed an agreement with CB&I to acquire all S&W's shares in October 2015, acquiring the shares in December 2015.

After WEC acquired S&W, however, it obtained detailed estimates and assessed the value of S&W's assets in accordance with U.S. accounting standards. As a result, it found that the estimated costs of building, engineering and construction relating to the Projects far exceeded what it had assumed at the time of the acquisition. WEC also found that no progress had been made in improving the efficiency of the building, engineering and construction work. For these and other reasons WEC had to allow for a cost increase totaling US$6.1 billion (hereinafter the "Cost Increase"). As a result, when WEC included the Projects' losses due to the Cost Increase in goodwill recorded for the Nuclear Energy Systems & Services Division, then combined it with the Nuclear Energy Systems & Services Division's existing balance of goodwill to perform an impairment test, the full value of goodwill recorded for the division was subject to impairment in the third quarter of FY2016.

In March 2017, the Westinghouse Group filed a voluntary petition (hereinafter the "Voluntary Petition") under Chapter 11 of the U.S. Bankruptcy Code, having determined that, in light of the need to maintain future cash flow prospects and business value following the Cost Increase, the best way to revive its business and serve the interests of all stakeholders was to rebuild it under the legal protection under the U.S. Bankruptcy Code. As a result of the filing, the Westinghouse Group was excluded from the Company's scope of consolidation in the full year business results for FY2016.

The Company posted a loss of approximately 1,240 billion yen on a net income (loss) basis in its full year business results for FY2016 as a result of factors including the aforementioned impairment of goodwill and deconsolidation of the Westinghouse Group, along with losses posted in relation to parent company guarantees provided by the Company to power utility companies for the Projects, and the Company's recording of an allowance for doubtful accounts with respect to the Company's claims against the Westinghouse Group.

Primarily as a result of posting these extremely high losses, the Toshiba Group recorded a negative net worth, causing a breach of financial covenants in the Company's loan agreements and leading to a situation in which it will be unable to renew the Company's Special Construction Business License, which is necessary for its business execution, in December 2017, the renewal deadline. Accordingly, it was acknowledged that material uncertainty existed with regard to the assumption that the Company could continue as a going concern and "Notes Relating to Assumptions for the Going Concern" were included in the notes to consolidated financial statements for the previous fiscal year.

Moreover, the Company received notice from the two Exchanges that due to the negative net worth, its shares would be transferred from the First to the Second Section of the exchanges, and also listed as a security in a grace period pertaining to delisting based on the securities listing regulations and other rules of the two Exchanges. As of August 1, 2017, the shares of the Company were reassigned to the Second Section.

◎ Delayed Business Results

The aforementioned voluntary petition necessitated special accounting treatment for the portion of the filing relating to the Westinghouse Group, including careful examination of the value of liabilities relating to the voluntary petition filing and the timing for allocation of such liabilities. Moreover, following completion of account settlement and auditing procedures by the Westinghouse Group, the Company's independent auditor had to perform the final auditing procedures required to complete the Toshiba Group's auditing, such as evaluating the results of auditing by WEC's auditors and completing internal procedures required within the audit corporation itself. In addition, with regard to the allowance for losses on construction contracts relating to the Westinghouse Group, it was necessary to investigate the proper period for recognizing the losses in question to confirm whether the period in which the losses were recognized was appropriate. The account settlement and auditing procedures therefore took a correspondingly long time.

As a result, the Company was unable to submit the Annual Securities Report for the 178th fiscal year by the due date on June 30, 2017. After applying for an extension of the due date, the Company submitted the Annual Securities Report for the 178th fiscal year on August 10, 2017, the extended due date.

With regard to the Annual Securities Report, while losses on certain construction contracts needed to be recorded in the consolidated balance sheets as of March 31, 2016, these losses were not posted properly. The independent auditor expressed a qualified opinion with exceptions, considering that the failure to record these losses in the appropriate fiscal period has a material impact on the consolidated financial statements.

With regard to the internal control report for the Annual Securities Report, the Company judged that its internal controls over financial reporting were effective. However, the Company received a report on internal control audit from the independent auditor stating an adverse opinion on this internal control report because the internal control to review the appropriateness of the period in which the losses were recognized was not operated properly and deficiencies in the internal control were found.

In quarterly review reports for the quarterly report for the first quarter, the quarterly report for the second quarter and the quarterly report for the third quarter in the 179th fiscal year, a qualified conclusion with the exception of only figures in the corresponding period of the last year, which is the comparative period, was expressed.

In connection with these losses, the Company's Audit Committee, together with WEC, commissioned independent third parties including attorneys to perform investigations. On April 11, 2017 and August 10, 2017, the Audit Committee reported to the Company's Board of Members, as the outcome of the investigations, that (1) it was difficult for the Company and WEC to recognize the losses, or to judge that the Company and WEC could recognize the losses, with accuracy sufficient to reflect the losses in financial statements in or before December 2016, and that (2) internal controls of the Company and WEC over financial reporting were considered to have functioned effectively.

◎ Elimination of the Negative Net Worth by Means of Capital Increase through Third-party Allotment, Transfer of WEC-related Assets and Others

The Company took action to reverse its negative net worth and strengthen its financial standing by means of capital increase through third-party allotment, transfer of WEC-related assets and others as follows.

With regard to performance of parent company guarantees provided by the Company to Southern Company and SCANA Corporation in the Projects, the Company reached an agreement with Southern Company to set the maximum amount of liabilities at $3,680 million and pay the amount in installments for a period up to January 2021, and with SCANA Corporation to set the maximum amount of liabilities at $2,168 million and pay the amount in installments for a period up to September 2022. As a result, the maximum amount of liabilities for parent company guarantees to be borne by the Company was determined.

The Company's Board of Directors resolved to raise funds of approximately ¥600 billion by issuing new shares through third-party allotment in November 2017, and the payment in full was completed in December 2017. Due to this fundraising, the Company made early full repayment of the maximum amount of liabilities for its parent company guarantees in relation to the Projects in December 2017 and January 2018 and obtained the subrogated right (reimbursement right) against WEC. In January 2018, the Company entered into an assignment and purchase agreement with Nucleaus Acquisition LLC regarding this subrogated right and other claims held by the Company in association with Westinghouse Group, and a share purchase agreement with Brookfield WEC Holdings LLC regarding shares in holding companies for Westinghouse Group (two companies, namely Toshiba Nuclear Energy Holdings (US) Inc. and Toshiba Nuclear Energy Holdings (UK) Limited). The transfer of the claims was completed in January 2018. With regard to the transfer of the shares, the transfer of shares in Toshiba Nuclear Energy Holdings (US) Inc. was completed in April 2018, while the Company aims to complete the remaining transfer of shares in Toshiba Nuclear Energy Holdings (UK) Limited early. In the wake of approval gained for the rehabilitation plan of Westinghouse Group from the U.S. Bankruptcy Court in March 2018 and others, approximately ¥200 billion was recorded as tax loss for the current fiscal year with regard to the shares in the two companies based on related laws and regulations.

In addition to the above increase in capital by approximately ¥600 billion through the issuance of new shares, the completion of the transfer of claims including the subrogated right and the recognition of tax loss relating to shares in the holding companies for Westinghouse Group in conjunction with the approval for rehabilitation plan of Westinghouse Group and others resulted in a reduction in effects on the tax amount due to company split of the memory business into Toshiba Memory Corporation, leading to achievement of additional improvement in capital adequacy by approximately ¥440 billion. Furthermore, the Company improved the capital adequacy by a total of approximately ¥1,210 billion, together with the above issuance of new shares and the reduction of effects on the tax amount, by recording approximately ¥170 billion after deduction of taxes as gain on sale due to the transfer of the subrogated right and other claims. This led to elimination of the Company's negative net worth in the consolidated balance sheets for the fiscal year ended March 31, 2018.

In October 2017, the Company reached agreement with WEC and Westinghouse Electric UK Holdings Limited (hereinafter "WECUK") regarding the transfer of 70%

of shares in Mangiarotti S.p.A owned by the Company to WECUK or its subsidiary, and the acquisition of 52% of shares in Nuclear Fuel Industries, Ltd. (hereinafter “NFI”) owned by WECUK by Toshiba Energy Systems & Solutions Corporation (hereinafter “ESS”). The transfer of shares in Mangiarotti S.p.A was completed in November 2017 and Mangiarotti S.p.A was deconsolidated from the Company. Moreover, with regard to NFI, Sumitomo Electric Industries, Ltd. and Furukawa Electric Co., Ltd. entered into a share transfer agreement in March 2018 that ESS would acquire 48% of the shares in NFI equally owned by Sumitomo Electric Industries, Ltd. and Furukawa Electric Co., Ltd. When the share transfer is fully completed, NFI will become a wholly owned subsidiary of the Company.

Almost all investment relationships between the Company and each Westinghouse Group company will be dissolved upon completion of the transfer of shares in the holding companies for Westinghouse Group and the transaction of shares in NFI as described above, and the remaining one is only the relationship with Advance Uranium Asset Management Ltd., a trading firm dealing in uranium in which 60% of shares are owned by the Company. The Company will also continue discussions with WEC on positioning of this firm.

◎ Memory business

In order to achieve further growth of the memory business through development of an agile and speedy management decision-making structure and strengthening means of fundraising and smoothly promote introduction of third-party capital in that business, the memory business of the Company was split off and taken over by Toshiba Memory Corporation (hereinafter “TMC”) in April 2017. While the Company carried forward procedures for sale of shares in TMC through bidding process among multiple candidate companies to secure repayment of borrowing and improve the financial standing, SanDisk LLC (a subsidiary of Western Digital Corporation that acquired SandDisk LLC), the alliance partner for the memory business, filed for arbitration and a lawsuit, claiming that the transfer of equity interests in a joint venture between the Company and SanDisk LLC (hereinafter the “Joint Venture”) to TMC and others violated the joint venture agreement.

In September 2017, the Company entered into a share transfer agreement with K.K. Pangea, a special purpose acquisition company formed and controlled by a consortium led by Bain Capital Private Equity, LP, to transfer all shares in TMC to the said company (hereinafter the “Transfer Agreement”), and the agreement was approved at the company’s extraordinary shareholder’s meeting in October 2017. In December 2017, the Toshiba Group agreed with Western Digital Corporation to settle the pending arbitration and lawsuit and further strengthen the collaboration associated with the flash memory business. The pending arbitration and lawsuit were dropped altogether.

For implementation of the Transfer Agreement, preconditions including obtaining necessary approval of competition authorities have been imposed. Although the Company aimed to complete the transfer by the end of March 2018, approval of some competition authorities could not be obtained by the end of March 2018 and hence the transfer of shares in TMC to K.K. Pangea was not completed during the current fiscal year.

Equity interests in the Joint Venture were taken over by TMC from the Company upon the company split of the memory business. However, the equity interests were then transferred to the Company, and again to TMC after the settlement was reached with Western Digital Corporation.

◎ Elimination of Material Uncertainty Regarding the Going Concern Assumption

As stated above, there were material events and conditions that raised the substantial doubt about the Company's ability to continue as a going concern. However, as a result of the increased probability that the transfer of shares in TMC will be realized, realization of the transfer of WEC-related assets and completion of capital increase through third-party allotment, elimination of concerns about the financial standing due to cash flow conditions and the negative net worth progressed. For the business that requires a Special Construction Business License, the Company implemented measures such as absorption-type company split which the licensed companies take over the business. Consequently, concerns about negative impact of failure to renew the Special Construction Business License on the business were eliminated. For these reasons, material events and conditions that raised the substantial doubt about the Company's ability to continue as a going concern were eliminated.

The Company's management policies in these circumstances are detailed below.

I. Swiftly Recover and Strengthen the Financial Base
The Company continues to take action to strengthen its financial standing in order to restore sound management.

With regard to the memory business, although the transfer of shares in TMC to K.K. Pangea was not completed during the current fiscal year as mentioned above, the Company continues to aim to sell the shares in TMC early. Going forward, the Company will continue to review the significance of its asset holdings without exceptions and sell off such assets.

II. Strengthen the Toshiba Group's Organizational Management
The Company has separated its four in-house companies off into independent companies. After separation, each operating company will strengthen collaboration amongst the Toshiba Group as it focuses on maximizing its own business value. Meanwhile, the Company's corporate functions will be focused on maximizing corporate value and strengthening the governance of the Toshiba Group as a whole.

1. Operating companies
   After separation, each operating company will focus on maximizing its business value, including developing and expanding new businesses, as an autonomous business entity. Each company will strengthen its governance by establishing an internal control structure according to its own business characteristics and external circumstances, and by directly receiving outside auditing. The companies will also enhance governance further by making their affiliate companies directly owned subsidiaries in order to make business responsibilities clearer compared to the in-house company system. Each operating company will directly fulfill accountabilities to the market and customers.

2. Corporate functions

With regard to governance of the Toshiba Group as a whole, Toshiba Corporation, as the entity responsible for corporate functions, will collaborate with the operating companies to continue ensuring rigorous management of subsidiaries and affiliates. Toshiba Corporation's policy will be to focus on maximizing corporate value and strengthening the governance of the Toshiba Group as a whole. To this end, it will undertake strategic planning for the Toshiba Group, including flexible modification of the business portfolio, as well as appropriate resource allocation, and enhancement of risk management.

III. Focus Business Domains

The Toshiba Group will continue to perform its role in sustaining modern life and society with a primary focus on the four business domains of social infrastructure, energy, electronic devices, and digital solutions. Drawing on the reliable technological capabilities it has cultivated to date, the Toshiba Group will create a wealth of new value and contribute to a sustainable society.

1. Social infrastructure business domain

   The Toshiba Group regards its public infrastructure businesses such as water treatment, power transmission and distribution, disaster prevention, roads, broadcasting, air traffic control, and postal services as sources of stable profitability. The Toshiba Group is using the profits from these businesses to invest as necessary in businesses it regards as growth businesses, such as rechargeable batteries, elevators, air-conditioning, railway systems, and logistics systems. Furthermore, the Toshiba Group has designated China and India as growing regions, and is strategically expanding its businesses there. By continuously providing services that enhance customer value, the Toshiba Group is developing and expanding its "Spiral Lifecycle Business," which enables its products and systems to be used repeatedly and more widely for long periods of time.

2. Energy business domain

   The Toshiba Group is targeting stable profitability in service and retrofitting, etc. for power generation facilities using natural energy, including hydraulic power, geothermal heat and sunlight, as well as existing thermal power plants and power transmission and distribution facilities to respond to changes in the market for decarbonization and decalcification across the globe. With regard to nuclear power within Japan, the Toshiba Group is continuing to fulfill its social responsibilities, focusing on restarting operation of idled nuclear power plants, undertaking maintenance, and decommissioning. Meanwhile, in the promising growth business of next-generation hydrogen-based energy, the Toshiba Group is continuing to pursue steady technological development to sow the seeds for future growth, including development of its H2One™ hydrogen-based autonomous energy supply systems, and working to expedite associated market launches.

3. Electronic devices business domain

   The Toshiba Group is seeking to ensure stable profitability, leveraging its advantages in the industrial and in-vehicle market centering on products such as discrete semiconductors and system LSIs. In order to expand the business in the automotive-related market, which is expected to grow in the future, the Toshiba Group established the Automotive Solutions Strategic Planning Division in October 2017 and is strengthening marketing and product planning functions in the medium to long term. For HDDs, the Toshiba Group makes efforts to increase its share and ensure stable profitability by launching 14-terabyte HDD and other high-capacity models for datacenters for which the market continues to expand, ahead of other companies. The Toshiba Group is bringing the world's first and top-performance product lines one after another into the world and promoting development of new markets and business expansion.

4. Digital solutions business domain
In addition to ensuring stable profitability, particularly in system integration for government and manufacturing infrastructure, the Toshiba Group is also actively developing and expanding digital service solutions (service solutions that employ digital technologies) as a growth business. These solutions employ IoT and AI based on Toshiba's culture of *monozukuri* (making things) as well as its voice and image recognition technologies. The Toshiba Group will establish a structure that can handle development, manufacturing, and sales for ICT solutions centrally using technologies such as IoT and AI. This will enable the Toshiba Group to further expand its solutions businesses targeting manufacturing, industrial, and social infrastructure; distribution and finance; and government and local authorities. The Toshiba Group aims to be a business innovator that can respond promptly to the digital transformation of markets (whereby information and communications technologies are employed to generate new value through promotion of digitalization) and create and deliver service value using its SPINEX™ IoT architecture. At the same time, the Toshiba Group will make use of ICT technologies to contribute to maximizing its corporate value. To promote these efforts, the Toshiba Group appointed a Chief Digital Officer (CDO) to spearhead a company-wide strategy of growth through digital transformation and established the Digital Transformation Strategy Acceleration Division as a corporate promotion division effective April 1, 2018. In addition, Toshiba Digital & Consulting Corporation, which provides consistent services from consulting to creation of value in the new digital business, was established effective April 2, 2018.

IV. Maximizing corporate value

Nobuaki Kurumatani took office as Representative Executive Officer and Chairman and CEO effective April 1, 2018, and the Toshiba Group will aim to maximize its corporate value under the new management team. While devising and implement various short-term measures, the Toshiba Group will develop a transformation plan for each business and announce a business plan for the next five years as “Toshiba Next Plan” within 2018. As a short-term measure, Toshiba will strengthen core earning power by concentrating on measures to “build strong management infrastructure”, “improve operations” and “further structural reform”. To build strong management infrastructure, the Company will determine and visualize KPI for individual businesses that can be shared on both the management and operation sides. The Company will also expand confirmation procedures for handling daily expenses, and continue to enhance accounting compliance confirmation processes, so as to broaden internal audit functions. To improve operations, the Company will cut the cost of sales ratio with a thoroughgoing reform of value chains, extending from procurement and engineering to manufacturing and sales. It will also reinforce project evaluation and monitoring functions by refining the process to confirm the profitability of new orders and oversee their execution, in addition to the current checks in the accounting process. For further structural reform, the Company will strengthen its constitution and build a muscular organization by focusing on restructuring in areas that include the energy business domain, indirect staff, and the number of group companies. Details of actions to be taken will be disclosed as decided.

In the development of a transformation plan by business, Toshiba will create a mid-term strategy for each business based on targets set by benchmarking the world's leading companies. In achieving those targets, each business will focus on free cash flow and return on invested capital, which better indicate the power to generate cash than net sales figures.
Building on each business's mid-term strategy, Toshiba intends to use digital solutions to promote the transformation of its businesses to a profitable "recurring business" model. Defining the ideal image of each business over the next five years, and then combining their strengths with Toshiba's digital technologies for AI (artificial intelligence) and IoT (all "things" are connected to the Internet), will drive forward a shift enabling the businesses to deliver more services and solutions that maximize Toshiba's value to customers. Through this approach, Toshiba aims to transition to a recurring business model that realizes consistently profitable results.
From a viewpoint of maximizing corporate value, Toshiba will consider comprehensive resource allocation, including shareholder returns, in addition to funds necessary for investment for growth and transformation, financial health and rating in line with the development of "Toshiba Next Plan."

The Company has been implementing the reforms set out above and once again sincerely apologizes for harming the trust of all of its stakeholders including shareholders and investors significantly. The management team and the entire Company will continue making their best efforts to recover the trust of all the Company's stakeholders.

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

(1) The Group (Consolidated)

Item	176th Period	177th Period	178th Period	179th Period (current period)
	FY2014	FY2015	FY2016	FY2017
Net Sales (Billions of yen)	4,851.1	4,346.5	4,043.7	3,947.6
Net income (loss) (Billions of yen)	△37.8	△460.0	△965.7	804.0
Net income (loss) per share (Yen)	△8.93	△108.64	△228.08	162.89
Total Assets (Billions of yen)	6,334.8	5,433.3	4,269.5	4,458.2

(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	176th Period	177th Period	178th Period	179th Period (current period)
	FY2014	FY2015	FY2016	FY2017
Net Sales (Billions of yen)	3,232.4	2,875.3	2,615.4	526.1

Net income (loss) (Billions of yen)	△60.0	△330.0	△1,092.0	177.6
Net income (loss) per share (Yen)	△14.17	△77.94	△257.92	35.98
Total Assets (Billions of Yen)	3,768.5	3,598.0	2,803.6	1,733.7

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

Toshiba, while giving full consideration to such factors as the strategic investments necessary to secure medium- to long-term growth, seeks to achieve continuous increases in its actual dividend payments, in line with a payout ratio in the region of 30%, on a consolidated basis.

The Company recovered from negative shareholders' equity through a share issue by third-party allotments in December 2017 and other measures, for both its consolidated and non-consolidated statements, however, as the distributable amount based on non-consolidated financial statement as of the end of March 2018 stood at -757.8 billion yen, it is not possible to pay a dividend under the terms specified in the Companies Act.

Given the situation, Toshiba has decided, with regret, not to pay a full-year dividend for FY2017.

Moving forward, Toshiba will continue to work to close the Memory business transaction as soon as possible. The Company will work toward early finalization of "Toshiba Next Plan", the overall business plan that aims to transform Toshiba and its business in the four areas of Social Infrastructure, Energy, Electronic Devices and Digital Solutions. The Company will consider appropriate allocations of resources in areas such as investment in growth, structural reform, building a solid financial base, securing strong credit ratings, and, after closing the Memory business transaction, returns to shareholders, including share buybacks.

4. Outline of Main Group Companies

As of March 31, 2018

Segment	Name of Company	Paid in Capital	Voting Rights Ratio (Percentage)	Main Business	Location
Energy Systems & Solutions	Toshiba Energy Systems & Solutions Corporation	10,000 (Millions of yen)	100.0	Development, manufacturing, sale, and service of products and systems relating to the energy business	Kawasaki
	Toshiba Plant Systems & Services Corporation	11,876 (Millions of yen)	51.5	Engineering, construction, trial operation, alignment, maintenance, and service of power systems and social infrastructure & industrial systems	Yokohama
Infrastructure Systems & Solutions	Toshiba Infrastructure Systems & Solutions Corporation	10,000 (Millions of yen)	100.0	Development, manufacturing, sale, and service of products and systems relating to the social infrastructure business	Kawasaki
Retail & Printing Solutions	Toshiba TEC Corporation	39,970 (Millions of yen)	52.8	Development, design, manufacturing, sale, and maintenance of retail information systems and office equipment	Shinagawa-ku, Tokyo
Storage & Electronic Devices Solutions	Toshiba Electronic Devices & Storage Corporation	10,000 (Millions of yen)	100.0	Development, manufacturing, sale, and related businesses of discrete semiconductors, system LSIs, HDDs, and related products	Minato-ku, Tokyo
Industrial ICT Solutions	Toshiba Digital Solutions Corporation	23,500 (Millions of yen)	100.0	Consultation, development, sale, maintenance, and operation and management of IT-related solutions	Kawasaki
Others	Toshiba America, Inc.	1,884 (U.S. dollars)	100.0	Holding company and operating company in the North America	U.S.
	Toshiba(China) Co.,Ltd.	30,000 (Thousands of U.S. dollars)	100.0	Operating company in the China	China

Segment	Name of Company	Paid in Capital	Voting Rights Ratio (Percentage)	Main Business	Location
	Toshiba of Europe Limited	13,522 (Thousands of pounds sterling)	100.0	Operating company in the Europe, Middle East and Africa	U.K.
	Toshiba Asia Pacific Pte. Ltd.	6,784 (Thousands of Singapore dollars)	100.0	Operating company in the Asia-Pacific	Singapore
	Toshiba Client Solutions Co., Ltd.	2,200 (Millions of yen)	100.0	Development, manufacturing, sale, and support service of PCs and systems solutions	Koto-ku, Tokyo
-	Toshiba Memory Corporation	10,000 (Millions of yen)	100.0	Manufacturing and sale of semiconductors and SSDs	Minato-ku, Tokyo

(Notes)

1. The Company has 389 consolidated subsidiaries (including the companies listed above) in accordance with U.S.GAAP, and 96 affiliated companies accounted for by the equity method.
2. In April 2017, the Company established Toshiba Energy Systems & Solutions Corporation, and in October 2017 transferred the business of the Energy Systems & Solutions Company (excluding the business of the Landis+Gyr Division and the Power and Industrial Systems Research and Development Center) and the business of the Nuclear Energy Systems & Solutions Division (excluding the business of the WEC Division) to said company through an absorption-type company split.
3. In July 2017, the Company sold all of its shares of Landis+Gyr Group AG (a change of trade name from Landis & Gyr Holdings Pty Ltd). As a result of the sale, said company was removed from the main consolidated subsidiaries.
4. In July 2017, the Company transferred the business of its Infrastructure Systems & Solutions Company to Toshiba Electric Service Corporation through an absorption-type company split. Said company changed its trade name to Toshiba Infrastructure Systems & Solutions Corporation.
5. In July 2017, Toshiba Elevator and Building Systems Corporation became a subsidiary of Toshiba Infrastructure Systems & Solutions Corporation, which was launched in the same month.
6. In April 2017, the Company established Toshiba Electronic Devices & Storage Corporation, and in July 2017, transferred the business of the Company’s Storage & Electronic Devices Solutions Company to said company through an absorption-type company split.
7. In July 2017, the Company transferred the business of its Industrial ICT Solutions Company to Toshiba Solutions Corporation (excluding the business of the Information Systems Division, the business of the Software & AI Technology Center Planning & Administration Department, and the corporate research development functions of the business of the Software & AI Technology Center) through an absorption-type company split, and said company changed its trade name to Toshiba Digital Solutions Corporation.
8. As the Company sold 95.0 % of the issued shares of Toshiba Visual Solutions Corporation in February 2018, said company was removed from the main consolidated subsidiaries.

9. In April 2017, the Company's memory business (including the SSD Business but excluding the Image Sensor Business) was transferred to Toshiba Memory Corporation through an absorption-type company split.
10. As the Toshiba Group sold 22.3 % of the issued shares of Shibaura Mechatronics Corporation in December 2017, said company was removed from the main affiliated companies accounted for by the equity method.
11. Voting rights ratio include those which are held indirectly.
12. The Company's Specified Wholly Owned Subsidiary (as specified in Article 118, Item 4 of the Ordinance for Enforcement of the Companies Act) at the end of the current fiscal year is as follows.

The name of the Specified Wholly Owned Subsidiary	Toshiba Memory Corporation
The address of the Specified Wholly Owned Subsidiary	1-1, Shibaura 1-chome, Minato-ku, Tokyo
The book value of the shares of the Specified Wholly Owned Subsidiary with respect to the Company and its wholly owned subsidiaries	479.1 billion yen
The total asset value of the Company	1,733.7 billion yen

5. Shares and Stock Acquisition Rights of the Company

As of March 31, 2018

(1) Total Number of Authorized Shares: 10,000,000,000
(2) Total Number of Issued Shares: 6,520,707,026
(Note) As a result of the share issue by third party allotments in December 2017, the total number of issued shares has increased by 2,283,105,000.
(3) Total Number of Shareholders: 300,871
(4) Principal Shareholders

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

1. For the purpose of calculation of shareholding ratio in the above table of principal shareholders, treasury shares are excluded from total number of issued shares (denominator).
2. The change report on large-volume holdings offered for public inspection on December 7, 2017 notes that Effissimo Capital Management Pte Ltd. held 737,185,000 shares as of December 5, 2017 (ratio of stock certificates, etc. held: 11.3%). However, as the Company

was unable to confirm the beneficial ownership or number of shares held at the end of the fiscal year, the number is not reflected in the above table of principal shareholders.

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

(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	9.2	1.1	1.5	72.2	0.0	16.0

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 Toshiba Group

As of March 31, 2018

Lender	Loans Outstanding (Billions of yen)
Mizuho Bank, Ltd.	82.2
Sumitomo Mitsui Banking Corporation	82.1
Sumitomo Mitsui Trust Bank, Limited	60.1
The Bank of Tokyo-Mitsubishi UFJ, Ltd. (*)	36.3

(*)This bank changed its name to MUFG Bank, Ltd., as of April 1, 2018.

7. Financing of the Toshiba Group

In FY2017, the financing environment for the Company remained severe from the previous fiscal year.
Amid this environment, the Company secured funding through means including sales of shares of Landis+Gyr Group AG (about 160 billion yen), procurement through third-party allocation of shares (about 600 billion yen), sale of subrogated rights (right of indemnification) with respect to Westinghouse Group, etc. (about 240 billion yen), and sale of Toshiba General Hospital (about 27 billion yen) (net of transaction costs for all above transactions). In addition, in April 2017, the Company pledged its listed stock and real estate as collateral for a portion of secured borrowings, etc., and in June, pledged its shares of Toshiba Memory Corporation as collateral in connection with commitment line contracts.
Unused commitment line at the end of March 2018 was 400 billion yen.

8. Capital expenditure of the Toshiba Group

(1) Overview

In FY2017, the Company carried out investments in focus business domains under a policy of concentration, based on its business portfolio. Capital investment (on an order basis, including intangible assets; the same applies hereafter) was 85.5 billion yen. Investments and loans (on a payment basis; the same applies hereafter) totaled 96.5 billion yen.

In Infrastructure Systems & Solutions, the Company made investments to meet expanded production of SCiB™ rechargeable batteries, which excel in safety and quick charging. In Storage & Electronic Devices Solutions, the Company made investments to increase production capacity to meet expanded demand for power devices.

Upper limits for investment in FY2017 were set and managed in accordance with investment cash flow set in advance. Note that the Toshiba Memory Corporation portion is not included in the table below, and is recorded in (4).

(Billions of yen)

Segment	Capital Expenditures	Investment and loan
Energy Systems & Solutions	10.7	94.0
Infrastructure Systems & Solutions	32.1	1.9
Retail & Printing Solutions	8.3	0.4
Storage & Electronic Devices Solutions	20.5	0.1
Industrial ICT Solutions	2.3	0.1
Others	11.6	0.0
Total	85.5	96.5

(2) Primary Capital Investment

	Segment	Outline
Completed during the term	Infrastructure Systems & Solutions	• Rechargeable battery manufacturing equipment (Toshiba Infrastructure Systems & Solutions Corporation)
Ordered during the term	Infrastructure Systems & Solutions	• Rechargeable battery manufacturing equipment (Toshiba Infrastructure Systems & Solutions Corporation)
	Storage & Electronic Devices Solutions	• Power device manufacturing equipment (Kaga Toshiba Electronics Corporation)

(3) Primary Investment and Loan

Segment	Outline
Energy Systems & Solutions	• Acquisition of Westinghouse Group stock from IHI Corporation • Acquisition of stock of NuGeneration Limited from the ENGIE S.A. Group (France) • Acquisition of Westinghouse Group stock from National Atomic Company Kazatomprom Joint Stock Company (Kazakhstan)

(4) Toshiba Memory Corporation Portion

The Company constructed a new fabrication facility within the Yokkaichi Plant to enhance competitiveness in NAND flash memory, and made continuous investments to expand production of 3D NAND flash memory. Capital investments totaled 576.8 billion yen, and investments and loans totaled 0.4 billion yen. This investment includes investments in Toshiba Memory Corporation by Flash Forward, Ltd., and other affiliates accounted for by the equity method.

	Overview of Primary Facilities
Completed during the term	• Manufacturing building, facilities, interior decorating and power equipment and manufacturing facilities for NAND flash memory (Toshiba Memory Corporation)
Ordered during the term	• Manufacturing building, facilities, interior decorating and power equipment and manufacturing facilities for NAND flash memory (Toshiba Memory Corporation)

9. Names, Responsibilities, etc. of the Company's Directors / Officers   As of March 31, 2018

Assignment	Name	Responsibility	Status of significant concurrent holding of positions
Director	Satoshi Tsunakawa		
Director	Shinichiro Akiba		
Director	Masayoshi Hirata		
Director	Naoya Sakurai		
Outside Director	Teruko Noda	Member of the Audit Committee; Member of the Compensation Committee	
Outside Director	Kouichi Ikeda	Chairman of the Nomination Committee; Member of the Compensation Committee	Advisor to the Board, Asahi Group Holdings, Ltd.; Outside Director, Sumitomo Chemical Company, Ltd.
Outside Director	Yūki Furuta	Chairman of the Compensation Committee; Member of the Audit Committee	
Outside Director	Yoshimitsu Kobayashi	Chairman of the Board of Directors; Member of the Nomination Committee; Member of the Compensation Committee	Director, Chairman, Mitsubishi Chemical Holdings Corporation; Director, Chairman, The KAITEKI Institute, Inc.; Chairman, Japan Association of Corporate Executives; Chairman, Council on Competitiveness-Nippon

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 Company Auditor, NIPPON LIFE INSURANCE COMPANY
Outside Director	Shinzo Maeda	Member of the Nomination Committee; Member of the Compensation Committee	Senior Advisor, SHISEIDO Co., Ltd; Outside Director, Yuasa Trading Co., Ltd; Chairman, Tokyo Convention & Visitor Bureau; Vice Chairman, The Tokyo Chamber of Commerce and Industry

(Notes)

1. Among the ten (10) Directors who had been elected at the Ordinary General Meeting of Shareholders for the 177th fiscal period held on June 22, 2016 and assumed office, nine (9) Directors, Ms. Teruko Noda and Messrs. Satoshi Tsunakawa, Yasuo Naruke, Masayoshi Hirata, Kouichi Ikeda, Yūki Furuta, Yoshimitsu Kobayashi, Ryoji Sato, and Shinzo Maeda, were reelected at the Ordinary General Meeting of Shareholders for the 178th fiscal period held on June 28, 2017 and assumed office. Their term of office was to run until the Extraordinary General Meeting of Shareholders to be held within one year from the closing of the June 28, 2017 meeting to report the financial statements of the 178th fiscal period.
2. Eight (8) Directors, Ms. Teruko Noda and Messrs. Satoshi Tsunakawa, Masayoshi Hirata, Kouichi Ikeda, Yūki Furuta, Yoshimitsu Kobayashi, Ryoji Sato, and Shinzo Maeda, were reelected and two (2) Directors, Messrs. Shinichiro Akiba and Naoya Sakurai were newly elected at the Extraordinary General Meeting of Shareholders held on October 24, 2017 and they assumed office.
3. Mr. Yasuo Naruke retired from his office due to expiry of the term of office at the closing of the Extraordinary General Meeting of Shareholders held on October 24, 2017.
4. Mr. Ryoji Sato, Chairman of the Audit Committee, and Ms. Teruko Noda, Member of the Audit Committee, are Certified Public Accountants, and are equipped with a considerable level of knowledge in finance and accounting.
5. In order to further reinforce reporting and collection of information from the management side, and to fulfill audit activities by the Audit Committee, the Company has appointed Mr. Ryoji Sato as the full-time member of the Audit Committee.
6. The following six Outside Directors are independent directors as defined by the Tokyo Stock Exchange: Ms. Teruko Noda and Messrs. Kouichi Ikeda, Yūki Furuta, Yoshimitsu Kobayashi, Ryoji Sato, and 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.

(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 Asahi Group consisting of Asahi Group Holdings, Ltd. and its subsidiaries, the Mitsubishi Chemical Holdings Group consisting of Mitsubishi Chemical Holdings Corporation and its subsidiaries, Nippon Life

Insurance Company, Shiseido Company, Limited, and Yuasa Trading Co., Ltd. Asahi Group Holdings, Ltd. and Nippon Life Insurance Company own shares of the Company and the Company is a member of the Nippon Life Insurance Company.
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
During the FY2016, the Board of Directors met 37 times, the Nomination Committee 7 times, the Audit Committee 17 times and the Compensation Committee 5 times, and the Outside Directors commented as necessary at those meetings. The Outside Directors received explanations about the matters to be resolved at the board meetings from Executive Sessions and the staff in charge, etc. in advance. They also made an effort to communicate and share information with the Executive Officers.

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

Name	Responsibility	Activities
Teruko Noda	Member of the Audit Committee; Member of the Compensation Committee	Attended the meeting of the Board of Directors 37 times (100%), that of Audit Committee 17 times (100%), and that of the Compensation Committee 5 times (100%). Commented as necessary based on his wealth of experience and knowledge as a certified public accountant.
Kouichi Ikeda	Chairman of the Nomination Committee; Member of the Compensation Committee	Attended the meeting of the Board of Directors 34 times (92%), that of Nomination Committee 7 times (100%), and that of the Compensation Committee 4 times (80%). Commented as 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	Attended the meeting of the Board of Directors 37 times (100%), that of Compensation Committee 5 times (100%), and that of the Audit Committee 17 times (100%). Commented as necessary based on his wealth of experience and knowledge as a legal professional.
Yoshimitsu Kobayashi	Chairman of the Board of Directors; Member of the Nomination Committee; Member of the Compensation Committee	Attended the meeting of the Board of Directors 37 times (100 %), that of Nomination Committee (served as Chairman until the closing of the Extraordinary General Meeting of Shareholders held on October 24, 2017) 7 times (100%), and that of the Compensation Committee 5 times (100%). Commented as necessary based on his wealth of experience and knowledge as a management executive.
Ryoji Sato	Chairman of the Audit Committee;	Attended the meeting of the Board of Directors 37 times (100%), that of Audit Committee 17 times

Name	Responsibility	Activities
	Member of the Nomination Committee	(100%), and that of the Nomination Committee 7 times (100%). Commented as necessary based on his wealth of experience and knowledge as a certified public accountant.
Shinzo Maeda	Member of the Nomination Committee; Member of the Compensation Committee	Attended the meeting of the Board of Directors (served as Chairman until the closing of the Extraordinary General Meeting of Shareholders held on October 24, 2017) 37 times (100 %), that of Nomination Committee 7 times (100 %), and that of the Compensation Committee 5 times (100%). Commented as necessary based on his wealth of experience and knowledge as a management executive.

3) Limited Liability Contracts
The Company has entered into a liability limitation agreement with each of the following 6 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: 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 (*)	Satoshi Tsunakawa		
Representative Executive Officer Corporate Senior Executive Vice President	Yasuo Naruke	Responsible for Memory Business	Representative Director and President and CEO, Toshiba Memory Corporation
Representative Executive Officer Corporate Senior Executive Vice President (*)	Shinichiro Akiba	Responsible for Infrastructure Systems & Solutions Business	Representative Director and President and CEO, Toshiba Infrastructure Systems & Solutions Corporation; Director, Toshiba TEC Corporation
Representative Executive Officer Corporate Executive Vice President (*)	Masayoshi Hirata	General Executive, Project Monitoring & Oversight Div.; General Executive, Finance & Cash Management Div., Accounting Div. (CFO)	

Assignment	Name	Responsibility	Status of significant concurrent holding of positions
Executive Officer Corporate Executive Vice President	Hironobu Nishikori	Responsible for Digital Solutions Business	Director and President and CEO, Toshiba Digital Solutions Corporation
Executive Officer Corporate Executive Vice President	Yoshihiro Aburatani	Responsible for Energy Systems & Solutions Business	Representative Director and President and CEO, Toshiba Energy Systems & Solutions Corporation
Executive Officer Corporate Senior Vice President	Masayasu Toyohara	General Executive, Strategic Planning Div.; General Executive, Human Resources and Administration Div.; General Executive, Procurement Div.	
Executive Officer Corporate Senior Vice President	Shiro Saito	General Executive, Technology & Productivity Planning Div.; General Executive, Research & Development Div.; Responsible for Materials and Devices Business	President, Specified Non Profit Corporation Japan Multiplex bio- Analysis Consortium
Executive Officer Corporate Senior Vice President (*)	Naoya Sakurai	General Executive, Internal Audit Div.; General Manager, Audit Committee Office; General Executive, Legal Affairs Div.	
Executive Officer Corporate Senior Vice President	Hiroshi Fukuchi	Responsible for Electronic Devices & Storage Business	Representative Director and President and CEO, Toshiba Electronic Devices & Storage Corporation
Executive Officer Corporate Vice President	Ichiro Hirata	General Executive, Marketing Div.; General Executive, Branch Offices	
Executive Officer Corporate Vice President	Mamoru Hatazawa	General Executive, WEC Div.	
Executive Officer Corporate Vice President	Naoto Hasegawa	General Executive, Public Relations & Investor Relations Div.; General Executive, Management Reform Promotion Div.; General Executive, Internal Control Promotion Div.	

(Notes)

1. An asterisk (*) indicates that the Executive Officer concurrently serves as a Director.
2. Following five (5) Executive Officers retired from their respective offices due to expiry of the term of office at the closing of the first meeting of the Board of Directors held after the Ordinary General Meeting of Shareholders for the 178th fiscal period:
   Executive Officer, Corporate Senior Vice President: Mr. Yukihiko Kazao
   Executive Officer, Corporate Vice President: Ms. Takemi Adachi, Messers. Hiroshi Kurihara and Nobuo Hayasaka
   Executive Officer: Mr. Shigenori Shiga
3. Mr. Hiroshi Fukuchi was newly elected as Executive Officer at the first meeting of the Board of Directors held after the Ordinary General Meeting of Shareholders for the 178th fiscal period and assumed office.
4. Mr. Yoshihiro Aburatani resigned Executive Officer on March 31, 2018.
5. In addition to those stated in notes 2 and 4 above, the following Executive Officers retired from their respective offices during this fiscal year.

Assignment when retired	Name	Responsibility and status of significant concurrent holding of positions when retired	Reason for retirement	Date of retirement
Executive Officer Corporate Senior Vice President	Seiichi Mori	Executive Vice President, Storage & Electronic Devices Solutions Company (in-house company)	Resignation	June 30, 2017
Executive Officer Corporate Vice President	Shigeyoshi Shimotsuji	Executive Vice President, Industrial ICT Solutions Company (in-house company)	Resignation	June 30, 2017
Executive Officer Corporate Vice President	Kazunori Matsubara	Executive Vice President, Infrastructure Systems & Solutions Company (in-house company); Representative Director and President and CEO, Toshiba Elevator and Building Systems Corporation	Resignation	June 30, 2017
Executive Officer Corporate Vice President	Isao Aoki	Executive Vice President, Infrastructure Systems & Solutions Company (in-house company)	Resignation	June 30, 2017
Executive Officer Corporate Vice President	Kiyoshi Okamura	Assistant to President and CEO, Energy Systems & Solutions Company (in-house company); President & CEO, Toshiba America Nuclear Energy Corporation	Resignation	September 30, 2017
Executive Officer Corporate Vice President	Koichi Harazono	Vice President, Transmission & Distribution Systems Div., Energy Systems & Solutions Company (in-house company)	Resignation	September 30, 2017

Assignment when retired	Name	Responsibility and status of significant concurrent holding of positions when retired	Reason for retirement	Date of retirement
Representative Executive Officer Corporate Executive Vice President	Fumiaki Ushio	General Executive, Human Resources & Administration Div.; General Manager, Management Reform	Resignation	October 31, 2017
Executive Officer Corporate Executive Vice President	Naoto Nishida	General Executive, Technology Div.; General Executive, Research & Development Div.; Responsible for Materials & Devices Business	Resignation	October 31, 2017
Executive Officer Corporate Executive Vice President	Osamu Maekawa	General Executive, Project Audit Div.	Resignation	October 31, 2017
Executive Officer Corporate Executive Vice President	Naoki Takenaka	General Executive, Marketing Div.; General Executive, Branch Offices	Resignation	October 31, 2017
Executive Officer Corporate Senior Vice President	Takeshi Yokota	Corporate Representatives-EMEA	Resignation	October 31, 2017
Executive Officer Corporate Senior Vice President	Isahiro Hasegawa	General Executive, Productivity Planning & Procurement Div.	Resignation	October 31, 2017
Executive Officer Corporate Vice President	Hideki Yokomizo	General Manager, Kansai Branch Office	Resignation	October 31, 2017
Executive Officer Corporate Vice President	Hitoshi Ootsuka	General Manager, Internal Audit Div.	Resignation	October 31, 2017
Executive Officer Corporate Senior Vice President	Fumio Otani	Corporate Representatives-America; Chairman and CEO, Toshiba America, Inc.	Resignation	December 31, 2017
Executive Officer Corporate Senior Vice President	Noriaki Hashimoto	Project Manager, Internal Management System Reinforcement Project Team	Resignation	December 31, 2017

6. Mr. Nobuaki Kurumatani was newly elected as Executive Officer and Representative Executive Officer at the meeting of the Board of Directors held on February 14, 2018, and assumed office on April 1, 2018.
7. The following changes occurred in April 2018.

Assignment	Name	Responsibility	Status of significant concurrent holding of positions
Representative Executive Officer Chairman and Chief Executive Officer	Nobuaki Kurumatani	CEO	Outside Director (audit and supervisory committee member); Outside Director, Money Forward, Inc.
Representative Executive Officer President and Chief Operating Officer (*)	Satoshi Tsunakawa	COO	
Executive Officer Corporate Senior Vice President	Masayasu Toyohara	General Executive, Strategic Planning Div.; General Executive, Digital Transformation Strategy Acceleration Div.; General Executive, Human Resources and Administration Div.; General Executive, Procurement Div.	
Executive Officer Corporate Senior Vice President	Mamoru Hatazawa	Responsible for Energy Systems Business; General Executive, WEC Div.;	Representative Director and President and CEO, Toshiba Energy Systems & Solutions Corporation
Executive Officer Corporate Vice President	Ichiro Hirata	General Executive, Information Systems Div.; General Executive, Marketing Div.; General Executive, Branch Offices; Project Manager, Brand Project Team	
Executive Officer Corporate Vice President	Naoto Hasegawa	General Executive, Internal Control Promotion Div.; General Executive, Public Relations & Investor Relations Div.	

8. The following change occurred in May 2018.

Assignment	Name	Responsibility	Status of significant concurrent holding of positions
Representative Executive Officer Corporate Senior Executive Officer (*)	Shinichiro Akiba	Responsible for Infrastructure Systems & Solutions Business; General Executive, Procurement Div.	Representative Director, President and CEO, Toshiba Infrastructure Systems & Solutions Corporation; Director, Toshiba TEC Corporation
Representative Executive Officer President and Chief Operating Officer	Masayasu Toyohara	General Executive, Strategic Planning Div.; General Executive, Digital Transformation Strategy Acceleration Div.; General Executive, Human Resources and Administration Div.	

(4) State of activities of the Board of Directors and committees
The following outlines the Board of Directors' and committees' principal activities held in FY 2017.
1) State of activities of the Board of Directors
Toshiba held the "Directors Council" (so-called "Executive Session") composed solely of independent Outside Directors in order for them to share information and problem awareness among themselves, better understand the Company's operations for Outside Directors and deliberate on the Toshiba Group's key business challenges. At each Directors Council meeting, held prior to a Board of Directors meeting, an advance briefing on proposals to the Board of Directors was provided before the members exchanged opinions. Moreover, the Directors Council was operated to ensure that independent Outside Directors' opinions obtained through its meetings were reflected in the Company's management.

The Board of Directors deliberated and decided upon separating four in-house companies into independent companies, from the standpoint of strengthening collaboration within the Group and establishing an appropriate structure to ensure business continuity, through the retention of Special Construction Business and other licenses and the maximization of each company's business value.

The Board of Directors deliberated on the transfer of shares of Landis+Gyr Group AG, from the standpoint of strengthening the financial position of the Toshiba Group, and, made the decision to sell all shares of Landis+Gyr Group AG held by the Company through a secondary offering conducted on the occasion of the listing of said company on the SIX Swiss Exchange.

The Board of Directors deliberated on the payment of parent company guarantees for the AP1000 new nuclear reactor construction projects for which WEC had received orders in the U.S., doing so from the standpoint of avoiding risk in the overseas nuclear energy business through the fixing of an upper limit on the guarantee amount; and made the decision to agree upon payments with Southern Company and SCANA Corporation, who placed the orders.

The Board of Directors deliberated on the transfer of shares of Toshiba Memory Corporation, from the standpoint of securing repayment of borrowings, recovery of financial position, and the feasibility of the transfer of shares; and made the decision to conclude an agreement for the transfer of shares with K.K. Pangea.

The Board of Directors deliberated on financing to resolve the situation of negative shareholders' equity in the consolidated balance sheet through the end of March 2018, from the standpoint of certainty and agility of financing, and made decisions to procure a total of 600 billion yen through allocation of new shares to a third party; to make early repayment of parent company guarantees related to WEC through these funds; and to conclude agreements to transfer subrogated rights with respect to WEC that were acquired through the aforementioned, along with other claims and shares related to the WEC Group and held by the Company.

The Board of Directors was provided with reports on business plans, budget, monthly operating results and risk control information and the state of duty execution by Directors and Executive Officers pursuant to applicable laws and ordinances, the Articles of Incorporation, the Board of Directors Regulations, etc.

2) State of activities by committees

a. Nomination Committee

The Nomination Committee deliberated on a proposal for the election of Directors to be submitted to the Ordinary General Meeting of Shareholders for the 178th fiscal year, and on the proposal for the election of President and Chief Executive Officer to be submitted to the Board of Directors at the first meeting to be held after the closing of the Ordinary General Meeting of Shareholders.

The Nomination Committee deliberated on a proposal for the election of Directors to be submitted to the Extraordinary Meeting of Shareholders convened in October 2017.

The Nomination Committee deliberated on a proposal for the election of Chairman and CEO for April 2018 onward to be submitted to the Board of Directors.

The Nomination Committee considered the organizational structure of Directors to be submitted to the Ordinary General Meeting of Shareholders for the 179th fiscal year.

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

b. Audit Committee

The Audit Committee audited the state of the execution of duties by executives, by attending Board of Directors and other key meetings and by making inquiries to Executive Officers and other personnel, with a focus on the state of observance of laws and regulations and preventing the recurrence of accounting incidents. In addition, the Audit Committee received regular reports from the Internal Audit Division on their audit results, and from the Internal Control Promotion Division (former Internal Management System Reinforcement Project Team), the Management Reform Promotion Division and the Project Audit Division on their state of activities. The Audit Committee also made inquiries to other internal control management departments, thereby verifying the state of implementation of improved internal control system and the status of progress of corporate culture reform programs.

Outside Director Ryoji Sato, Chairman of the Audit Committee, has been actively engaged in collecting information as a full-time member of the Audit Committee, which involves attending important meetings (such as corporate management meetings, Accounting Compliance Committee meetings, and Annual Securities Report Disclosure Committee meetings). The information collected has been shared with Audit Committee members in a timely manner. Part-time Audit Committee members, too, actively engaged in auditing activities, including participation in all of the above inquiries and report meetings.

With regard to inappropriate accounting issues, the litigation claiming compensation for damages, filed in the Tokyo District Court in November 2015, continued with respect to five former executives, including those with experience as President.

The whistleblowing system within the Audit Committee received 33 whistleblowing reports before taking action to deal with them. The Audit Committee was briefed on details and status of responses of all 252 whistleblowing cases reported to the whistleblowing contact point on the Company's executive side. The committee has also preferentially verified investigation results and status of improvements, with respect to important reports related to accounting and compliance.

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

The Audit Committee appointed attorneys and other independent third parties to conduct an investigation in conjunction with WEC regarding losses associated with WEC's acquisition of S&W. The Audit Committee's findings in that regard were reported to the Board of Directors on April 11, 2017, and on August 10, 2017. The investigation found no evidence of problems with the timing of loss recognition. It was determined that internal controls of both the Company and WEC function effectively, and that the financial statements have not been affected. In the process of conducting the investigation, it was discerned that there had been actions and comments considered as undue pressure within a limited scope and time period with respect to some of the management executives; however, there had not been any impact to the financial results. As for those management executives, however, the Audit Committee requested that the executive side implement measures that do not involve WEC's management, and has accordingly verified that remedial measures are being implemented.

With regard to the allocation of new shares to a third party, on November 19, 2017, the Audit Committee submitted to the Board of Directors a report stating the opinion that the paid-in amount of the new shares is not particularly beneficial to the recipient of allocation, and a report stating that the Audit Committee members (independent directors) recognize the necessity and the reasonableness of the issuance of the new shares.

c. Compensation Committee

The Compensation Committee deliberated on the payment of work compensation for Executive Officers (performance-linked portion) according to their performance evaluation for FY2016.

The committee deliberated on the details of person-by-person compensation to be paid to Directors and Executive Officers in FY2017.

The committee deliberated on the details of person-by-person compensation to be paid to Executive Officers from April 2018.

The committee deliberated on objectives for the levels, structure, composition, and other details of Executive Officer compensation, including a compensation system linked to medium- to long-term performance, and considered the adoption of stock compensation.

The committee formulated a proposal for changes to Compensation Committee rules.

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. Compensation for Directors

Directors who do not concurrently hold office as an Executive Officer are paid the basic compensation (fixed amount) calculated according to his/her duties after being classified into “Full-time Director” or “Part-time Director”.

Directors who concurrently hold office as an Executive Officer are paid the basic compensation (fixed amount) in addition to Compensation for Executive Officers specified in (ii).

ii. Compensation for Executive Officers

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

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

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

iii. Compensation Standards

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

(2) Amount of Compensation

Item	Number of Directors/Executive Officers	Amount
	Persons	Millions of yen
Directors	11	113
(Outside Directors)	(6)	(92)
Executive Officers	33	552

(Notes)

The above-mentioned compensations include: 1) compensations for the Directors who retired at the closing of the meeting for the Board of Directors held on June 28, 2017, 2) compensations for the Directors who retired at the closing of the Extraordinary General Meeting of Shareholders held on October 24, 2017, and 3) compensations for the Executive Officers who resigned in the 2017 fiscal year, with regard to the period from April 2017 to their respective retirement/resignation date.

11. The Company’s accounting auditor

(1) Name of the Company’s accounting auditor

PricewaterhouseCoopers Aarata LLC

(2) Amounts of accounting auditor fees

Item	Amount (millions of yen)
Amount of fees for the fiscal year under review	1,311

Total amount of money and other financial benefits required to be paid to accounting auditors by the Company and its consolidated subsidiaries	2,319

(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 Company has paid compensation to PricewaterhouseCoopers Aarata LLC in consideration of advisory service on disclosure of annual report and other services, which are services other than the services provided for in Article 2, Paragraph 1 of the Certified Public Accountants Act.
3. The Audit Committee interviewed the responsible division about the breakdown, man hours, and other details of 1,311 million yen paid to PricewaterhouseCoopers Aarata LLC as the fees for the fiscal year under review. As a result, the Audit Committee has furnished its consent with respect to such fees, having acknowledged such fees were incurred in connection with works necessary for the audit.

(3) Matters regarding audits of subsidiaries
Of the Main Group Companies, Toshiba America, Inc., Toshiba China Co., Ltd., Toshiba Europe Ltd., and Toshiba Asia Pacific Pte., Ltd. all underwent audits performed by accounting auditors other than PricewaterhouseCoopers Aarata LLC.

(4) 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.

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 Executive Officer who serves as the General Executive of the Internal Audit Division or 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, 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, Chairman and CEO and Representative Executive Officer, President and COO of Toshiba Corp. ensure, 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 (including an Executive Officer who concurrently holds office as a Director).

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, Chairman and CEO or the Representative Executive Officer, President and COO 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, Chairman and CEO or the Representative Executive Officer, President and COO 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, or otherwise an Executive Officer serves as the General Executive of the Internal Audit Division. 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 and the Executive Officer who serves as the General Executive of the Internal Audit Division. The General Manager of the Internal Audit Division and the Executive Officer who serves as the General Executive 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

The state of operation, other than as noted in “9. Names, Responsibilities, etc. of the Company’s Directors / Officers, (4) State of activities of the Board of Directors and committees” is as follows.

i. Revisions to important internal rules concerning internal control

The Company revised its Basic Rules concerning Risk-Compliance Management, Basic Rules of Business Risk Management, and Corporate Decision-Making Rules, incorporating the reworking of operational structure accompanying the spinning-off of internal companies. Moreover, the Company revised its System for Ensuring the Appropriate Performance of the Company’s Business (Internal Control System), etc., based on the revision of the executive officer system and the selection of a Representative Executive Officer and Chairman and CEO.

ii. State of holding of the Compliance Committee meetings

To formulate and promote measures to manage crisis risk for the Toshiba Group, the Company held a Risk-Compliance Committee meeting in FY2017 to determine company-wide priority measures before implementing them for a period of one year. Moreover, we held the Accounting Compliance Committee meeting 5 times 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 121 in the first half of FY2017 and 131 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
The Company held three rounds of training for its senior executives. The training involved strengthening business risk management, reforming awareness concerning compliance, and reforming organizational climate, among other topics. We also implemented initiatives involving accounting knowledge and accounting compliance training, in addition to training for new vice presidents and general managers of branch offices based in Japan and training and development based on levels of responsibility particularly for when an employee gets promoted. We also implemented accounting compliance education through the e-learning scheme for managers of our overseas subsidiaries and employees of Group companies in Japan.
Furthermore, we conducted education to prevent insider trading. This consisted of education by outside lecturers targeting employees in the accounting department, or other employees who may have access to insider information, as well as e-learning-based education for all officers and employees of the Company.

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 on a half-yearly basis. The department conducted onsite audits of 14 subsidiaries and affiliates in the first half of FY2017, and two corporate staff divisions and 14 subsidiaries and affiliates in the second half according to the above-mentioned audit plan. The findings of such onsite audits were reported to the Audit Committee by the head of the Internal Audit Division in a timely manner.

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 24 occasions in total and to the heads of internal control and internal audit business units on 34 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 and the Internal Audit Division that was put under its direct control. The Audit Committee Hotline whose whistleblowing contact point is the Audit Committee Office, received whistleblowing reports totaling 33 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 stop renewing these countermeasures since June 2015 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 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, 2018

Segment	Number of Employees
Energy Systems & Solutions	17,524
Infrastructure Systems & Solutions	42,190
Retail & Printing Solutions	20,396
Storage & Electronic Devices Solutions	20,108
Industrial ICT Solutions	10,164

Others	16,785
- (*1)	10,694
Group-wide (shared)	3,395
Total	141,256

(Note)

1. Those are the employees who are engaged in the Memory Business.
2. The Company (on the non-consolidated basis) has 3,462 employees. This number has significantly decreased from the end of the previous fiscal year due to the split-off of the Memory Business in April 2017, that of Infrastructure Systems & Solutions Company, Storage & Electronic Devices Solutions Company, Industrial ICT Solutions Company (all in-house companies) in July 2017, and that of Energy Systems & Solutions Company (in-house company) and Nuclear Business Division in October 2017.
3. The number of employees includes the employees retired on March 31, 2018.

15. Main Places of Business and Facilities of the Group

As of March 31, 2018

(1) The Company

Segment	Major Distribution	
Company-wide	Offices	Principal Offices (Minato-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, Kagawa), Kyushu Branch Office (Fukuoka)
	Laboratories, etc.	Fuchu Complex (Fuchu, Tokyo), Corporate Research & Development Center (Kawasaki), Corporate Software Engineering & Technology Center (Kawasaki), Komukai Complex (Kawasaki), Corporate Manufacturing Engineering Center (Yokohama), Power and Social Systems Research and Development Center (Yokohama), Yokohama Complex (Yokohama)
Other	Production Facilities	Fukaya Complex (Fukaya)

(Notes)

1. In July 2017, in accordance with the launch of Toshiba Infrastructure Systems & Solutions Corporation, Toshiba Electronic Devices & Storage Corporation, and Toshiba Digital Solutions Corporation, the Company established the Corporate Software Engineering Center, positioned the Komukai Complex and Fuchu Complex as company-wide research laboratories, and transferred other research laboratories and plants belonging to Infrastructure Systems & Solutions, Storage & Electronic Devices Solutions, and Industrial ICT Solutions to Toshiba Infrastructure Systems & Solutions Corporation, Toshiba Electronic Devices & Storage Corporation, and Toshiba Digital Solutions Corporation, respectively.
2. In October 2017, in accordance with the launch of Toshiba Energy Systems & Solutions Corporation, the Company positioned the Power and Social Systems Research and Development Center as a company-wide research laboratory, and transferred other plants belonging to Energy Systems & Solutions to Toshiba Energy Systems & Solutions Corporation.

3. In April 2018, the Company carried out the following business facility abolition and reorganization programs:

- Kanto Branch Office was shut down.
- Kanshinetsu Branch Office was newly established.
- Kanagawa Branch Office was newly established.

(2) The Group Companies

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

Consolidated Balance Sheet

Consolidated Statement of Operations

Consolidated Statement of Equity

Notes to Consolidated Financial Statements

For the year ended March 31, 2018

The 179th term

Toshiba Corporation

Consolidated Balance Sheet

As of March 31, 2018

Assets	(Millions of yen)
Current assets	3,579,096
Cash and cash equivalents	500,820
Notes and accounts receivable, trade	968,146
Notes receivable	50,255
Accounts receivable	940,315
Allowance for doubtful notes and accounts receivable	(22,424)
Inventories	469,767
Prepaid expenses and other current assets	343,882
Current assets of discontinued operations	1,296,481
Long-term receivables and investments	245,840
Long-term receivables	7,862
Investments in and advances to affiliates	148,120
Marketable securities and other investments	89,858
Property, plant and equipment	365,635
Land	42,079
Buildings	629,742
Machinery and equipment	1,232,282
Construction in progress	18,984
Accumulated depreciation	(1,557,452)
Other assets	267,640
Deferred tax assets	76,326
Goodwill and other intangible assets	126,510
Other assets	64,804
Total assets	4,458,211

Consolidated Balance Sheet (Continued)

As of March 31, 2018

Liabilities	(Millions of yen)
Current liabilities	2,430,940
Short-term borrowings	89,891
Current portion of long-term debt	211,667
Notes and accounts payable, trade	684,687
Accounts payable, other and accrued expenses	303,568
Accrued income and other taxes	54,270
Advance payments received	288,720
Other current liabilities	448,529
Current liabilities of discontinued operations	349,608
Long-term liabilities	1,016,537
Long-term debt	390,860
Accrued pension and severance costs	443,092
Other liabilities	182,585
Total liabilities	3,447,477

Equity	
Equity attributable to shareholders of the Company	783,135
Common stock	499,999
Authorized: 10,000,000,000 shares	
Issued: 6,520,707,026 shares	
Additional paid-in capital	357,153
Retained earnings	223,615
Accumulated other comprehensive loss	(295,572)
Treasury stock, at cost	(2,060)
4,248,471 shares	
Equity attributable to noncontrolling interests	227,599
Total equity	1,010,734
Total liabilities and equity	4,458,211

Consolidated Statement of Operations

For the year ended March 31, 2018

	(Millions of yen)
Sales and other income	4,150,244
Net sales	3,947,596
Interest and dividends	7,799
Equity in earnings of affiliates	10,250
Other income	184,599
Costs and expenses	4,067,866
Cost of sales	2,986,840
Selling, general and administrative	896,686
Interest	29,364
Other expense	154,976
Income from continuing operations, before income taxes and noncontrolling interests	82,378
Income taxes:	(61,938)
Current	(21,709)
Deferred	(40,229)
Income from continuing operations, before noncontrolling interests	144,316
Income from discontinued operations, before noncontrolling interests	696,068
Net income before noncontrolling interests	840,384
Less: Net income attributable to noncontrolling interests	36,373
Net income attributable to shareholders of the Company	804,011

Consolidated Statement of Equity

For the year ended March 31, 2018

(Millions of yen)

	Common stock	Additional paid-in capital	Retained earnings (accumulated deficit)	Accumulated other comprehensive income (loss)	Treasury stock	Equity attributable to shareholders of the Company	Equity attributable to noncontrolling interests	Total equity
Balance at March 31, 2017	200,000	140,144	(580,396)	(310,750)	(1,945)	(552,947)	277,243	(275,704)
Issuance of new shares	299,999	279,687				579,686		579,686
Change in ownership for noncontrolling interests and others		(62,678)				(62,678)	(64,886)	(127,564)
Dividends attributable to noncontrolling interests							(10,982)	(10,982)
Comprehensive income								
Net income			804,011			804,011	36,373	840,384
Other comprehensive income (loss), net of tax:								
Net unrealized gains and losses on securities				12,610		12,610	318	12,928
Foreign currency translation adjustments				(27,046)		(27,046)	(12,164)	(39,210)
Pension liability adjustments				28,128		28,128	1,671	29,799
Net unrealized gains and losses on derivative instruments				1,486		1,486	26	1,512
Total comprehensive income						819,189	26,224	845,413
Purchase of treasury stock, net, at cost					(115)	(115)		(115)
Balance at March 31, 2018	499,999	357,153	223,615	(295,572)	(2,060)	783,135	227,599	1,010,734

(For reference) Consolidated Statement of Cash Flows

For the year ended March 31, 2018

	(Millions of yen)
Cash flows from operating activities	41,641
Cash flows from investing activities	(150,987)
(Free cash flow)	(109,346)
Cash flows from financing activities	(63,613)
Effect of exchange rate changes on cash and cash equivalents	(1,615)
Net increase in cash and cash equivalents	(174,574)
Cash and cash equivalents at beginning of the year	707,693
Cash and cash equivalents at end of the year	533,119

The Consolidated Statement of Cash Flows information included in the table has not been included in the Japanese original consolidated financial statements audited by the Company's independent auditors.

1. Notes Relating to Assumptions for the Going Concern

Toshiba Group ("the Group") recorded negative equity, due to an extraordinary loss related to nuclear power plant construction projects by Westinghouse Electric Company ("WEC"), WEC's U.S. subsidiaries and affiliates, and Toshiba Nuclear Energy Holdings (UK) Limited ("TNEH (UK)"), a holding company for Westinghouse Group operating companies outside the U.S. As a result, consolidated equity attributable to shareholders of the Company decreased to -552,947 million yen, with consolidated net assets of -275,704 million yen, as of March 31, 2017. Therefore, taking into consideration of the expenditures which the Company was going to pay as Toshiba's parent company guarantee obligation, substantial doubt about the Company's ability to continue as a going concern existed.

The Company, as approved at its Board of Directors on November 19, 2017, decided to proceed with a financing transaction of a share issue by third-party allotment (the "Financing") to offset the negative impact. The total amount of the newly issued shares was about 600,000 million yen (US$5,660.4 million) (the issued amount per share is 262.8 yen (US$2.48) and the total number of the newly issued shares was 2,283,105,000 shares) and the Financing was successfully closed on December 5, 2017.

The Company reached an agreement with Georgia Power, a wholly-owned subsidiary of Southern Company, in its role as agent for the owners of the project: Georgia Power; Oglethorpe Power Corporation; Municipal Electrical Authority of Georgia; and Dalton Utilities, for the Company to make a payment of US$3,225 million (361.4 billion yen) as the remaining outstanding amount, following an earlier payment of US$455 million (51.2 billion yen) from the maximum limit of US$3,680 million (412.6 billion yen), of the Company's guarantee obligation. The payment was completed on December 14, 2017 with funds gained thorough the Financing. In addition, the Company also entered into an agreement with the two owners of the V.C. Summer project (Units 2 and 3), South Carolina Electric & Gas Company, the principal and wholly-owned subsidiary of SCANA Corporation and Santee Cooper, and subsequently with Citigroup Financial Products Inc. ("Citigroup"), now the holder of the rights to the claim of parent company guarantee payment after purchasing them from the two owners of the project, that determined to pay in full amount of the remaining outstanding balance of the Company's parent company guarantee obligations of which the maximum limit was set at US$2,168 million (244.8 billion yen). On January 12, 2018, the Company made a payment to Citigroup in the amount of US$1,860.5 million (210.2 billion yen). This constituted the outstanding amount of the parent company guarantee obligation reflecting the previously paid amount of US$247.5 million (27.9 billion yen), adjusted to deduct US$60 million (6.7 billion yen) related to the mechanic's lien, a guarantee of payment to builders, contractors and construction firms for their work. As a result, the Company's financing environment was improved by reductions of future expenditures. In addition, by settling the aforementioned obligations to creditors, the Company obtained the right to pursue claims against WEC for the amount paid by the Company. The Company entered into agreements with Nucleus Acquisition LLC ("Nucleus"), consortium controlled by The Baupost Group, L.L.C., to sell the aforementioned claims, and with the Brookfield WEC Holdings LLC to sell WEC related shares. The Company sold these claims on January 23, 2018, and the Company recorded a gain of 241.6 billion yen (US$2,279.2 million) (Net income attributable to shareholders of the Company 166.9 billion yen (US$1,574.5 million)). Furthermore, the Company mitigated 244.5 billion yen (US$2,306.6 million) of the tax impact recognized as a non-qualified company split for tax purpose in the Memory business, resulting in further improvement of the Company's consolidated equity attributable to shareholders of the

Company. Consequently the Company resolved its negative equity in consolidated equity attributable to shareholders of the Company as of March 31, 2018. As a result, consolidated equity attributable to shareholders of the Company was 783,135 million yen (US$7,388.1 million), with consolidated net assets of 1,010,734 million yen (US$9,535.2 million), as of March 31, 2018.

The Company entered into an agreement under which it would sell all shares of Toshiba Memory Corporation ("TMC") to K.K. Pangea ("Pangea"), a special purpose acquisition company formed by the consortium led by a Bain Capital Private Equity LP (including its affiliates, Bain Capital) for 2 trillion yen (US$18,867.9 million) on September 28, 2017. With respect to the Company's sale of TMC to Pangea (the "Sale"), SanDisk LLC ("SanDisk"), a subsidiary acquired by Western Digital Corporation, had alleged to International Court of Arbitration that the Company violated the contract between the Company and SanDisk by taking over the shares of the joint ventures with SanDisk to TMC without the agreement of SanDisk when the Company split its Memory business into TMC. SanDisk also had alleged that exercising the Sale was a violation of the agreement. However, the Company entered into a global settlement agreement with Western Digital Corporation to resolve these disputes and all related litigation and arbitration on December 13, 2017. As a result, concerns for the incompletion of the Sale with the mediation of the International Court of Arbitration was resolved. The conditions required for the closing of the sale, such as the necessary acquisition of antitrust approvals in the key jurisdictions, have progressed. Since the certainty of the completion of the Sale has increased, the Company classified TMC, its subsidiaries and affiliates as held for sale assets as of December 31, 2017, and the classification has not changed as of March 31, 2018.

The Company has Commitment lines contracts for 400.0 billion yen (US$3,773.6 million) with the Company's main financial institutions in order to keep sufficient liquidity until the completion of the Sale. The terms of the current contracts are effective until May 31, 2018, and are collateralized by TMC shares. Taking into account the fact that these contracts been renewed several times since April 2017, when the substantial doubt about the Company's ability to continue as a going concern emerged, as well as the expectation that the Company will be in a net cash position with the completion of the Sale, the Company considers it probable that the Company will be able to meet the obligation as these contracts become due.

The deterioration of the Company's financial structure at the end of March 2017, and the downgrading of the Company's credit rating by the rating agencies on December 28, 2016 caused a breach of financial covenants in outstanding syndicated loans of 80,000 million yen (US$754.7 million) lent by the Company's main financial institutions. The total for syndicated loans is recorded as a part of the Group's short-term and long-term borrowings in the total of 692,418 million yen (US$6,532.2 million) in the consolidated balance sheet as of March 31, 2018. The Company obtained a consent with its financial institutions that these loans will not be called in until June 29, 2018. If these loans are called in, other bonds and certain borrowings might also become callable. The Company will continue to sincerely request the financial institutions to waive the right to call in these loans on and after June 30, 2018.

In addition to the foregoing, the Company operates businesses that require a Special Construction Business License from the Japanese government under Construction Business Act. The Company is required to meet certain financial criteria in order to renew this license. As the expiration date of the license was in December 2017, the Company has taken measures such as absorption-type company splits in which the licensed companies took over the business. As a result, any concerns for the negative impacts on the business derived from the failure to renew the license were eliminated.

By taking the above-referenced actions, material events and conditions that raised substantial doubts about the Company's ability to continue as a going concern have been sufficiently addressed as of May 15, 2018.

2. Notes to Significant Matters Supporting the Basis of Preparation of Consolidated Financial Statements

(Significant Accounting Policies)

1) Basis of Preparation of the Consolidated Financial Statements

The consolidated financial statements of the Company are prepared in conformity with the terms, forms and preparation methods of the accounting principles generally accepted in the United States of America. (hereinafter, the "U.S. GAAP") pursuant to the provisions of Article 120-3, Paragraph 1 of the Ordinance on Accounting of Companies. However, pursuant to the provision of the Ordinance's Article 120, Paragraph 1 which is applied mutatis mutandis to Article 120-3, Paragraph 3, the Company partially omits presentation and notes required by U.S. GAAP.

2) Inventories

Raw materials, finished products and work in process for products are stated at the lower of cost or net realizable value, cost being determined primarily by the average cost method. Finished products and work in process for contract items are stated at the lower of cost or estimated realizable value, cost being determined by accumulated production costs.

3) Marketable Securities and Other Investments

The Group classifies all of its marketable securities as available-for-sale which are reported at fair value, with unrealized gains and losses included in accumulated other comprehensive income (loss), net of tax. Other investments without quoted market prices are stated at cost. Realized gains or losses on the sale of securities are based on the average cost of a particular security held at the time of sale.

Marketable securities and other investment securities are regularly reviewed for other-than-temporary impairments in the carrying amount based on criteria that include the length of time and the extent to which the market value has been less than cost, the financial condition and near-term prospects of the issuer and the Group's intent and ability to retain marketable securities and investment securities for a period of time sufficient to allow for any anticipated recovery in market value. When such a decline exists, the Group recognizes an impairment loss to the extent of such decline.

4) Method of Depreciation for Property, Plant and Equipment

Depreciation for property, plant and equipment is computed primarily by the straight-line method.

5) Impairment of Long-Lived Assets

Long-lived assets, other than goodwill and intangible assets with indefinite useful lives, are evaluated for impairment using an estimate of undiscounted cash flows whenever events or changes in circumstances indicate that the carrying amount of such asset may not be recoverable. If the estimate of undiscounted cash flow is less than the carrying amount of the asset, an impairment loss is recorded based on the fair value of the asset. Fair value is determined by using the anticipated cash flows discounted at a rate commensurate with the risk involved. For assets held for sale, an impairment loss is further increased by costs to sell. Long-lived assets to be disposed of other than by sale are considered to be held and used until disposed of.

6) Goodwill and Other Intangible Assets

In accordance with ASC 350 “Intangibles – Goodwill and others,” goodwill and certain intangible assets determined to have an indefinite useful life are not amortized, but instead are tested for impairment at least annually. Intangible assets with finite useful lives, consisting primarily of core and current technology and software, are amortized using the straight-line method over their respective contractual periods or estimated useful lives.

7) Allowance for Doubtful Notes and Accounts Receivable

An allowance for doubtful notes and accounts receivables is recorded based on a combination of the write-off history, aging analysis and an evaluation of any specific known troubled accounts. When all collection efforts are exhausted including legal recourse, the accounts or portions thereof are deemed to be uncollectible are charged against the allowance.

8) Accrued Pension and Severance Costs

The Company and certain subsidiaries have various retirement benefit plans covering substantially all employees. Prior service costs resulting from amendments to the plans are amortized over the average remaining service period of the employees that are expected to receive the benefits. Unrecognized actuarial gains and losses that exceed 10 percent of the greater of the projected benefit obligation or the fair value of plan assets are also amortized over the average remaining service period of the employees expected to receive the benefits.

9) Adoption of New Accounting Standards

From the first quarter of the fiscal year beginning after December 15, 2016, the Company adopted the Accounting Standards Updates (hereinafter “ASU”) No.2015-17. All deferred tax assets and liabilities were classified as noncurrent in the consolidated balance sheet and presented as a single noncurrent amount after offsetting deferred tax assets and liabilities in the same tax-paying component or tax jurisdiction.

3. Notes to Consolidated Balance Sheet

1) Liabilities on guarantee 94,256 million yen

2) Important disputes

In February 2015, the Company received an order from the Securities and Exchange Surveillance Commission, based on Article 26 of the Financial Instruments and Exchange Act, requiring submission of a report. The Company was then subject to inspection regarding projects that used percentage-of-completion accounting. Later, after establishing the Independent Investigation Committee and conducting the investigation, it was found that the Company had continuously carried out inappropriate accounting and, therefore, the Company filed amendments of the past Annual Securities Reports and other reports. Holders of American Depositary Receipts filed a class action lawsuit against the Company in the State

of California, in the U.S. in relation to the inappropriate financial reporting by the Company. While the Company filed a petition with the court for rejection of the lawsuit on the grounds that securities laws of the U.S. do not apply to the above-mentioned securities, among other reasons, the decision to reject the lawsuit was made as of May 20, 2016 (U.S. time). As of July 25, 2016 (U.S. time), the plaintiff appealed the decision.
Damage compensation claims have been demanded against the Company in Japan as well with the plaintiffs claiming to have suffered damage due to inappropriate financial reporting by the Company. The Company accrued the reasonably estimated amount expected to be paid for the damage compensation. Certain of these claims have been pending with several courts including seeking payment by (1) foreign institutional investors of approximately 16,106 million yen in June 2016, 21,759 million yen in April 2017, 43,890 million yen in April 2017, 9,227 million yen in June 2017, 33,000 million yen in September 2017, 823 million yen in September 2017 and 414 million yen in October 2017, (2) Japan Trustee Services Bank, Ltd., of approximately 1,262 million yen in May 2016, 11,993 million yen in August 2016, and 572 million yen in September 2017, (3) the Master Trust Bank of Japan, Ltd., of approximately 5,105 million yen and 13,114 million yen in March 2017, and (4) Trust & Custody Services Bank, Ltd., of approximately 14,001 million yen in March 2017. There is a likelihood that shareholders and other entities will file a lawsuit against the Company in the future.

The Group undertakes global business operations and is involved from time to time in disputes, including lawsuits and other legal proceedings and investigations by relevant authorities. Due to differences in judicial systems and the uncertainties inherent in such proceedings, the Group may be subject to a ruling requiring payment of amounts far exceeding its expectations. Any judgment or decision unfavorable to the Group could have a materially adverse effect on the Group's business, results of operations or financial condition. However, based on the information currently available to the Group, Management believes that such legal procedures would not have a material adverse effect on the financial position or the results of operations of the Group.

4. Discontinued Operations

1) WEC Group's Nuclear Power business

In the March 29, 2017 press release titled "Notice on Chapter 11 Filing by Westinghouse Electric Company and its Group Entities," the Company announced that WEC, WEC's U.S. subsidiaries and affiliates, and TNEH(UK), a holding company for Westinghouse Group operating companies outside the U.S. (collectively, the "Filing Companies" or "WEC Group"), all of which were previously reported in the Energy Systems & Solutions segment, have resolved and then filed for a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code on March 29, 2017 (U.S. time) with the Bankruptcy Court of New York. In addition, with the commencement of the filing, WEC Group was deconsolidated from the Group as WEC Group is no longer under the control of the Company.
The aforementioned Chapter 11 filing by the Filing Companies would meet the Group's objective to eliminate risks in the overseas nuclear power business related to AP1000 and corresponds to the disposal of a major business line and represents a strategic shift that will have a major effect on the Group's business operation and financial results.

Consequently, pursuant to ASC 205-20, the financial position and results of operations of the component that was disposed of are presented separately in the consolidated balance sheet and consolidated statement of operations as those of discontinued operations.
The results of operations of the relevant component that was disposed of, reclassified as discontinued operations (before elimination of transactions with continuing operations of the Group), are as follows.
Assets and liabilities of the component that was disposed of presented in the consolidated balance sheets are immaterial.

Operating performance

	(Millions of yen)
Sales and other income	272,925
Net sales	-
Other income	272,925
Costs and expenses	16,789
Cost of sales	-
Selling, general and administrative	-
Other expenses	16,789
Income from discontinued operations, before income taxes and noncontrolling interests	256,136
Income taxes	-
Income from discontinued operations, before noncontrolling interests	256,136
Less: Net income (loss) from discontinued operations attributable to noncontrolling interests	-
Net income from discontinued operations attributable to shareholders of the Company	256,136

Other income principally represents the gain on the sale of claims including the subrogated right (right to assert claims) and includes reversals of provisions for losses on guarantees or the allowance for doubtful notes and accounts receivable due mainly to the completion of construction work for which the Company provided parent company guarantees. Other expenses principally represents the loss on the valuation of the shares of the WEC Group, which the Company additionally acquired in conjunction with the exercise of put options by Kazatomprom, a minority shareholder of WEC, and includes the allowance for doubtful notes and accounts for claims on the WEC Group that was recorded by the Company in connection with letter of credit commissions.
The Company and the owners of a project in Georgia, U.S., for the construction of two nuclear power plants with Westinghouse AP1000 reactors reached an agreement that sets the limit of the Company’s parent company guarantee obligation at US$3,680 million (412.6 billion yen) (“maximum limit”), and that specifies that payments to Southern Company, the parent company of Georgia Power Company, are to be made in installments during the period from October 2017 to January 2021. This agreement was signed in the United States on June 9, 2017.
In addition, the Company and the owners of a project in South Carolina, U.S., for the construction of two nuclear power plants with Westinghouse AP1000 reactors reached an

agreement that sets the limit of the Company's parent company guarantee obligation at US$2,168 million (244.8 billion yen) ("maximum limit"). The agreement, which was signed in the U.S. on July 27, 2017, also specifies that payments to SCANA Corporation, the parent company of South Carolina Electric & Gas Company, are to be made in installments during the period from October 2017 to September 2022. The maximum limit of the Company's guarantees for all four nuclear power reactors of the U.S. nuclear power construction projects have been definitively determined, and the Company has now eliminated the risk of additional payment related to its parent company guarantee. These agreements specify that the agreed maximum limit shall not be subject to any subsequent increase or to any further claims against the Company, even in the event of future increases in construction costs.

Moreover, the Company reached an agreement with Georgia Power in its role as agent for the owners of the project, for the Company to make a payment of US$3,225 million (361.4 billion yen) as the remaining outstanding amount, following an earlier payment of US$455 million (51.2 billion yen) from the maximum limit of US$3,680 million (412.6 billion yen), of the Company's guarantee obligation. The payment was completed on December 14, 2017 with funds gained through third-party allotment. In addition, the Company also entered into an agreement with South Carolina Electric & Gas Company and Santee Cooper, and subsequently with Citigroup, now the holder of the rights to the claim of parent company guarantee payment after purchasing them from the two owners of the project, that determined to pay in full amount of the remaining outstanding balance of the Company's parent company guarantee obligations of which the maximum limit was set at US$2,168 million (244.8 billion yen). On January 12, 2018, the Company made a payment to Citigroup in the amount of US$1,860.5 million (210.2 billion yen). This constituted the outstanding amount of the parent company guarantee obligation reflecting the previously paid amount of US$247.5 million (27.9 billion yen), adjusted to deduct US$60 million (6.7 billion yen) related to the mechanic's lien, a guarantee of payment to builders, contractors and construction firms for their work. In addition, by settling the aforementioned obligations to creditors, the Company obtained the right to pursue claims against WEC for the amount paid by the Company. The Company entered into agreements with Nucleus, consortium controlled by The Baupost Group, L.L.C., to sell the aforementioned claims, and with the Brookfield WEC Holdings LLC to sell WEC related shares. The Company sold these claims on January 23, 2018.

As of March 31, 2018, there are some remaining parent company guarantees, other than those held for the power companies, and these guarantees have been recorded as other current liabilities in the consolidated balance sheet.

There is no significant continuing involvement between the continuing operations of the Group and the aforementioned component that was disposed of.

There are no depreciation and amortization and capital expenditures relating to the relevant component that was disposed of,which has been reclassified as discontinued operations.

2) Memory business

In order to secure the management resources necessary for further growth of the memory business (that was previously included in the Storage & Electronic Devices Solutions segment for reporting purposes) and to strengthen the Group's financial condition, the Company considered the introduction of third-party capital, and the transfer of a majority stake of the memory business.　A newly created subsidiary of the Company (TMC) was established through a company split on April 1, 2017 to hold the memory business..

The Company resolved, at the Board of Directors meeting held on September 20, 2017, to transfer all shares of TMC to K.K. Pangea (the “Transferee Company”), a special purpose acquisition company formed by a consortium led by Bain Capital (the “Share Transfer”), and entered into a share transfer agreement with the Transferee Company, and concluded the share transfer agreement on September 28, 2017. The Share Transfer will be completed after necessary procedures such as screening based on competition law of each country is finalized. The Company is planning to invest in the Transferee Company to ensure a stable transfer of TMC after the Share Transfer..

With respect to the Share Transfer, SanDisk had alleged to International Court of Arbitration that the Company violated the contract between the Company and SanDisk by taking over the shares of the joint ventures with SanDisk to TMC without the agreement of SanDisk when the Company split its memory business into TMC. SanDisk also had alleged that exercising the Share Transfer was a violation of the joint venture agreement. On December 13, 2017, the Company entered into a global settlement agreement with Western Digital Corporation to resolve these disputes and all related litigation and arbitration. As a result, the need mediation by the International Court of Arbitration in order to execute the Sale was resolved. Certain conditions required for the closing of the Share Transfer, such as the necessary acquisition of antitrust approvals in the key jurisdictions, have progressed. Since the certainty of the completion of the Share Transfer increased, the Company classified TMC, its subsidiaries and affiliates as held for sale assets as of December 31, 2017, and the classification has not changed as of March 31, 2018. These decisions represent a strategic shift that will have a major effect on the Group’s business operation and financial results. Consequently, pursuant to ASC 205-20, the financial position and operating results of the component that was disposed of are presented separately in the consolidated balance sheet and consolidated statement of operations as those of discontinued operations.

The financial position and results of operations of the relevant component that was disposed of, reclassified as discontinued operations (before elimination of transactions with continuing operations of the Group), are as follows:

Financial position

	(Millions of yen)
Assets	
Cash and cash equivalents	32,299
Notes and accounts receivable, trade	237,747
Inventories	160,726
Short-term loans receivable	146,392
Property, plant and equipment	491,889
Investments in and advances to affiliates	268,493
Other assets	244,250
	1,581,796
Liabilities	
Notes and accounts payable, trade	79,749
Accounts payable, other and accrued expenses	339,964
Accrued income and other taxes	90,252

Accrued pension and severance costs	43,633
Other liabilities	83,791
	637,389

Operating performance

	(Millions of yen)
Sales and other income	1,265,075
Net sales	1,249,996
Other income	15,079
Costs and expenses	795,209
Cost of sales	676,515
Selling, general and administrative	105,050
Other expenses	13,644
Income from discontinued operations, before income taxes and noncontrolling interests	469,866
Income taxes	26,012
Income from discontinued operations, before noncontrolling interests	443,854
Less: Net income (loss) from discontinued operations attributable to noncontrolling interests	-
Net income from discontinued operations attributable to shareholders of the Company	443,854

Because the company split related to the memory business of the Company on April 1, 2017 was implemented with a view to introducing third-party capital, and full controlling interest is not expected to be continued, the eligibility criteria for tax purposes is not met and the company split is to be treated as a non-qualified split. A non-qualified split is treated as if the transfer was conducted at the market value at the time of the split, and a difference between the market value and the carrying amount is taxable as gain or loss on the transfer. While the market values of assets and liabilities taken over in the company split were fixed in line with the conclusion of the share transfer agreement and tax expenses were recorded, a valuation allowance was recorded for deferred tax assets associated with the non-qualified split.

Furthermore, the Company obtained the subrogated right (right to assert claims), which enables the Company to demand that WEC reimburse the amount incurred by the Company, by making an early payment on the parent company guarantee obligation that the Company owed to the power companies in relation to the U.S. nuclear power plant construction projects, and concluded an agreement to sell claims including the subrogated right (right to assert claims) and shares held to Nucleus and Brookfield WEC Holdings LLC, which both are U.S.-based companies, respectively. The sale of the previously described WEC claims held by the Company was completed in January 2018. Although the sale of shares held was not completed by the end of March 2018, the Company has considered that it is in the situation where “because the status of the assets of the issuer of shares deteriorated substantially, the share value declined considerably” as defined in Article 68, paragraph 2(b) of the Enforcement Order of the Corporation Tax Act, and hence included loss on the valuation of the shares in non-taxable expenses in the fiscal year ended March 31, 2018. Since this business is a discontinued operation and this business is the same taxable jurisdiction as the Company, the business could recognize

the effect of tax relief. Consequently, a major difference arose between the Company's effective statutory tax rate at 30.9% for the fiscal year ended March 31, 2018, and tax expenses and income before income taxes and noncontrolling interests of the memory business.
Depreciation and amortization and capital expenditures relating to the relevant component that was disposed of, reclassified as discontinued operations, are as follows:

(Millions of yen)

Depreciation and amortization	36,402
Capital expenditures	230,092

5. Notes Concerning Financial Instruments

1) Matters concerning financial instruments

The Company is managing funds mainly on short-term deposits. It also raises funds through issuance of corporate bonds and borrowings from financial institutions including banks.
Investment securities are mainly stocks. For marketable securities, the Group evaluates their fair values on the basis of market prices.
The intended use of corporate bonds and long-term borrowings is working funds and the funds for capital investments.
In the normal course of its risk management efforts, the Group employs a variety of derivative financial instruments, which are consisted primarily of forward exchange contracts, interest rate swap agreements and currency swap agreements to reduce its exposures. The forward exchange contracts and foreign-currency-dominated debt utilized by the Group effectively reduce fluctuation in foreign exchange rate on investments in foreign subsidiaries.
The Group has policies and procedures for risk management and the approval, reporting and monitoring of derivative financial instruments. The Group's policies prohibit holding or issuing derivative financial instruments for trading purposes.

2) Matters concerning market value of financial instruments

The consolidated balance sheet amounts as of March 31, 2018, fair values and their differences are as follows:

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
Liabilities concerning financial instruments			
Long-term debt	587,992	576,938	11,054

The above table excludes financial instruments whose fair values approximate their carrying amounts, those related to leasing activities, marketable securities and other investments whose fair values are equal to their carrying amounts, and derivatives.

In assessing the fair value of these financial instruments, the Group uses a variety of methods and assumptions, which are based on estimates of market conditions and risks existing at that time. For certain instruments, including cash and cash equivalents, notes and accounts receivable-trade, short-term borrowings, notes and accounts payable-trade and accounts payable-other and accrued expenses, it is assumed that the carrying amount approximated fair value for the majority of these instruments because of their short maturities. Quoted market prices are used for a number of marketable securities and other investments. For long-term debt, fair value is estimated using market quotes or discounted value of future cash flows when market quotes are not available. Other techniques, such as estimated discounted value of future cash flows, and replacement cost, are used to determine fair value for the remaining financial instruments. These fair values are not necessarily the amounts that could be realized in a current market exchange.

For nonmarketable securities evaluated by the cost method, as it is practically difficult to evaluate their fair values, they were not included in "marketable securities and other investments."

6. Notes to net earnings (loss) per share attributable to shareholders of the Company

Basic net earnings per share attributable to shareholders of the Company ("EPS") are computed based on the weighted-average number of shares of common stock outstanding during each period.

Net income per share from continuing operations	
Earnings from continuing operations per share attributable to shareholders of the Company: －Basic	21.73 yen
Net income per share from discontinued operations	
Earnings from discontinued operations per share attributable to shareholders of the Company: －Basic	141.16 yen
Net income per share	
Net earnings per share attributable to shareholders of the Company: －Basic	162.89 yen

Diluted net earnings per share attributable to shareholders of the Company for the fiscal year ended March 31, 2018 have been omitted because the Company did not have the potential common stock outstanding with dilutive effects for the period.

7. Significant Subsequent Events

Sales of the Company's Stakes in Toshiba Nuclear Energy Holdings (US) Inc. and Toshiba Nuclear Energy Holdings (UK) Limited

In order to reduce the amount of internal resources required for proceeding issues in association with WEC and other related companies, which filed for a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code, and to eliminate risks at an early stage by terminating its capital relationships with WEC and other related companies, the Company decided to sell all shares it holds in Toshiba Nuclear Energy Holdings (US) Inc. ("TNEH (US)") and TNEH (UK), holding companies of WEC, to Brookfield WEC Holdings LLC ("BWH") for the sale price of US$1 (approximately 106 yen), and entered into a share purchase agreement with BWH on January 17, 2018 (U.S. time).

After the necessary procedures were taken, the sale of all TNEH (US) shares held by the Company was completed on April 6, 2018 (U.S. time). Upon completion of the sale of TNEH (US) shares, TNEH (US) and its subsidiaries, TSB Nuclear Energy USA Group Inc. and WEC Insurance Limited, will be deconsolidated from the Group.

The Company will continue working with BWH and WEC to receive regulatory approvals for the sale of TNEH (UK)'s shares.

Sale of Holding in LC Collateral SPV LLC

The Company, on January 17, 2018 (U.S. time), entered into an agreement to sell its entire shareholding in LC Collateral SPV LLC ("LCC"), a consolidated subsidiary established as a fund manager responsible for functions such as providing collateral to financial institutions with which WEC has had transactions with, to LC SPV ACQUISITION LLC ("LSA"). The agreement was made with the intention of eliminating uncertainty in the realization of a future return of the collateral that LCC has provided, and uncertainty of the timing of the return.

After the completion of all the required procedures, the sale of the Company's entire holding in LCC was completed on April 2, 2018 (U.S. time). The sale price was US$100 million (approximately 10.6 billion yen). The gain from this sale will be recorded in the first quarter of the fiscal year ending March 31, 2019.

The purchaser has changed from the formerly announced LSA to ALKYRIS CAPITAL, L.L.C. ("ALKYRIS"), which is an affiliate of LSA under common indirect control by The Baupost Group, L.L.C. The change is due to the reassignment of LSA's rights and obligations under the purchase agreement for LCC to ALKYRIS, and no change in the Company's rights, obligations or duties under the purchase agreement will occur due to this reassignment.

Upon completion of this sale, LCC will be deconsolidated from the Group.

Transfer of Business of Toshiba General Hospital

The Company entered into a business transfer agreement on November 30, 2017 for the transfer of all businesses operated by Toshiba General Hospital to Midorino-kai, a medical corporation that belongs to the Kamachi group, to make further contributions to the medical services which meet the regional demand. Following the necessary procedures, such as opening a hospital and acquiring an approval to use the hospital, required under the Medical Care Act, the transfer was completed on April 1, 2018 (assets and liabilities of the transferred businesses at March 31, 2018 are approximately 3.7 billion yen and 1.5 billion yen, respectively).

The transfer price is approximately 27.5 billion yen, and the gain on the sale from this business transfer of approximately 25.3 billion yen will be recorded in the first quarter of the fiscal year ending March 31, 2019.

8. Other Notes

Reduction in Amounts of Capital Legal Reserve and Common Stock and Appropriation of Other Capital Surplus in the Company's Non-Consolidated Balance Sheet

In order to fund the deficit in retained earnings brought forward, aim to achieve a healthier financial platform, and enable flexible and agile capital policy in the future, the Company will, at the board of directors meeting to be held on May 15, 2018, resolve to reduce its capital legal reserve (299,999 million yen) pursuant to the provisions of Article 448 (1) of the Companies Act. In addition, the Company will resolve to submit a proposal to reduce the amount of common stock in the non-consolidated balance sheet of the Company (299,999 million yen) to the Ordinary

General Meeting of Shareholders for the 179th Fiscal Year, which will be held on June 27, 2018, pursuant to the provisions of Article 447 (1) of the Companies Act, and make an appropriation of other capital surplus (758,687 million yen), including the amount increased due to a reduction of capital legal reserve and common stock, pursuant to the provisions of Article 452 of the Companies Act.

Non-Consolidated Balance Sheet

Non-Consolidated Statement of Operations

Non-Consolidated Statement of Changes in Net Assets

Notes to Non-Consolidated Financial Statements

For the year ended March 31, 2018

The 179th term

Toshiba Corporation

Non-Consolidated Balance Sheet

As of March 31, 2018

Assets	(Millions of yen)
Current assets	586,804
Cash and cash equivalents	370,708
Notes receivables	7,336
Accounts receivables	28,343
Finished products	952
Raw materials	319
Work in process	579
Other receivables	146,466
Advance payments	17
Prepaid expenses	2,931
Other current assets	29,744
Allowance for doubtful accounts	(594)
Fixed assets	1,146,912
Tangible fixed assets	55,435
Buildings	21,498
Structures	3,443
Machinery and equipment	2,661
Delivery equipment	5
Tools, fixtures and furniture	5,021
Land	22,670
Lease assets	111
Construction in progress	23
Intangible fixed assets	4,370
Software	3,555
Other intangible fixed assets	814
Investments and others	1,087,106
Investment securities	36,809
Security investments in subsidiaries and affiliates	1,003,768
Other investments	221
Other investments in subsidiaries and affiliates	25,938
Long-term prepaid expenses	11
Claims provable in bankruptcy and rehabilitation	22,865
Other assets	20,526
Allowance for doubtful accounts	(23,034)
Total assets	1,733,717

Non-Consolidated Balance Sheet (Continued)

As of March 31, 2018

Liabilities	(Millions of yen)
Current liabilities	1,168,243
Notes payable	32
Accounts payable	3,384
Short-term loans	152,320
Current portion of debentures	90,000
Lease obligations	122
Accrued liabilities	26,905
Accrued expenses	30,280
Corporate and other taxes payable	1,005
Advance payments received	11,785
Deposits received	776,911
Allowance for losses on business of subsidiaries and affiliates	8,958
Allowance for losses on litigation	3,412
Allowance for losses on guarantees	23,372
Other current liabilities	39,752
Long-term liabilities	517,057
Debentures	60,000
Long-term loans	351,360
Lease obligations	39
Allowance for retirement benefits	35,633
Allowance for losses on litigation	60,642
Asset retirement obligations	1,910
Deferred tax liabilities	3,943
Other long-term liabilities	3,528
Total liabilities	1,685,301
Net Assets	
Shareholders' equity	42,204
Common stock	499,999
Capital surplus	458,687
Capital legal reserve	299,999
Other capital surplus	158,687
Retained earnings	(914,423)
Other retained earnings	(914,423)
Reserves for deferral of gains on sales of property	4
Retained earnings brought forward	(914,428)
Treasury stock	(2,060)
Difference of appreciation and conversion	6,211
Net unrealized gains (losses) on investment securities	8,389
Deferred profit (loss) on hedges	(2,177)
Total net assets	48,416
Total liabilities and net assets	1,733,717

Non-Consolidated Statement of Operations

For the year ended March 31, 2018

	(Millions of yen)
Net sales	526,096
Cost of sales	412,488
Gross margin	113,608
Selling, general and administrative expenses	168,451
Net operating loss	54,843
Non-operating income	68,588
Interest income	2,771
Dividend income	44,739
Rental income	11,189
Miscellaneous income	9,887
Non-operating expenses	114,038
Interest expenses	34,761
Commission fees	13,826
Foreign exchange losses	7,991
Share issuance costs	26,553
Miscellaneous expenses	30,905
Ordinary loss	100,294
Extraordinary gains	401,421
Gains on sales of subsidiaries and affiliates	85,728
Reversal of allowance for doubtful accounts	19,600
Reversal of allowance for losses on business of subsidiaries and affiliates	11,023
Gains from sales of fixed assets	10,810
Gains related to overseas nuclear power business	274,259
Extraordinary losses	184,225
Losses on valuation of shares of subsidiaries and affiliates	121,490
Losses on valuation of investment securities	20,160
Losses on sales of shares of subsidiaries, affiliates and others	34,471
Provision of allowance for losses on business of subsidiaries and affiliates	6,329
Impairment loss	1,774
Net income before income taxes	116,901
Corporate tax, inhabitant tax and business tax	(55,644)
Taxes deferred	(5,037)
Net income	177,583

Non-Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2018

(Millions of yen)	Shareholders' equity							
		Capital surplus			Retained earnings			
						Other retained earnings		
	Common stock	Capital legal reserve	Other capital surplus	Total capital surplus	Legal retained earnings	Reserves for deferral of gains on sales of property	Retained earnings brought forward	Total retained earnings
Balance at beginning of the term	200,000	-	158,688	158,688	-	10,235	(1,102,242)	(1,092,006)
Changes in the term								
Issuance of new shares	299,999	299,999		299,999				
Disposal of reserves for deferral of gains on sales of property						(10,231)	10,231	-
Net income							177,583	177,583
Purchase of treasury stock								
Disposal of treasury stock			(1)	(1)				
Net changes of items other than shareholders' equity								
Total changes in the term	299,999	299,999	(1)	299,998	-	(10,231)	187,814	177,583
Balance at end of the term	499,999	299,999	158,687	458,687	-	4	(914,428)	(914,423)

	Shareholders' equity		Difference of appreciation and conversion			Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on investment securities	Deferred profit (loss) on hedges	Total difference of appreciation and conversion	
Balance at beginning of the term	(1,945)	(735,262)	17,846	(12,921)	4,925	(730,337)
Changes in the term						
Issuance of new shares		599,999				599,999
Disposal of reserves for deferral of gains on sales of property		-				-
Net income		177,583				177,583
Purchase of treasury stock	(117)	(117)				(117)
Disposal of treasury stock	3	1				1
Net changes of items other than shareholders' equity			(9,457)	10,743	1,286	1,286
Total changes in the term	(114)	777,467	(9,457)	10,743	1,286	778,753
Balance at end of the term	(2,060)	42,204	8,389	(2,177)	6,211	48,416

1. Notes Relating to Assumptions for the Going Concern

In the fiscal year ended March 31, 2017, the Company recorded negative equity mainly due to a loss related to withdrawal from overseas nuclear power business of 1,298,233 million yen recorded as extraordinary losses. Shareholders' equity amounted to -735,262 million yen with net assets of -730,337 million yen as of March 31, 2017. Therefore, taking into consideration of the expenditures which the Company was going to pay as Toshiba's parent company guarantee obligation, substantial doubt about the Company's ability to continue as a going concern existed.

The Company, as approved at its Board of Directors on November 19, 2017, decided to proceed with a financing transaction of a share issue by third-party allotment (the "Financing") to offset the negative impact. The total amount of the newly issued shares was about 600,000 million yen (US$5,660.4 million) (the issued amount per share is 262.8 yen (US$2.48) and the total number of the newly issued shares was 2,283,105,000 shares) and the Financing was successfully closed on December 5, 2017.

The Company reached an agreement with Georgia Power, a wholly-owned subsidiary of Southern Company, in its role as agent for the owners of the project: Georgia Power; Oglethorpe Power Corporation; Municipal Electrical Authority of Georgia; and Dalton Utilities, for the Company to make a payment of US$3,225 million (361.4 billion yen) as the remaining outstanding amount, following an earlier payment of US$455 million (51.2 billion yen) from the maximum limit of US$3,680 million (412.6 billion yen), of the Company's guarantee obligation. The payment was completed on December 14, 2017 with funds gained through the Financing. In addition, the Company also entered into an agreement with the two owners of the V.C. Summer project (Units 2 and 3), South Carolina Electric & Gas Company, the principal and wholly-owned subsidiary of SCANA Corporation and Santee Cooper, and subsequently with Citigroup Financial Products Inc. ("Citigroup"), now the holder of the rights to the claim of parent company guarantee payment after purchasing them from the two owners of the project, that determined to pay in full amount of the remaining outstanding balance of the Company's parent company guarantee obligations of which the maximum limit was set at US$2,168 million (244.8 billion yen). On January 12, 2018, the Company made a payment to Citigroup in the amount of US$1,860.5 million (210.2 billion yen). This constituted the outstanding amount of the parent company guarantee obligation reflecting the previously paid amount of US$247.5 million (27.9 billion yen), adjusted to deduct US$60 million (6.7 billion yen) related to the mechanic's lien, a guarantee of payment to builders, contractors and construction firms for their work. As a result, the Company's financing environment was improved by reductions of future expenditures. In addition, by settling the aforementioned obligations to creditors, the Company obtained the right to pursue claims against Westinghouse Electric Company ("WEC") for the amount paid by the Company. The Company entered into agreements with Nucleus Acquisition LLC ("Nucleus"), consortium controlled by The Baupost Group, L.L.C., to sell the aforementioned claims, and with the Brookfield WEC Holdings LLC to sell WEC related shares. The Company sold these claims on January 23, 2018, and the Company recorded a gain of 241.6 billion yen (US$2,279.2 million) (Net income of 166.9 billion yen (US$1,574.5 million)). Furthermore, the Company mitigated 244.5 billion yen (US$2,306.6 million) of the tax impact recognized as a non-qualified company split for tax purpose in the memory business, resulting in further improvement of the Company's shareholders' equity. Consequently the Company resolved its negative equity in shareholders' equity as of March 31, 2018. As a result, shareholders' equity was 42,204 million yen, with net assets of 48,416 million yen, as of March 31, 2018.

The Company entered into an agreement under which it would sell all shares of Toshiba Memory

Corporation ("TMC") to K.K. Pangea ("Pangea"), a special purpose acquisition company formed by the consortium led by a Bain Capital Private Equity LP (including its affiliates, "Bain Capital") for 2 trillion yen (US$18,867.9 million) on September 28, 2017. With respect to the Company's sale of TMC to Pangea (the "Sale"), SanDisk LLC ("SanDisk"), a subsidiary acquired by Western Digital Corporation, had alleged to International Court of Arbitration that the Company violated the contract between the Company and SanDisk by taking over the shares of the joint ventures with SanDisk to TMC without the agreement of SanDisk when the Company split its memory business into TMC. SanDisk also had alleged that exercising the Sale was a violation of the agreement. However, the Company entered into a global settlement agreement with Western Digital Corporation to resolve these disputes and all related litigation and arbitration on December 13, 2017. As a result, concerns for the incompletion of the Sale with the mediation of the International Court of Arbitration were resolved. The conditions required for the closing of the Sale, such as the necessary acquisition of antitrust approvals in the key jurisdictions, have progressed. Since the certainty of the completion of the Sale has increased, the Company classified TMC, its subsidiaries and affiliates as held for sale assets in its consolidated account as of December 31, 2017, and the classification has not changed as of March 31, 2018.

The Company has Commitment lines contracts for 400.0 billion yen (US$3,773.6 million) with the Company's main financial institutions in order to keep sufficient liquidity until the completion of the Sale. The terms of the current contracts are effective until May 31, 2018, and are collateralized by TMC shares. Taking into account the fact that these contracts been renewed several times since April 2017, when the substantial doubt about the Company's ability to continue as a going concern emerged, as well as the expectation that the Company will be in a net cash position with the completion of the Sale, the Company considers it probable that the Company will be able to meet the obligation as these contracts become due.

The deterioration of the Company's financial structure at the end of March 2017, and the downgrading of the Company's credit rating by the rating agencies on December 28, 2016 caused a breach of financial covenants in outstanding syndicated loans of 80,000 million yen (US$754.7 million) lent by the Company's main financial institutions. The total for syndicated loans is recorded as a part of the Company's short-term and long-term loans in the total of 503,680 million yen in the non-consolidated balance sheet as of March 31, 2018. The Company obtained a consent with its financial institutions that these loans will not be called in until June 29, 2018. If these loans are called in, other bonds and certain borrowings might also become callable. The Company will continue to sincerely request the financial institutions to waive the right to call in these loans on and after June 30, 2018.

In addition to the foregoing, the Company operates businesses that require a Special Construction Business License from the Japanese government under Construction Business Act. The Company is required to meet certain financial criteria in order to renew this license. As the expiration date of the license was in December 2017, the Company has taken measures such as absorption-type company splits in which the licensed companies took over the business. As a result, any concerns for the negative impacts on the business derived from the failure to renew the license were eliminated.

By taking the above-referenced actions, material events and conditions that raised substantial doubts about the Company's ability to continue as a going concern have been sufficiently addressed as of May 15, 2018.

2. Notes to Significant Accounting Policies

Non-consolidated financial information has been prepared in accordance with Japanese generally accepted accounting principles.

(1) Method of valuation of securities

Investment securities in affiliates	Valued at acquisition cost based on the moving average method
Other securities	
Marketable securities	Valued at market value at the end of fiscal year (The difference are recorded directly in net assets and cost of sales is calculated by the moving average method)
Non-marketable securities	Valued at acquisition cost based on the moving average method

(2) Method of valuation of derivatives

Derivatives	Valued at market value

(3) Method of valuation of inventories

Finished products	Valued at acquisition cost either based on the specific identification method or on the moving average method
Raw materials	Valued at acquisition cost based on the moving average method
Work in process	Valued at acquisition cost either based on the specific identification method or on the weighted average method

Amounts carried on the balance sheet are stated after their devaluation based on the lowered profitability.

(4) Depreciation methods for fixed assets

Tangible fixed assets (excluding lease assets)	The straight-line method. Service life of buildings and structures is from 3 years to 60 years. Service life of machinery and equipment is from 3 years to 17 years.
Intangible fixed assets (excluding lease assets)	The straight-line method. However, for software for sales, the straight-line method based on estimated sales volume or remaining effective life (up to 3 years). For software for internal use, the straight-line method based on internal service life (up to 5 years).
Lease assets	Lease assets under non-ownership transfer finance lease transactions. For accounting for such lease assets, the Company applies a straight-line method with the lease period as useful life and the residual value as 0.

(5) Recognition of allowance

Allowance for doubtful accounts	To account for potential losses on bad debts, allowances for doubtful accounts are recorded. The allowance for doubtful accounts is generally recorded based on the write-off history and also recorded for any specific, known troubled accounts based on the evaluation of their collectability.
Allowance for losses on business of subsidiaries and affiliates	To account for possible losses associated with business of subsidiaries and affiliates, the expected amount of loss to be incurred by the Company beyond the amount normally estimated based on its recorded investment value in the subsidiaries and affiliates.
Allowance for losses on litigation	To account for the contingent losses that may be incurred in the future with respect to lawsuits or other disputes, a reasonable estimate of potential loss is recorded upon having considered the individual risks in terms of the respective contingencies.
Allowance for losses on guarantees	To account for the possible losses on guarantees in the future, the estimated amount of loss to be incurred is recorded, taking into account the guaranteed party's financial position and others.
Allowance for retirement benefits	To account for retirement benefits, the estimated amount is based on the accrued pension and severance costs to be incurred at the end of fiscal year. Retirement benefit obligations are calculated on the benefit formula basis to attribute estimated accrued severance costs to the period to the current fiscal year. Prior service cost is amortized by straight-line method over 10 years. Actuarial differences are amortized by straight-line method over 10 years from the fiscal year following the fiscal year in which they arise.

(6) Revenue recognition

The percentage-of-completion method is applied for construction contracts with a high level of certainty of expected cash flow for the part completed by the end of the period (cost comparison method is used for estimating the progress rate of construction work).

(7) Hedge accounting

Accounting method

In principal, the Company applies the deferral hedge accounting method. In addition, when the forward exchange contracts meet the conditions for hedged items, the Company does not account for gains and losses on those forward exchange contracts on a fair value basis, but converts hedged items using the rates of those forward exchange contracts at the closing day.

Moreover, when interest swap agreements meet the conditions for hedged items, the Company does not account for gains and losses on those interest swap agreements on a fair value basis, but recognizes swap interest on an accrual basis.

Measures and objects

Measures	Forward exchange contracts, interest rate swap agreements and borrowings denominated in foreign currency, etc.
Objects	Monetary assets and liabilities denominated in foreign currency, commitments on future transactions denominated in foreign currency, borrowings and investments in foreign subsidiaries, etc.

Policy

To reduce foreign currency risk and interest risk and to improve net interest expense, the Company employs derivative instruments within actual demand of the Company.

Evaluation of effectiveness

The Company compares the total amount of market change or change of cash flow of objects and the total amount of market change or change of cash flow of measures. Effectiveness of hedge is evaluated based on change of both. However, when interest rate swap agreements are recognized by the exceptional method described above, evaluation of effectiveness is skipped.

(8) Accounting of consumption taxes

Transactions subject to consumption taxes are recorded at amounts without tax.

(9) Consolidated taxation system

The Company utilizes the consolidated tax payment system.

(10) Presentation of amount

Amounts under million are rounded down.

3. Notes to Changes in Presentation Methods

(Non-Consolidated Balance Sheet)

“Other receivables,” which had been included in “Other current assets” under “Current assets” up until the previous fiscal year, have been separately stated in the current fiscal year due to their heightened materiality. In the previous fiscal year, “Other receivables” included in “Other current assets” under “Current assets” were 102,488 million yen.

(Non-Consolidated Statement of Operations)

“Rental income,” which had been included in “Miscellaneous income” under “Non-operating income” up until the previous fiscal year, has been separately stated in the current fiscal year due to its heightened materiality. In the previous fiscal year, “Rental income” included in “Miscellaneous income” under “Non-operating income” was 9,055 million yen.

“Commission fees,” which had been included in “Miscellaneous expenses” under “Non-operating expenses” up until the previous fiscal year, has been separately stated in the current fiscal year due to its heightened materiality. In the previous fiscal year, “Commission fees” included in “Miscellaneous expenses” under “Non-operating expenses” was 1,604 million yen.

4. Notes to Non-Consolidated Balance Sheet

(1) Collateral assets and liabilities secured by collaterals:

Collateral assets:

Buildings	4,122 million yen
Land	2,783 million yen
Investment securities	19,822 million yen
Security investments in subsidiaries and affiliates	545,658 million yen
(within above, Toshiba Memory Corporation	479,128 million yen)
Other assets, Investments and others	6,768 million yen

The Company has pledged assets as collateral for borrowings from financial institutions (short-term loans of 80,000 million yen and long-term loans of 243,680 million yen) and certain liabilities on guarantees for borrowings of subsidiaries, affiliates and non-group companies from financial institutions, jointly and severally with the Group companies. The above assets are pledged as collateral by the Company.

Cash and cash equivalents	30,060 million yen

The above assets are collateral pledged on secured bonds of 30,000 million yen and their interests.

(2) Accumulated depreciation for tangible fixed assets: 133,308 million yen

(3) Liabilities on guarantees

The Company guarantees business contracts which was transferred by a company split, lease obligations, bonds and borrowings from financial institution, etc. as follows:

(Millions of yen)

Guarantee	Balance of liabilities on guarantees
Toshiba Energy Systems & Solutions Corporation	242,759
Flash Forward, Ltd.	48,303
NuGeneration Limited	23,814
Flash Alliance, Ltd.	20,540
Toshiba JSW Power Systems Pvt. Ltd.	19,809
Others	72,418
Total	427,645

(4) Important disputes

In February 2015, the Company received an order from the Securities and Exchange Surveillance Commission, based on Article 26 of the Financial Instruments and Exchange Act, requiring submission of a report. The Company was then subject to inspection regarding projects that used percentage-of-completion accounting. Later, after establishing the Independent Investigation Committee and conducting the investigation, it was found that the Company had continuously carried out inappropriate accounting and, therefore, the Company filed amendments of the past Annual Securities Reports and other reports. Holders of American Depositary Receipts filed a class action lawsuit against the Company in the State of California, in the U.S. in relation to the inappropriate financial reporting by the Company.

While the Company filed a petition with the court for rejection of the lawsuit on the grounds that securities laws of the U.S. do not apply to the above-mentioned securities, among other reasons, the decision to reject the lawsuit was made as of May 20, 2016 (U.S. time). As of July 25, 2016 (U.S. time), the plaintiff appealed the decision.

Damage compensation claims have been demanded against the Company in Japan as well with the plaintiffs claiming to have suffered damage due to inappropriate financial reporting by the Company. The Company accrued the reasonably estimated amount expected to be paid for the damage compensation. Certain of these claims have been pending with several courts including seeking payment by (1) foreign institutional investors of approximately 16,106 million yen in June 2016, 21,759 million yen in April 2017, 43,890 million yen in April 2017, 9,227 million yen in June 2017, 33,000 million yen in September 2017, 823 million yen in September 2017 and 414 million yen in October 2017, (2) Japan Trustee Services Bank, Ltd., of approximately 1,262 million yen in May 2016, 11,993 million yen in August 2016, and 572 million yen in September 2017, (3) the Master Trust Bank of Japan, Ltd., of approximately 5,105 million yen and 13,114 million yen in March 2017,and (4) Trust & Custody Services Bank, Ltd., of approximately 14,001 million yen in March 2017. There is a likelihood that shareholders and other entities will file a lawsuit against the Company in the future.

The Group undertakes global business operations and is involved from time to time in disputes, including lawsuits and other legal proceedings and investigations by relevant authorities. Due to differences in judicial systems and the uncertainties inherent in such proceedings, the Group may be subject to a ruling requiring payment of amounts far exceeding its expectations. Any judgment or decision unfavorable to the Group could have a materially adverse effect on the Group’s business, results of operations or financial condition. However, based on the information currently available to the Group, Management believes that such legal procedures would not have a material adverse effect on the financial position or the results of operations of the Group.

(5) Monetary receivables and liabilities to subsidiaries and affiliates

Current monetary receivables	96,770 million yen
Current monetary liabilities	808,155 million yen

5. Notes to Non-Consolidated Statement of Operations

(1) Sales to subsidiaries and affiliates	222,217 million yen
(2) Purchases from subsidiaries and affiliates	267,262 million yen
(3) Non-operating transactions amounts with subsidiaries and affiliates	99,730 million yen

(4) Gain related to overseas nuclear power business

The Company sold a subrogated right (right to assert claims) against WEC in the U.S., which was obtained by making early payment in full for the maximum amount of its parent company guarantee obligations for WEC AP1000, new-type reactor construction projects, and other claims held by the Company in association with companies that filed for Chapter 11 bankruptcy protection (Note) including WEC to Nucleus, consortium controlled by The Baupost Group LLC in the U.S., and recorded a gain on sale of the subrogated right (241,558 million yen).

Because the provision of collateral is partially no longer required at LC Collateral SPV LLC, which was established for the purpose of fund investment and management such as provision of collateral to financial institutions with which WEC has transactions, contributions to the LLC were returned to the Company. As a result, a gain on the return due to capital reduction with compensation (14,767 million yen) was recorded.

Due mainly to the above reasons, 274,259 million yen was recorded in extraordinary gains.

(Note)Companies that filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code includes Westinghouse, certain of Westinghouse’s U.S. subsidiaries and affiliates, and Toshiba Nuclear Energy Holdings (UK) Limited, the holding company for Westinghouse Group operating companies outside the U.S.

6. Notes to Non-Consolidated Statement of Changes in Net Assets

(1) The class and number of issued shares as of March 31, 2018

Common stock 6,520,707,026 shares

(2) The class and number of treasury stock as of March 31, 2018

Common stock 4,248,471 shares

(3) Resolution of dividends

Resolution	Total amount of dividends	Dividend per share	Record date	Effective date
Board of Directors Meeting held on April 11, 2017	0 yen	0.00 yen	Mar. 31, 2017	–
Board of Directors Meeting held on September 21, 2017	0 yen	0.00 yen	Sep. 30, 2017	–
Board of Directors Meeting to be held on May 15, 2018	0 yen	0.00 yen	Mar. 31, 2018	–

7. Notes to Deferred Income Tax Accounting

Deferred tax assets have been recognized due to losses on the valuation of shares, allowance for losses on litigation, and non-recognition of the allowance for retirement benefits. A full valuation allowance has been recorded.

The occurrence of deferred tax liabilities was mainly attributable to net unrealized gains (losses) on investment securities.

8. Notes to Transaction with Related Parties
Subsidiaries and affiliates

(Millions of yen)

Distinction of subsidiary/ affiliate	Company	Holding ratio of voting rights[*2]	Relationship	Transaction	Amount	Accounts	Ending balance
Subsidiary	Toshiba Electronics Taiwan Corporation	100%	Sales of the Company's products	Sales of the Company's products[*3]	54,452	Accounts receivable	–
Subsidiary	Toshiba Information Equipment (Philippines), Inc.	100%	Procurement	Procurement[*4]	69,395	Accounts payable	–
Subsidiary	Mangiarotti S.p.A.[*1]	70.0%	Lending of cash	Debt forgiveness[*5]	18,930	–	–
Subsidiary	Toshiba Memory Corporation	100%	Borrowing of cash Company split	Deposit of cash[*6*7]	–	Deposits received	146,351
				Payment of interests[*6*7]	8,664	Accrued expenses	731
				Deposit of Securities[*8]	64,935	–	–
				Return of Securities[*9]	65,181	–	–
				Company split[*10] Demerged assets Demerged liabilities	 739,280 129,758	 – –	 – –
Subsidiary	Toshiba Energy Systems & Solutions Corporation	100%	Borrowing of cash Company split Debt guarantee	Deposit of cash[*6*7]	–	Deposits received	113,662
				Payment of interests[*6*7]	521	Accrued expenses	138
				Company split[*10] Demerged assets Demerged liabilities	 556,166 429,464	 – –	 – –
				–	–	Guarantees[*13]	242,759
				–	–	Debt guarantees received[*14]	–
Subsidiary	Toshiba Electronic Devices & Storage Corporation	100%	Borrowing of cash Company split	Deposit of cash[*6*7]	–	Deposits received	82,124
				Payment of interests[*6*7]	1,129	Accrued expenses	154
				Company split[*10] Demerged assets Demerged liabilities	 314,215 242,455	 – –	 – –
				–	–	Debt guarantees received[*14]	–
Subsidiary	Toshiba Digital Solutions Corporation	100%	Borrowing of cash Company split	Deposit of cash[*6*7]	–	Deposits received	55,225
				Payment of interests[*6*7]	1,576	Accrued expenses	131
				Company split[*10] Demerged assets Demerged liabilities	 29,458 25,458	 – –	 – –
				–	–	Debt guarantees received[*14]	–
Subsidiary	Toshiba Plant Systems & Services Corporation	51.5%	Borrowing of cash	Deposit of cash[*6*7]	–	Deposits received	82,800
				Payment of interests[*6*7]	222	Accrued expenses	170
Subsidiary	NuFlare Technology, Inc.	50.0%	Borrowing of cash	Deposit of cash[*6*7]	–	Deposits received	40,000
				Payment of interests[*6*7]	109	Accrued expenses	6
Subsidiary	Toshiba America, Inc.	100%	Borrowing of cash	Deposit of cash[*6*7]	–	Deposits received	38,075
				Payment of interests[*6*7]	2,943	Accrued expenses	252

Subsidiary	Toshiba of Europe Ltd.	100%	Borrowing of cash	Deposit of cash*6*7	–	Deposits received	30,992
				Payment of interests*6*7	1,264	Accrued expenses	119
Subsidiary	Toshiba Asia Pacific Pte., Ltd.	100%	Borrowing of cash	Deposit of cash*6*7	–	Deposits received	28,275
				Payment of interests*6*7	793	Accrued expenses	74
Subsidiary	Toshiba Elevator and Building Systems Corporation	80.0%	Borrowing of cash	Deposit of cash*6*7	–	Deposits received	17,834
				Payment of interests*6*7	436	Accrued expenses	30
Subsidiary	Toshiba Infrastructure Systems & Solutions Corporation	100%	Borrowing of cash Company split	Deposit of cash*6*7	–	Deposits received	12,479
				Payment of interests*6*7	46	Accrued expenses	2
				Company split*10 Demerged assets Demerged liabilities	 299,167 170,750	 – –	 – –
				–	–	Debt guarantees received*14	–
Subsidiary	LC Collateral SPV LLC	100%	Management and investment of funds	Repayment from capital reduction*11	16,483	–	–
Subsidiary	Toshiba Lighting & Technology Corporation	99.9%	Subscription to capital increase	Subscription to capital increase*12	32,300	–	–
Subsidiary	Advance Energy UK Limited	100%	Subscription to capital increase	Subscription to capital increase*12	21,553	–	–
Affiliate	Flash Forward, Ltd.	50.1%	Guarantees	–	–	Guarantees*15	48,303
Subsidiary	NuGeneration Limited	100%	Guarantees	–	–	Guarantees*16	23,814
Affiliate	Flash Alliance, Ltd.	50.1%	Guarantees	–	–	Guarantees*15	20,540
Subsidiary	Toshiba JSW Power Systems Pvt. Ltd.	75.0%	Guarantees	–	–	Guarantees*17	19,809

* 1. This company is no longer a subsidiary or affiliate at present because the Company sold 70.0% of the company’s total issued shares to Westinghouse Electric U.K. Holdings Limited on November 23, 2017 (Italian Standard Time). Therefore, the figure in the table represents the transaction amount corresponding to the period when this company was a subsidiary of the Company.
* 2. Voting rights include voting rights held through subsidiaries of the Company.
* 3. These sales cover the transactions made before the company split. Conditions of the sale of the Company’s products were determined on the basis of mutual discussion drawing on conditions prevailing in an arms-length transaction, considering market price.
* 4. This procurement covers the transactions made before the company split. Conditions of procurement were determined on the basis of mutual discussion drawing on conditions prevailing in an arms-length transaction, considering market price.
* 5. A part of this debt forgiveness was provided in the previous fiscal year. 1,680 million yen of the excess amount of this provision was recognized in non-operating expenses for the current fiscal

year.

* 6. Conditions of lending and/or borrowing of cash are determined on the basis of mutual discussion drawing on conditions prevailing in an arms-length transaction, considering market interest rate.
* 7. Amounts such as those involving lending and/or borrowing of cash are not stated because such transactions are performed on a recurring basis drawing on cash management systems for the effective utilization of funds within the Group.
* 8. The amount of deposit of securities when deposited is determined on the basis of mutual discussion considering the fair value.
* 9. The amount of return of securities when returned is determined on the basis of mutual discussion considering the fair value.

*10. Details of the company split are disclosed in the section of Notes to Business Combinations and Divestitures.

*11. Although LC Collateral SPV LLC reduced capital, the Company had recognized impairment loss on a majority of its investments in the LLC in the previous fiscal year. Therefore, the Company recognized a reduction in investment account of 1,715 million yen and gain on return due to capital reduction of 14,767 million yen.

*12. The Company subscribed to all the shares issued for capital increase by the subsidiary.

*13. The Company guarantees against contracted payments by Toshiba Energy Systems & Solutions Corporation.

*14. The Company received joint and several guarantees of 888,641 million yen from four subsidiaries against the Company's borrowings or the like.

*15. Guarantees are arranged with respect to lease obligations.

*16. Guarantees are arranged with respect to obligations arising from option contracts in leases of land.

*17. Guarantees are arranged with respect to the subsidiary's borrowings or the like.

9. Notes to Per Share Information

(1)	Net assets per share	7.43 yen
(2)	Net income per share	35.98 yen

10. Notes to Business Combinations and Divestitures

(Transactions, etc. between entities under common control)

(1) Company split of the memory business

Effective April 1, 2017, the memory business of the Storage & Electronic Devices Solutions Company, one of the Company's in-house companies, was separated from the Company by means of a company split.

1) Outline of company split

a. Name of the post-company split company

Toshiba Memory Corporation

b. Business of the business unit that was split

Development, manufacturing, sales and related business, involving memory and related products (including SSDs, but excluding image sensors) operated by the Storage & Electronic Devices Solutions Company, one of the Company's in-house companies

c. Key purpose of company split

Splitting off the memory business in the Storage & Electronic Devices Solutions Company, one of the Company's in-house companies, into a single entity will afford it greater flexibility in rapid decision-making and enhance financing options, which will lead to further growth of the memory business.

d. Date of company split

April 1, 2017

e. Transaction outline, including legal format

An absorption-type company split in which Toshiba was the absorption-based splitting company and Toshiba Memory Corporation was the absorption-based succeeding company.

2) Outline of accounting treatment performed

Accounting treatment was performed for the transactions between entities under common control pursuant to the Accounting Standard for Business Combinations (ASBJ Statement No. 21 of September 13, 2013), the Accounting Standard for Business Divestitures (ASBJ Statement No. 7 of September 13, 2013) and the Guidance on Accounting Standard for Business Combinations and Business Divestitures (ASBJ Guidance No. 10 of September 13, 2013).

(2) Company split of the social infrastructure business

Effective July 1, 2017, the Company split and transferred its Infrastructure Systems & Solutions Company, one of the Company's in-house companies, to Toshiba Electric Service Corporation, a consolidated subsidiary of the Company, by means of a company split.

1) Outline of company split

a. Name of the post-company split company

Toshiba Infrastructure Systems & Solutions Corporation
Its trade name was changed from Toshiba Electric Service Corporation effective July 1, 2017.

b. Business of the business unit that was split

Development, manufacturing and sales of social infrastructure business products, systems and services

c. Key purpose of company split

By integrating the Company's in-house Infrastructure Systems & Solutions Company with Toshiba Electric Service Corporation, it aims to allow the social infrastructure business to establish a management structure capable of optimal and rapid decision-making in a changing business environment, and to deploy an enhanced governance structure. The Company also aims to realize continuous growth for the social infrastructure business by positioning it to continue to promote a spiral lifecycle business offering products, systems and services that improve customer value, which will ultimately lead to maximization of the corporate value of the Group.
In addition, Toshiba Electric Service Corporation, the succeeding company, holds special

construction business licenses, essential for the social infrastructure business, which will realize a continuous and smooth business transition.

d. Date of company split

July 1, 2017

e. Transaction outline, including legal format

An absorption-type company split in which Toshiba was the absorption-based splitting company and Toshiba Electric Service Corporation was the absorption-based succeeding company.

2) Outline of accounting treatment performed

Accounting treatment was performed for the transactions between entities under common control pursuant to the Accounting Standard for Business Combinations (ASBJ Statement No. 21 of September 13, 2013), the Accounting Standard for Business Divestitures (ASBJ Statement No. 7 of September 13, 2013) and the Guidance on Accounting Standard for Business Combinations and Business Divestitures (ASBJ Guidance No. 10 of September 13, 2013).

(3) Company split of the electronic devices business (excluding the memory business)

Effective July 1, 2017, the Company split the Storage & Electronic Devices Solutions Company, one of the Company's in-house companies, by means of a company split.

1) Outline of company split

a. Name of the post-company split company

Toshiba Electronic Devices & Storage Corporation

b. Business of the business unit that was split

Development, manufacturing, sales and related business, involving discrete semiconductors, system LSIs, HDDs and related products

c. Key purpose of company split

By splitting the Company's in-house Storage & Electronic Devices Solutions Company by means of a company split, it aims to allow the electronics devices business to establish a management structure capable of flexible and rapid decision-making, and to deploy an enhanced governance structure. The Company also aims to realize continuous growth for the electronic devices business by positioning it to offer products that improve customer value, which will ultimately maximize the corporate value of the Group.

d. Date of company split

July 1, 2017

e. Transaction outline, including legal format

An absorption-type company split in which Toshiba was the absorption-based splitting company and Toshiba Electronic Devices & Storage Corporation was the absorption-based succeeding company.

2) Outline of accounting treatment performed

Accounting treatment was performed for the transactions between entities under common control pursuant to the Accounting Standard for Business Combinations (ASBJ Statement No. 21 of September 13, 2013), the Accounting Standard for Business Divestitures (ASBJ Statement

No. 7 of September 13, 2013) and the Guidance on Accounting Standard for Business Combinations and Business Divestitures (ASBJ Guidance No. 10 of September 13, 2013).

(4) Company split of the ICT solutions business

Effective July 1, 2017, the Company split and transferred its Industrial ICT Solutions Company, one of the Company's in-house companies, to Toshiba Solutions Corporation, a consolidated subsidiary of the Company, by means of a company split.

1) Outline of company split

a. Name of the post-company split company

Toshiba Digital Solutions Corporation
Its trade name was changed from Toshiba Solutions Corporation effective July 1, 2017.

b. Business of the business unit that was split

Development, manufacturing and sales of ICT solutions business products, systems and services

c. Key purpose of company split

By integrating the Company's in-house Industrial ICT Solutions Company with Toshiba Solutions Corporation, it aims to allow the ICT solutions business to establish a management structure capable of flexible and rapid decision-making in a fast changing ICT market, and to deploy an enhanced governance structure. The Company also aims to realize further growth for the ICT solutions business and an improved industry presence in order to become an innovator that responds to the market's digital transformation in a timely manner, and that creates and provides valuable services. Furthermore, it will contribute to maximization of the corporate value of the Group by utilizing the ICT technology.
In addition, Toshiba Solutions Corporation, the succeeding company, holds special construction business licenses, essential for the ICT solutions business, which will realize a continuous and smooth business transition.

d. Date of company split

July 1, 2017

e. Transaction outline, including legal format

An absorption-type company split in which Toshiba was the absorption-based splitting company and Toshiba Solutions Corporation was the absorption-based succeeding company.

2) Outline of accounting treatment performed

Accounting treatment was performed for the transactions between entities under common control pursuant to the Accounting Standard for Business Combinations (ASBJ Statement No. 21 of September 13, 2013), the Accounting Standard for Business Divestitures (ASBJ Statement No. 7 of September 13, 2013) and the Guidance on Accounting Standard for Business Combinations and Business Divestitures (ASBJ Guidance No. 10 of September 13, 2013).

(5) Company split of the energy business

Effective October 1, 2017, the Company split the Energy Systems & Solutions Company, one of the Company's in-house companies, and the Nuclear Energy Systems & Solutions Division, by means of a company split.

1) Outline of company split

a. Name of the post-company split company

Toshiba Energy Systems & Solutions Corporation

b. Business of the business unit that was split

Development, manufacturing and sales of energy business products, systems and services

c. Key purpose of company split

By splitting the Company’s in-house Energy Systems & Solutions Company and the Nuclear Energy Systems & Solutions Division by means of a company split, it aims to allow the energy business to establish a management structure capable of flexible and rapid decision-making in a changing business environment, and to deploy an enhanced governance structure. The Company also aims to realize further growth for the energy business by positioning it to offer products, systems and services that improve customer value in next generation energy market, which will ultimately maximize the corporate value of the Group.

In addition, the new company will obtain special construction business licenses, essential for the energy business, which will realize a continuous and smooth business transition.

d. Date of company split

October 1, 2017

e. Transaction outline, including legal format

An absorption-type company split in which Toshiba was the absorption-based splitting company and Toshiba Energy Systems & Solutions Corporation was the absorption-based succeeding company

2) Outline of accounting treatment performed

Accounting treatment was performed for the transactions between entities under common control pursuant to the Accounting Standard for Business Combinations (ASBJ Statement No. 21 of September 13, 2013), the Accounting Standard for Business Divestitures (ASBJ Statement No. 7 of September 13, 2013) and the Guidance on Accounting Standard for Business Combinations and Business Divestitures (ASBJ Guidance No. 10 of September 13, 2013).

11. Notes to Significant Subsequent Events

Sale of shares

In order to reduce the amount of internal resources required for proceeding issues in association with WEC and other related companies, which filed for a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code, and to eliminate risks at an early stage by terminating its capital relationships with WEC and other related companies, the Company decided to sell all shares it holds in Toshiba Nuclear Energy Holdings (US) Inc. ("TNEH (US)") and Toshiba Nuclear Energy Holdings (UK) Limited ("TNEH (UK)"), holding companies of WEC, to Brookfield WEC Holdings LLC ("BWH") for the sale price of US$1 (approximately 106 yen), and entered into a share purchase agreement with BWH on January 17, 2018 (U.S. time).

After necessary procedures were taken, the sale of all TNEH (US) shares held by the Company was completed on April 6, 2018 (U.S. time). Upon completion of the sale of TNEH (US) shares, TNEH (US) and its subsidiaries, TSB Nuclear Energy USA Group Inc. and WEC Insurance Limited, will be deconsolidated from the Group.

The Company will continue working with BWH and WEC to receive regulatory approvals for the sale of TNEH (UK)'s shares.

Sale of shares

The Company, on January 17, 2018 (U.S. time), entered into an agreement to sell its entire shareholding in LC Collateral SPV LLC ("LCC"), a consolidated subsidiary established as a fund manager responsible for functions such as providing collateral to financial institutions with which WEC has had transactions with, to LC SPV ACQUISITION LLC ("LSA"). The agreement was made with the intention of eliminating uncertainty in the realization of a future return of the collateral that LCC has provided, and uncertainty of the timing of the return.

After the completion of all the required procedures, the sale of the Company's entire holding in LCC was completed on April 2, 2018 (U.S. time). The sale price was US$100 million (approximately 10.6 billion yen). The gain from this sale will be recorded during the fiscal year ending March 31, 2019.

The purchaser has changed from the formerly announced LSA to ALKYRIS CAPITAL, L.L.C. ("ALKYRIS"), which is an affiliate of LSA under common indirect control by The Baupost Group, L.L.C. The change is due to the reassignment of LSA's rights and obligations under the purchase agreement for LCC to ALKYRIS, and no change in the Company's rights, obligations or duties under the purchase agreement will occur due to this assignment.

Upon completion of this sale, LCC will be deconsolidated from the Group.

Transfer of business

The Company entered into a business transfer agreement on November 30, 2017 for the transfer of all businesses operated by Toshiba General Hospital to Midorino-kai, a medical corporation that belongs to the Kamachi group, to make further contribution to the medical services which meet the regional demand. Following necessary procedures, such as opening a hospital and acquiring an approval to use the hospital, required under the Medical Care Act, the transfer was completed on April 1, 2018 (assets and liabilities of the transferred businesses at March 31, 2018 are approximately 3.7 billion yen and 1.5 billion yen, respectively).

The transfer price is approximately 27.5 billion yen, and the gain on the sale from this business transfer of approximately 25.3 billion yen will be recorded during the fiscal year ending March 31, 2019.

12. Other Notes

Reduction in Amounts of Capital Legal Reserve and Common Stock and Appropriation of Other Capital Surplus

At the board of directors meeting to be held on May 15, 2018, the Company will resolve to reduce its capital legal reserve, submit a proposal to reduce the amount of common stock to the Ordinary General Meeting of Shareholders for the 179th Fiscal Year, which will be held on June 27, 2018, and subject to such a reduction becoming effective, make an appropriation of other capital surplus. The details are as follows.

(1) Purpose

In order to fund the deficit in retained earnings brought forward, aim to achieve a healthier financial platform, and enable flexible and agile capital policy in the future, the Company will carry out a reduction in its capital legal reserve pursuant to the provisions of Article 448 (1) of the Companies Act, a reduction in common stock pursuant to the provisions of Article 447 (1) of the Companies Act, and an appropriation of other capital surplus pursuant to the provisions of Article 452 of the Companies Act.

(2) Outline

1) Reduction in capital legal reserve

The Company will reduce all amount of capital legal reserve, and post it to other capital surplus.

a. Amount by which capital legal reserve will be reduced:
Capital legal reserve 299,999,997,000 yen

b. Amount by which surplus will be increased:
Other capital surplus 299,999,997,000 yen

c. Effective date
July 31, 2018

2) Reduction in common stock

The Company will reduce a part of common stock and post it to other capital surplus.

a. Amount by which common stock will be reduced:
Common stock 299,999,997,000 yen

b. Amount by which surplus will be increased:
Other capital surplus 299,999,997,000 yen

c. Effective date
July 31, 2018

3) Appropriation of other capital surplus

The Company will reduce all amount of other capital surplus (as increased by both 1) and 2) above) and post it to retained earnings brought forward.

a.Item of surplus to be reduced and amount by which it will be reduced:
Other capital surplus 758,687,345,174 yen

b.Item of surplus to be increased and amount by which it will be increased:
Retained earnings brought forward 758,687,345,174 yen

c. Effective date

July 31, 2018

This appropriation is subject to the reduction in common stock in 2) above being approved as originally proposed at the Ordinary General Meeting of Shareholders for the 179th Fiscal Year scheduled to be held on June 27, 2018.

(3) Schedule (as planned)

1) Date of resolution by the Board of Directors	May 15, 2018
2) Date of resolution at the General Meeting of Shareholders (for reduction in common stock)	June 27, 2018
3) Notice to creditors on submission of objections	Late June 2018
4) Effective date	July 31, 2018

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Independent Auditor's Report
(English Translation)

May 15, 2018

Toshiba Corporation
Representative Executive Officer
Chairman and Chief Executive Officer
Nobuaki Kurumatani

PricewaterhouseCoopers Aarata LLC

Designated Limited Liability Partner, Engagement Partner
Kentaro Iwao, CPA
Designated Limited Liability Partner, Engagement Partner
Shinichi Kishi, CPA
Designated Limited Liability Partner, Engagement Partner
Takeshi Tadokoro, CPA
Designated Limited Liability Partner, Engagement Partner
Masahide Kato, CPA

We have audited, pursuant to Article 444 (4) of the Companies Act of Japan, the accompanying consolidated financial statements, which comprise the consolidated balance sheet, consolidated statement of operations, consolidated statement of equity, and notes to consolidated financial statements of Toshiba Corporation (hereinafter referred to as the "Company") for the fiscal year from April 1, 2017 to March 31, 2018.

Management's Responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (hereinafter "U.S. GAAP") with the provision of the second sentence of Article 120, Paragraph 1 that applies mutatis mutandis to Article 120-3, Paragraph 3 of the Ordinance on Accounting of Companies, which permits the omission of some disclosure items required under U.S. GAAP, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as examining the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries and its financial performance for the period covered by the consolidated financial statements schedules in accordance with accounting principles generally accepted in the accounting principles generally accepted in the United States of America (hereinafter "U.S. GAAP") with the provision of the second sentence of Article 120, Paragraph 1 that applies mutatis mutandis to Article 120-3, Paragraph 3 of the Ordinance on Accounting of Companies, which permits the omission of some disclosure items required under U.S. GAAP.

Emphasis-of-matter

1. As stated in Note 1, "Notes Relating to Assumptions for the Going Concern," at this point in time, the events and conditions causing substantial doubt about the Company's ability to continue as a going concern have been sufficiently addressed by the responses stated in the said note.
2. As stated in Note 4, "Discontinued Operations (Memory business)," the Company has classified Toshiba Memory Corporation, its subsidiaries and its affiliates as held for sale assets as of the end of the fiscal year, and the financial position and operating results of this disposal group are presented separately as discontinued operations in the consolidated balance sheet and consolidated statement of operations.
3. As stated in Note 8, "Other Notes," at the Board of Directors meeting to be held on May 15, 2018, the Company will, resolve to reduce its capital legal reserve, to submit a proposal to reduce the amount of common stock to the Ordinary General Meeting of Shareholders for the 179th Fiscal Year, which will be held on June 27, 2018, and to make an appropriation of other capital surplus subject to such a reduction of common stock becoming effective.

Our opinion is not modified in respect of these matters.

Conflicts of Interest

We have no interest in or relationship with the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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* The original audit report is in Japanese. This English translation is for readers' convenience and reading this translation is not a substitute for reading the original audit report in Japanese.

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Independent Auditor's Report

(English Translation)

May 15, 2018

Toshiba Corporation
Representative Executive Officer
Chairman and Chief Executive Officer
Nobuaki Kurumatani

PricewaterhouseCoopers Aarata LLC

Designated Limited Liability Partner, Engagement Partner
Kentaro Iwao, CPA
Designated Limited Liability Partner, Engagement Partner
Shinichi Kishi, CPA
Designated Limited Liability Partner, Engagement Partner
Takeshi Tadokoro, CPA
Designated Limited Liability Partner, Engagement Partner
Masahide Kato, CPA

We have audited, pursuant to Article 436 (2) (i) of the Companies Act of Japan, the accompanying financial statements, which comprise the non-consolidated balance sheet, non-consolidated statement of operations, non-consolidated statement of changes in net assets, notes to non-consolidated financial statements, and the supplementary schedules of Toshiba Corporation (hereinafter referred to as the "Company") for the 179th fiscal year from April 1, 2017 to March 31, 2018.

Management's Responsibility for the financial statements and the supplementary schedules

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statements audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as examining the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and its financial performance for the period covered by the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan.

Emphasis-of-matter

1. As stated in Note 1, "Notes Relating to Assumptions for the Going Concern," at this point in time, the events and conditions causing substantial doubt about the Company's ability to continue as a going concern have been sufficiently addressed by the responses stated in the said note.
2. As stated in Note 12, "Other Notes," at the Board of Directors meeting to be held on May 15, 2018, the Company will resolve to reduce its capital legal reserve, to submit a proposal to reduce the amount of common stock to the Ordinary General Meeting of Shareholders for the 179th Fiscal Year, which will be held on June 27, 2018, and to make an appropriation of other capital surplus subject to such a reduction becoming effective.

Our opinion is not modified in respect of these matters.

Conflicts of Interest

We have no interest in or relationship with the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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(Translation)

AUDIT REPORT (Consolidated Financial Statements)

We, the Audit Committee of the Company, have audited the Consolidated Financial Statements (the Consolidated Balance Sheet, the Consolidated Statement of Operations, the Consolidated Statement of Equity and the Notes to Consolidated Financial Statements) during the 179th fiscal period, from April 1, 2017 to March 31, 2018. We report the method and the results as follows:

1. Method and contents of audit

   Pursuant to the audit policy, assigned duties and other rules that the Audit Committee decided, we have received reports on the Consolidated Financial Statements from Executive Officers and other personnel and, sought their explanations as necessary. In addition, we have overseen and inspected whether the accounting auditor keep their independency and conduct appropriate audit. We have received reports on execution of their duties from the accounting auditor and, sought their explanations as necessary. Also, we have received notice from the accounting auditor that they maintain “systems to ensure appropriateness of execution of duties” (matters described in each item of Article 131 of the Ordinance on Accounting of Companies) in accordance with “Quality Control Standards for Audits” (Business Accounting Council, October 28, 2005) and, sought their explanations as necessary.

   Based on the method above, we have examined the Consolidated Financial Statements for the 179th fiscal period.

2. Results of audit

   The Audit Committee conclude that methods and results of the audit conducted by the accounting auditor, PricewaterhouseCoopers Aarata LLC, are fair and reasonable.

May 15, 2018

Audit Committee

Toshiba Corporation

Audit Committee Member (full-time)

Ryoji Sato

Audit Committee Member

Teruko Noda

Audit Committee Member

Yuki Furuta

Note: Mr. Ryoji Sato, Ms. Teruko Noda and Mr. Yuki Furuta are outside directors prescribed by Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.

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(Translation)

AUDIT REPORT

We, the Audit Committee of the Company, have audited Directors' and Executive Officers' execution of their duties during the 179th fiscal period, from April 1, 2017 to March 31, 2018. We report the method and the results as follows:

1. Method and contents of audit

Regarding the internal control system (the contents of the resolution of the Board of Directors with respect to items prescribed in Article 416, Paragraph 1, Item 1 b) and e) of the Companies Act and the system developed based on the said resolution), we, the Audit Committee, have received periodic reports from the Directors, Executive Officers and employees regarding the current status on the establishment and management of such system, sought their explanations as necessary, and expressed opinions. In addition, the Audit Committee carried out audits according to the following method:

a. Pursuant to the audit policy, assigned duties and other rules that the Audit Committee decided, and in cooperation with the internal audit division and other divisions responsible for internal control, we have attended important meetings; received reports from Directors, Executive Officers and others on execution of their duties, and sought their explanations as necessary; inspected important documents of management's decision making and others; and investigated the status of the business operations and assets at the head office and other main places of business. With respect to subsidiaries, we have endeavored communication and exchange of information with Directors, Audit & Supervisory Board members, etc., of the subsidiaries; received reports on business from them; and sought the subsidiaries' explanations as necessary.

   In regard to internal control over financial reporting, we received reports from Executive Officers, et al. and PricewaterhouseCoopers Aarata LLC on the current status of discussions between both parties, evaluation of the said internal control and status of audit, sought their explanations as necessary.

b. We have reviewed the contents of the "Basic Policy on the Control of the Company" described in the Business Report (basic policy prescribed in Article 118, Item 3 a) of the Ordinance for Enforcement of the Companies Act).

c. We monitored and verified whether the accounting auditor kept their independency and conducted appropriate audit, and we received reports from the accounting auditor regarding the execution of their duties and sought explanations as necessary. Also, we have received notice from the accounting auditor that they maintain "systems to ensure appropriateness of execution of duties" (matters described in each item of Article 131 of the Ordinance on Accounting of Companies) in accordance with "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005) and sought their explanations as necessary.

Based on the method above, we have examined the Business Report, Non-Consolidated Financial Statements (the Non-Consolidated Balance Sheet, the Non-Consolidated Statement of Operations, the Non-Consolidated Statement of Changes in Net Assets, and the Notes to Non-Consolidated Financial

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Statements), and their related supplementary schedules for the 179th fiscal period.

2. Results of audit

(1) Results of audit on the Business Report, etc.

a. The Business Report and its related supplementary schedules present fairly the status of the Company in accordance with the related laws and regulations and the Articles of Incorporation.

b. Our audit did not detect any misconduct by Directors or Executive Officers concerning the execution of their duties or any material fact constituting a violation of any laws and regulations or the Articles of Incorporation.

c. We conclude that the resolutions of the Board of Directors with respect to the internal control system are appropriate. With respect to the description in the Business Report and the performance of the duties of Directors and Executive Officers regarding the said internal control system, including internal control over financial reporting, we confirm that there is no matter to be pointed out.

d. We are of the opinion that the "Basic Policy on the Control of the Company" that is set forth in the Business Report is appropriate.

(2) Results of audit on the Non-Consolidated Financial Statements and their related supplementary schedules

The Audit Committee conclude that methods and results of the audit conducted by the accounting auditor, PricewaterhouseCoopers Aarata LLC, are fair and reasonable.

May 15, 2018

Audit Committee
Toshiba Corporation

Audit Committee Member (full-time)
Ryoji Sato

Audit Committee Member
Teruko Noda

Audit Committee Member
Yuki Furuta

Note: Mr. Ryoji Sato, Ms. Teruko Noda and Mr. Yuki Furuta are outside directors prescribed by Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.

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