(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, 2018 to March 31, 2019

1. Business Environment and Results of the Group

(1) Operation and Results of the Group

During FY2018 (April 2018-March 2019), growth was generally solid in the US, but less certain elsewhere. Growth has clearly slowed in the Eurozone since autumn. In the UK, growth slowed due to the uncertainties surrounding Brexit. In China, domestic demand growth eased in respect to consumption and investment in capital goods, and as a result of trade frictions with the US, import and export growth has slowed since autumn, causing negative growth year over year by the end of CY2018, prompting the government to implement measures such as partially easing monetary policy and tax reductions. In Japan, the overall economy moved towards a slower recovery compared to FY2017 due to weakened exports since autumn, mainly to China, although consumer spending patterns have improved and capital investment is trending upward.

In FY2019 (April 2019-March 2020), the global economy is expected to continue to grow at a slow pace, reflecting monetary policy measures in Western countries, and the positive effect of economic measures in China. Forecasts for the Japanese economy indicate a continued moderate recovery supported by financial and other measures, although a consumption tax increase is scheduled for October 2019.

In these circumstances, the Group achieved a healthier financial condition by closing the sale of the Memory business, advancing structural reforms that included finalizing the sale of the PC business and decided to withdraw from a nuclear power construction project in the UK. The "Toshiba Next Plan" was introduced as a five-year transformation plan for Toshiba Group, aimed at making it one of the world's leading cyber-physical systems (CPS) technology companies. The plan establishes the direction and measures that will transform the Group's business to realize future growth, and provides solid foundations for building the new Toshiba under its new brand identity. Toshiba also decided to strengthen shareholder returns by repurchasing up to 700.0 billion yen of its own shares.

In these conditions, Toshiba Group's net sales decreased by 254.1 billion yen to 3,693.5 billion yen. Although Infrastructure Systems & Solutions and Storage & Electronic Devices Solutions recorded higher sales, Energy Systems & Solutions saw lower sales, primarily due to the deconsolidation of Landis+Gyr and lower sales in Thermal & Hydro Power Systems and Transmission & Distribution Systems. Industrial ICT Solutions also saw lower sales, as did Others, due to the deconsolidation of the PC business. Operating income was 35.4 billion yen, a decrease of 50.8 billion yen, 17.9 billion yen of which was attributable to the FY2018 scaling back of emergency measures in place in FY2017, including partial restoration of bonus payments in FY2018. While Industrial ICT Solutions reported higher operating income and Others also reported improving operating income due to the deconsolidation of the PC business, Energy Systems & Solutions, Infrastructure Systems & Solutions, Storage & Electronic Devices Solutions and Retail & Printing Solutions all saw decreases. Income (loss) from continuing operations, before income taxes and noncontrolling interests decreased by 71.5 billion yen to 10.9 billion yen, mainly due to lower operating income, and also reflecting the impact of the gain on the sale of Landis+Gyr recorded in non-operating income in FY2017. Net income (loss) attributable to shareholders of the Company was 1,013.3 billion yen, an increase of 209.3 billion yen, inclusive of profit from completion of the sale of the Memory business.

With regards to the dividend for FY2018, the Company paid a special dividend of 20 yen per share in February 2019 to shareholders at the date of record of December 31, 2018, and also decided to pay a year-end dividend of 10 yen per share. As a result, the annual dividend will be 30 yen per share.

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

(Billions of yen)

Segment	Consolidated Net Sales	Change from previous year	Consolidated Operating Income	Change from previous year
Energy Systems & Solutions	652.7	-188.4	-24.0	-14.3
Infrastructure Systems & Solutions	1,291.9	+45.1	39.9	-8.1
Retail & Printing Solutions	485.4	-37.4	20.2	-6.8
Storage & Electronic Devices Solutions	900.9	+21.3	11.4	-35.9
Industrial ICT Solutions	253.1	-5.8	8.1	+6.8
Others	420.4	-108.8	-25.0	+6.6
Eliminations	-310.9	+19.9	4.8	+0.9
Total	**3,693.5**	**-254.1**	**35.4**	**-50.8**

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

Energy Systems & Solutions

Main Businesses	As of March 31, 2019
Thermal power generation systems, Solar Photovoltaic systems, Nuclear power generation systems, Hydroelectric power generation systems, Transmission & Distribution systems	

Business Overview

The Energy Systems & Solutions segment saw lower sales of 652.7 billion yen, 188.4 billion yen decrease from the previous year. Although Nuclear Power Systems recorded higher sales, Thermal & Hydro Power Systems and Transmission & Distribution Systems recorded lower sales, and Landis+Gyr was deconsolidated.

The segment as a whole recorded operating loss of 24.0 billion yen, a decrease from the previous year by 14.3 billion yen. Although Nuclear Power Systems achieved an increase in operating income and Thermal & Hydro Power Systems saw improvement, Landis+Gyr was deconsolidated and Transmission & Distribution Systems saw deterioration.

Topics

(1) Building a new biomass power plant to strengthen the renewable energy generation business

Toshiba Energy Systems & Solutions Corporation made the decision, through subsidiary SIGMA POWER Ariake Corporation, to build two new 22,000 kW biomass power plants using imported palm husks as the primary fuel. SIGMA POWER Ariake Corporation, which operates power generation projects, already has the Mikawa Power Plant in Omuta city, Fukuoka prefecture. The construction of the new plants adjacent to this plant will expand the existing business.

The Group aims to contribute to the spread of renewable energy, expand the Group's scope as a renewable energy generation business, and achieve a more stable power supply in future years, including optimally controlling virtual power plants that use multiple energy sources, such as renewable energy generation plants and storage batteries. Virtual power plants utilize IoT technology to link multiple power plants and storage battery facilities dispersed geographically. By connecting these entities through the Internet, this approach helps optimize supply/demand balance on the power grid, as if it were being done by a single plant.

(2) Completion of Additional Construction on the Hokkaido-Honshu VSC HVDC Interconnecting Hokkaido and the Main Island of Honshu

Hokkaido Electric Power Co., Inc. has started commercial operations of the New Hokkaido-Honshu high-voltage direct current (HVDC) link, for which the converter system for converting between AC and DC current was designed, manufactured, and installed by Toshiba Energy Systems & Solutions Corporation. This link uses an HVDC system that converts AC electricity to DC electricity, then transmits the DC electricity. It is Japan's first HVDC to use a self-commutated converter, which can convert between AC and DC electricity without using power supplied by the side of the grid receiving power.

Hokkaido and Honshu had been interconnected with a 600 MW line-commutated HVDC system, but only 300 MW operation was available when the facilities were under maintenance activities. The new 300 MW HVDC interconnection link was installed to ensure 600 MW of interconnection capacity and stable power supply within Hokkaido, at all times.

Using a self-commutated AC converter system provides features including being able to assist grid restoration and transmit power from Honshu to Hokkaido even during a blackout situation

in Hokkaido (i.e., a “black start”), while the system also has fewer operating restrictions compared to a line-commutated system. Furthermore, this HVDC system contributes to lowering construction costs as it does not need reactive power equipment (which adjusts the power factor to maintain a nearly fixed voltage when loads fluctuate) or harmonic filters (which absorb harmonic current that occurs during AC/DC conversion and can negatively impact electronic devices).
The Group will continue using its accumulated track record to contribute to more robust power grid interconnections inside and outside Japan, as well as stable, wide-area power supply, through the Group’s high-quality products.

(3) Development of equipment to investigate deposits inside the nuclear reactor containers of Reactor 2 of the Fukushima Daiichi Nuclear Power Plant

Toshiba Energy Systems & Solutions Corporation developed a robot to reach and investigate deposits inside the nuclear reactor containers of Reactor 2 of the Fukushima Daiichi Nuclear Power Plant.
In February 2017, a robot developed by Toshiba Energy Systems & Solutions Corporation and the International Research Institute for Nuclear Decommissioning (IRID) was used to investigate and confirm the status of the interior of the nuclear reactor containers of Reactor 2 of the Fukushima Daiichi Nuclear Power Plant. Additionally, in January 2018, Toshiba Energy Systems & Solutions Corporation and IRID used a jointly developed device equipped with a highly radiation-resistant guide pipe and telescopic pipe to perform similar investigations of deposits inside the containers.
The tip of the robot used in the January 2018 inspection was modified with an exploratory finger in order to be able to touch the deposits. This development utilized the Company’s expertise fostered throughout previous inspections of nuclear reactor containers.
The February 2019 inspection using this device was successful in touching the deposits and, as a result, provided valuable information for the planned future removal of debris, such as melted reactor fuel, solidified on the bottom of the containers.
Going forward, the Group will continue to develop relevant technologies, thereby contributing to the initiative to decommission the Fukushima Daiichi Nuclear Power Plant.

(4) Strengthening strategic collaborations for hydro, geothermal, and thermal power systems

The Company signed a collaboration agreement with Power Construction Corporation of China, Ltd. (POWERCHINA), a major Chinese construction company engaged in energy, water, ecological, infrastructure, and real estate businesses. The agreement is to coordinate efforts in the areas of hydro, geothermal, and thermal power systems. To date, the two companies have been cooperating to exchange information and develop new projects in power generation businesses, especially in hydropower generation. The agreement will extend the scope of the cooperation to Toshiba Group’s other systems and equipment, and to cooperation in investments and arrangement of finances for projects to further expand businesses opportunities.The two companies will strengthen collaboration and combine POWERCHINA’s rich network, consulting capabilities, and construction track record with Toshiba Group’s highly efficient power generation systems, striving for further expansion in other countries outside China and Japan.

(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. The Group withdrew from certain projects and wound-up related subsidiaries.

	Details
Sell	• Sale of Toshiba Nuclear Energy Holdings (US) Inc shares • Sale of Toshiba Nuclear Energy Holdings (UK) Inc shares • Sale of Holding in LC Collateral SPV LLC
Acquisition	• Acquisition of Nuclear Fuel Industries, Ltd.
Wind-up	• Accompanying withdrawal from the South Texas Project (a nuclear power system construction project in the U.S), the Group wound-up Nuclear Innovation North America, LLC. • Accompanying withdrawal from a nuclear power system construction project in the U.K., the Group wound-up NuGeneration Ltd.

As part of the Company’s withdrawal from business related to liquefied natural gas produced in the U.S. (LNG agreement), an agreement was signed in November 2018 with ENN Ecological Holdings Co., Ltd. (ENN) to transfer to ENN all issued shares of the Company’s subsidiary Toshiba America LNG Corporation. However, said agreement was canceled upon notice from ENN in April 2019 that ENN’s Board of Directors had passed a resolution to suspend transactions based on the stock transfer agreement. There is no change in the Group’s policy to complete an early withdrawal from the LNG agreement , and the Group will aim for a full withdrawal during fiscal 2019.

Infrastructure Systems & Solutions

Main businesses	As of March 31, 2019
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, Industrial systems, Battery systems	

Business Overview

The Infrastructure Systems & Solutions segment saw higher sales of 1,291.9 billion yen, 45.1 billion yen increase from the previous year, as Public Infrastructure, Building and Facilities and Railways and Industrial Systems saw increased sales.

The segment as a whole saw lower operating income of 39.9 billion yen, 8.1 billion yen decrease from the previous year. Public Infrastructure saw an increase in operating income, however, Building and Facilities and Railways and Industrial Systems saw lower operating income.

Topics

(1) Demonstration experiment using a multi-parameter phased array weather radar (MP-PAWR)

As a measure for the Enhancement of Societal Resiliency against Natural Disasters promoted by the Cabinet Office of Japan as Cross-ministerial Strategic Innovation Promotion Program, a research group including the National Institute of Information and Communications Technology and Toshiba Infrastructure Systems & Solutions Corporation developed the world’s first multi-parameter phased array weather radar (MP-PAWR) and started using the system for experimental observations in July 2018. The MP-PAWR uses a phased array weather radar that can capture 3D images of rain clouds as early as 30 to 60 seconds, in addition to a weather radar that combines multi-parameter high-accuracy precipitation measurement functions. This allows for countermeasures against localized heavy rain from rapidly developing cumulonimbus clouds (so-called “guerrilla rainstorms”), while also being useful when hosting outdoor events, particularly in the summertime.
The research group has been able to use the MP-PAWR to predict guerrilla rainstorms at most within 30 minutes ahead of time and has commenced tests to send forecast information to citizens and municipal groups.

(2) Automatic parcel unloading robot

In order to help solve the logistics industry’s urgent issue of labor shortages, Toshiba Infrastructure Systems & Solutions Corporation developed an automatic parcel unloading robot (de-palletizer) and deployed the robot, to popular appeal, at logistics sites starting in March 2018.
The robot uses proprietary image recognition technology to automatically sense how the loaded items are stacked, after which, arms suction onto the tops and sides of parcels to move even heavy-weight items to a conveyor line.
Since the robot’s productivity does not drop off due to fatigue, it can maintain efficiency during long-term operation. Furthermore, having the robot handle repetitive tasks and lifting of heavy items can lessen burdens on laborers. It is designed with a compact form factor that can be installed to existing structures while taking up little space, and it takes into account the need for safe operation in workspaces shared with humans.
High expectations for the robot have been conveyed by logistics sites and further enhancements are targeted, including enabling it to handle parcel loading.

(3) Delivering railway devices (rail car inverters, etc.) using all-SiC components

Toshiba Infrastructure Systems & Solutions Corporation delivered to Tokyo Metro Co., Ltd. an electronic drive system, intended for new 2000-model trains on the Marunouchi line, that incorporates an inverter and a power source for emergency operation. The inverter uses all-SiC (silicon carbide) components made by Toshiba Storage & Electronic Devices Solutions Corporation and the power source uses SCiB™ rechargeable lithium-ion batteries.

Toshiba Infrastructure Systems & Solutions Corporation also delivered to West Japan Railway Company an all-SiC rolling stock control system for new 227-1000 model trains.

The Group has positioned power electronics, including all-SiC components, as a new growth business. All-SiC components have properties of high electrical conduction that allow them to conduct more current and enable operation at high temperatures, thus eliminating the need for a cooling mechanism. This lets them contribute to energy and space saving features that are expected to drive growth in their market going forward.

(4) Growth in the SCiB rechargeable lithium-ion battery business

A storage battery system developed by Toshiba Infrastructure Systems & Solutions Corporation using SCiB™ rechargeable lithium-ion batteries received RAMS certification—European standard for rolling stock—while also achieving compliance with the highest safety integrity level of the RAMS standards. This is the first rechargeable lithium-ion storage battery system in the world to acquire RAMS certification.

Since future growth is forecast in this market, the Company will build a new SCiB™ production facility inside the Yokohama Complex to complement existing facilities at Kashiwazaki Operations. The new facility is slated to commence operations in October 2020 and is planned as a hub for product and manufacturing technology development, as SCiB™ is expected to see growth inside and outside Japan.

Additionally, Toshiba Infrastructure Systems & Solutions Corporation has agreed to collaborate with major U.S. automotive battery manufacturer Johnson Controls Power Solutions in the area of lithium-ion rechargeable batteries for systems on board automobiles. In the U.S., these two companies will jointly engage in SCiB™ manufacturing and the development and manufacturing of on-board systems combining SCiB™ and lead-acid batteries.

Through these measures, the Group will strive to further grow its rechargeable lithium-ion battery business, focusing on SCiB™ and the quick charging, long-life, and robust safety advantages they offer.

Retail & Printing Solutions

Main businesses	As of March 31, 2019
POS systems, Multi-function peripherals	

Business Overview

Retail & Printing Solutions saw lower sales of 485.4 billion yen, a 37.4 billion yen decrease from the previous year, as a result of both the Printing and the Retail businesses having generated lower sales, the latter due to a decrease in large-scale contracts in the domestic market.

The segment as a whole saw a decrease in operating income of 20.2 billion yen, 6.8 billion yen decrease from the previous year. Overseas retail business saw an increase; however, the Retail business as a whole and the Printing business saw decreases in operating income.

Topics

(1) Providing cashless payment solutions using smartphones

Toshiba Tec Corporation and its subsidiary TD Payment Corporation have begun offering service solutions involving smartphone-based cashless payment that can be linked to Toshiba Tec Corporation’s point of sale (POS) systems.

Using the service, a customer is able to make payment by presenting at the point of purchase a barcode image displayed via the dedicated smartphone application in which his/her credit card data has been registered. The barcode is then scanned by a barcode scanner attached to a POS cash register. In addition to cashless payment, the service also makes paperless transactions possible through use of the single application linked with the Smart Receipt® electronic receipt service provided by Toshiba Tec Corporation. Toshiba Tec Corporation and TD Payment Corporation will continue to provide payment solution services that enable online payment, in addition to providing various payment services in physical stores.

(2) Launch of the e-STUDIO series which lends support to Japan’s work-style reforms

Toshiba Tec Corporation has launched sales of its new e-STUDIO series of multifunctional peripherals (MFPs) which lend support to Japan’s work-style reforms by enhancing functionality made possible through use of cloud computing services.

In recent years, the work-style reforms have been hastening the need for mechanisms that enable people to perform work anywhere, as is the case with mobile work arrangements, and for approaches to increasing productivity by streamlining operations. As such, cloud services that facilitate ubiquitous data exchange are likely to become increasingly prevalent as an effective tool in that regard. The e-STUDIO series provides customers with features enabling them to use cloud computing services. For instance, it makes it possible to upload scanned data to cloud-based storage directly from MFPs without using a personal computer, and also makes it possible to directly print out data residing in cloud-based storage.

Toshiba Tec Corporation aims to provide support with respect to the work-style reforms through its e-STUDIO series of products that can be used in a variety of locations including offices, food service and distribution industry facilities, retail stores, and warehouses.

Storage & Electronic Devices Solutions

Main businesses	As of March 31, 2019
Power devices, Image sensors, Small-signal devices, Logic LSIs, Optoelectronic devices, HDDs, Mixed signal ICs, Semiconductor manufacturing equipment	

Business Overview

The Storage & Electronic Devices Solutions segment saw higher sales of 900.9 billion yen, 21.3 billion yen increase from the previous year. Although Semiconductors saw decreased sales, HDDs & Others saw increased sales.

The segment as a whole saw lower operating income of 11.4 billion yen, 35.9 billion yen decrease from the previous year, as each business saw lower operating income.

Topics

(1) Launch of new series of power MOSFETs that contribute to achieving high efficiency with respect to power supply circuits

Toshiba Electronic Devices & Storage Corporation has developed commercial products with respect to its new series of power MOSFETs which are intended for data centers, and for industrial equipment power supplies such as power conditioners for solar power generators and uninterruptible power supplies.
The products in the new series feature heightened power supply efficiency in comparison with previous product lines in part by achieving less intra-product resistance, thereby making it possible for high efficiency switching power supplies that deliver stable feeds of direct current with minimal voltage fluctuation.
These products and other semiconductors that supply and control electric power are essential with respect to enabling efficient use of power, and are consequently expected to encounter increasing demand going forward. As such, the Toshiba Group has positioned power electronics, including these products, as one of its new growth businesses. Meanwhile, this line of business has been experiencing persistently strong demand in recent years against a backdrop of developments such as increasing electrification of automobiles. To address such demand, we have been making investment to bolster production capacity centered on Kaga Toshiba Electronics Corporation which acts as a major manufacturing base of Toshiba Electronic Devices & Storage Corporation's power device business.
The Group will help achieve progress in giving rise to a society oriented to energy conservation as it upgrades the product line in a manner tailored to market trends going forward.

(2) Shipment commences of samples of 16 terabyte (TB) Conventional Magnetic Recording (CMR) hard disk drive

Toshiba Electronic Devices & Storage Corporation has developed a helium-sealed Conventional Magnetic Recording (CMR) hard disk drive offering the industry's highest capacity 16 terabytes of storage, for use by data centers and other operations handling vast amounts of data, and has started shipping samples for functional evaluation.
The hard drive features nine disks in a 3.5-inch hard disk drive format, coupled with a helium-sealed design proprietary to Toshiba Electronic Devices & Storage Corporation who is also a leading company in 3.5-inchi HDD field using laser-welding technology of the Company's Corporate Manufacturing Engineering Center. In addition, the product offers improved functionality with respect to the magnetic recording layer of the disk and the data-recording head. As a result, it delivers a massive 16TB of storage which is 14% more capacity than the company's prior-generation 14TB models.
The Group will help to strengthen foundations of the information-oriented society by actively developing products tailored to customer needs, including high-capacity hard disk drives that

data center operators will come to expect going forward.

(3) Recipient of the 2018 Excellent Enterprise Award for Environmental Human Resource Development

Japan Semiconductor Corporation received the 2018 Excellent Enterprise Award for Environmental Human Resource Development (Environment Minister's Award).

Granted on the basis of Article 22-2 (2) of Japan's Act on the Promotion of Environmental Conservation Activities through Environmental Education, the Excellent Enterprise Award for Environmental Human Resource Development recognizes the need for corporate management to place consideration on the global environment and accordingly encourages companies to cultivate human resources (environmental professionals) who take action to such ends. As such, the award was granted in recognition of Japan Semiconductor Corporation's initiatives taken with the aims of cultivating environmental awareness among its employees, connecting with society and making contributions in areas such as providing education on the Sustainable Development Goals (SDGs), having all employees engage in environmental conservation activities, and linking and coordinating with local companies, government administrations, universities and nearby residents.

Going forward, the Toshiba Group will accelerate its efforts to achieve the SDGs, while further striving to promote technological development and innovation in a manner that helps resolve social challenges.

(4) Development of measurement algorithms that improve resolution of range imaging in LiDAR for autonomous driving systems

Ensuring precise detection of vehicles, pedestrians, roadway lanes, signs and obstacles is an essential aspect of establishing practical technologies with respect to autonomous driving. Toshiba Electronic Devices & Storage Corporation has long been selling its Visconti™ processor that recognizes images using a camera, and is now encountering requests from companies seeking greater reliability with respect to achieving more accuracy in detecting obstacles and other objects. To accommodate such requests, the Company and Toshiba Electronic Devices & Storage Corporation have been developing semiconductor technologies related to LiDAR (Light Detection and Ranging) systems that capture three-dimensional images of an automobile's surroundings. LiDAR is a technology that measures the distance between an automobile and a target object by illuminating that target with laser light, and then sensing the reflected light. We simultaneously achieved long-distance measurement capabilities of up to 200 meters and high-resolution imaging in 2018. Meanwhile, Toshiba Electronic Devices & Storage Corporation has developed measurement algorithms that further improve on LiDAR resolution. In so doing, we have successfully attained no less than a twofold improvement in distance measurement resolution over long distances, in comparison with the Groups prior technology. In addition, we have been making progress in developing a highly sensitive, light-receptive silicon photomultiplier (SiPM). This makes it possible to more reliably detect obstacles and other objects by combining the outstanding object detection and recognition performance of Visconti™ with LiDAR-related technologies that excel with respect to distance measurement and spatial resolution.

Having positioned automotive semiconductors as its core business, Toshiba Electronic Devices & Storage Corporation aims to release such offerings to the market early on, upon developing applications of such technologies by 2020, with the aim of promoting widespread adoption and commercial viability of forthcoming autonomous driving.

Industrial ICT Solutions

Main businesses	As of March 31, 2019
IT solutions	

Business Overview

The Industrial ICT Solutions segment saw decreased sales of 253.1 billion yen, 5.8 billion yen decrease from the previous year, on effects of selling affiliate companies engaged in sales of IT solutions, and despite higher sales in system projects for the government and the manufacturing industry, and increased sales at affiliate companies.

The segment as a whole saw higher operating income of 8.1 billion yen, 6.8 billion yen increase from the previous year, largely due to higher income from domestic system projects and effects of reductions in fixed costs as a result of structural reforms.

Topics

(1) Partnership in the field of digital transformation

Agreement was reached for Mitsui & Co. Ltd. to invest in Toshiba Digital & Consulting Corporation with the objective of accelerating a digital transformation that will generate new value by promoting digitalization, leveraging information communications technologies. In January 2019, Mitsui & Co. Ltd. accordingly acquired a 20% stake in Toshiba Digital & Consulting Corporation through a third party allotment of newly issued shares.

The Toshiba Group and Mitsui & Co. Ltd. will, through Toshiba Digital & Consulting, accelerate digital transformation in the global market by co-creation, and will develop digital business to generate new economic value.

(2) Launch of the SATLYSKATA™ service which makes it possible to readily initiate sophisticated AI analytics

Toshiba Digital Solutions Corporation will standardize its insights and commercially release SATLYSKATA™, an AI analytics service that is customized for specific purposes, thereby making it possible to readily initiate the SATLYS™ sophisticated analytics service drawing on artificial intelligence (AI) and using insights gained from achievements in manufacturing attained thus far. As the first release, Toshiba Digital Solutions Corporation has started to offer two services, “SATLYSKATA™ Inventory Optimization of Maintenance Parts” and “SATLYSKATA™ Work Activity Estimation.”

SATLYSKATA™ Inventory Optimization of Maintenance Parts enables optimal inventory management by forecasting when and to what extent failures may occur using data on the failure histories for each maintenance component. SATLYSKATA™ Work Activity Estimation helps improve work efficiency by providing a visual portrayal of issues upon predicting worker activity at given points in time, based on acceleration data with respect to arm movements of workers captured using wristbands and other wearable devices.

Going forward, Toshiba Digital Solutions Corporation will continue to improve its SATLYSKATA™ technology and expand application areas. Toshiba Digital Solutions Corporation will also improve the SATLYSKATA™ service lineup to ensure that it contributes to solving the various issues facing those in the industry realm, while also helping to accelerate their digital transformation.

Others

Main businesses	As of March 31, 2019
Logistics service	

Business overview

The Others segment saw lower sales of 420.4 billion yen, 108.8 billion yen decrease from the previous year, and an operating loss of 25.0 billion yen, increase of 6.6 billion yen from the previous year, as the transfer of the PC business was completed on October 1, 2018, resulting in the deconsolidation of the business in the third quarter of FY2018.

Topics

(1) Business reorganization

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, and in August 2018, it 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. Toshiba General Hospital and TOSHIBA SECURITY GUARD CORPORATION have changed their names respectively to Tokyo Shinagawa Hospital and SECOM TOSEC Co.,Ltd.

In October 2018, the Company transferred 80.1% of the shares of PC business operator Toshiba Client Solutions Co., Ltd. to Sharp Corporation in order to achieve continued development of the business by securing competitiveness in global markets and increasing its corporate value. The name of Toshiba Client Solutions Co., Ltd. has been changed to Dynabook Inc.

In addition, in March 2019 the Toshiba Group transferred 95% of the shares of PT. Toshiba Visual Media Network Indonesia, to Indonesian corporation PT Berca Indonesia after having acquired a stake in the entity from a joint venture partner.

(2) Development of Technology for Visualizing Gene Activity of Breast Cancer Cells

Breast cancers, the largest single cause of death of Japanese women in their 30s to 50s, have various pathological types and genomic subtypes, and determining appropriate treatment relies on accurate diagnosis. In diagnosis, the cells of breast cancer tissue collected from patients are usually used in a dead state because they are fixed with alcohol etc. However, this classification cannot recognize cell activity or changes over time.

Then, Toshiba develops technology for visualizing gene activity in live cells. After introducing encapsulated diagnostic DNA into a patient's living cells by using nano-sized liposome (a biodegradable liposome), applied our own molecular design technology, the diagnostic DNA converts the cell's gene activity into luminescence, and the produced light signal is monitored by the CMOS image sensor. This method enables observations on a single cell basis with time and highly accurate diagnosis, and also introduces the possibility which imposes much less stress on the patient, because it requires only a small amount of tissue.

The Company regards precision medical treatment with ultra-early detection and personalized treatment as one of the new growth businesses in the future, and will contribute to the improvement of cancer treatment rate with this technology.

(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. Legal settlement costs etc. 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 the 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. The Group adopted ASU No. 2017-07 "Compensation Retirement Benefits Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost" effective from the first quarter of the fiscal year ended March 31, 2019. Results of the prior years have been revised to reflect these changes.
6. Descriptions such as "World's first", "Japan's first" and" World's highest" are based on data surveyed by the 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)

◎ Toshiba Next Plan

In November 2018, the Company formulated the Toshiba Next Plan, the overall business plan that aims to transform Toshiba for the upcoming five years. The details of the plan are as follows:

1. Overview and Vision

   The Group aims to become one of the world's leading cyber-physical systems ("CPS") (Note 1) technology companies by combining the knowledge and capabilities accumulated over years of experience in a wide range of businesses, from infrastructure to electronic devices, with its strengths in information processing, digital and AI technologies. To reach this goal, the Group has developed the Toshiba Next Plan to establish the direction and measures that will transform its business to realize future growth, including five-year numerical targets.

   The Group intends to continue contributing to the development of society by providing services and solutions that can help to solve issues facing the world today.

   (Note 1) CPS means the system to collect data from the physical world to be analyzed and processed using digital technology. CPS create value through a constant feedback loop between the cyber and physical worlds.

2. Outline of the Toshiba Next Plan

   (1) Targets and Four Reforms

   The basic objective of the Toshiba Next Plan is to enhance shareholder value by maximizing enterprise value and generating value for its customers, business partners and employees. For this purpose, the Group will implement measures to improve core earning power, and will also secure investments for growth. At the end of fiscal year 2021, the Group aims to generate sales of 3.7 trillion yen and ROS of over 6%. By the end of fiscal year 2023, we are targeting to raise sales to 4 trillion yen and ROS to the 10%.By the end of the plan's five-year timeframe, we are working to maximize corporate value and expand TSR (Note 2) through profitable growth.

   The Group will deploy four reforms to improve core earning power. Through structural reform, the Group will exit non-focus businesses, withdrawing from the liquid natural gas (LNG) Agreement and the nuclear power plant business in the UK. The Group is also working to optimize its work force, reorganize its production bases and reduce the number of subsidiaries. To reform procurement, the Group will apply various measures to lower its cost rate. Reforms of sales activities will improve overall efficiency while strengthening the sales force. Measures are also now in place to strengthen evaluations of project order acceptance. In process reform, investments will be made to renew IT infrastructure and to change numerous processes throughout the Group toward improving operational efficiencies.

   Additionally, the Group has planned capital expenditure of approximately 810 billion yen and R&D investments of approximately 930 billion yen to grow new businesses, improve profit margins and generate future cash flows.

(Note 2) TSR stands for Total Shareholders Return, and refers to the overall yield and return on an investment, including capital gain and dividends, received by shareholders.

(2) Business Portfolio and Action Plans
The Company will thoroughly manage its business portfolio by checking the competitiveness of each business and their markets. In businesses where expansion is anticipated, the Company will cultivate organic growth with appropriate investments. Action plans are in place to improve margins in currently low performing businesses. Progress will be monitored regularly and firmly.

(3) Policy on Shareholder Returns
The Company's Board of Directors resolved matters concerning the repurchase of the Company shares of up to 700 billion yen. Within the five years of the Toshiba Next Plan, the Company will aim to increase its dividend and to secure a planned average consolidated dividend payout rate of approximately 30% (Note 3). The Company will enhance profit distribution to shareholders through repurchases of its own shares, according to the situation.

(Note 3) For the time being, equity in earnings or losses of Toshiba Memory Holdings Corporaiton is excluded from The Company's policy on shareholder returns.

(4) Development of New Growth Fields
The Company sees opportunities in changes in the environment brought about by destructive innovation amid such mega-trends as growing urban infrastructure needs, expanding mobility of people and goods, automation through advanced technological development, expanding advanced medical technologies, and the shift to renewable energy. We aim to grow new businesses by bringing together the Group's unique technologies and resources and investing the management resources for growth. In lithium-ion rechargeable batteries, the Group will promote growth in markets where the SCiB™ can demonstrate its distinctive features. In power electronics, the Group will leverage its strengths in device technology, and will secure a competitive advantage with differentiated products in the mobility and industrial system markets. In precision medicine, the Group will use leading edge technologies in the life-science field to achieve very early cancer detection and optimized individual treatment.

(5) The Company's Digital Transformation
As the digital revolution is increasingly felt throughout society, the Group will transform itself by promoting cultural change throughout the organization in order to adopt to digitization. The Company will build a standardized IoT architecture that defines the basic design and design philosophy of hardware, operating systems (OS), networks, and applications software. By doing so, we aim to bring together Toshiba's demonstrated knowledge in diverse business fields and to make this open and broadly available as we target growth as a CPS technology company.

(6) Establishing the Structure for Execution
To revitalize the venture spirit that is an integral part of Toshiba's DNA, the Company will introduce an initiative to incubate entrepreneurship. Furthermore, to

accelerate its digital transformation, The Company will take measures to develop internal talent while proactively seeking to hire new talent from outside.

The organizational structure will be changed to strengthen business operations and secure faster decision making through simplification that consolidates business units and removes layers within the corporate hierarchy. Internal control functions will be reinforced by widening the expanding the scope of internal auditing. In order to ensure executive compensation is in line with shareholder’s interests and that effective incentives are in place to maximize long term enterprise value. The Company has decided to change its executive officer compensation system. The majority of performance linked compensation will be paid in restricted stock.

◎ Implementation of the Toshiba Next Plan

I. Monitoring Business

The status of businesses targeted for monitoring in the Toshiba Next Plan is as follows.

1. System LSI business

   Although we reduced development expenses by streamlining our product areas, we were affected by declines in sales volume stemming from the deterioration of the Chinese market. In the future, we will limit logic LSI projects based on profitability, and will further narrow our focus to analog and microcomputer fields applying our strengths in automotive digital and motor control technologies. In addition, we will reduce fixed costs by implementing early retirement programs, continuing special measures targeting management level employee, and optimizing research expenses and manufacturing and sales fixed costs.

2. Thermal power business

   Due to internationally accelerated efforts to prevent emissions of greenhouse gases, investment in coal-fired power has been restrained and investment has shifted to renewable energy,, and as a result, the number of new thermal power projects has declined. In response to the current environment, we have been strengthening our services and solutions business, reforming the layout of manufacturing facilities, and optimizing the allocation of personnel.

3. Industrial motors

   Changes in material prices and foreign exchange rates caused by global economic developments and the trade policies of different countries have affected production costs and profitability. In response, we have reviewed our equipment lineup and raised prices for low-margin equipment. We have also implemented measures to optimize personnel and production systems.

4. Mobile HDD

   We recognize that the market size of the Mobile HDDs will contract. In response, we are working to stabilize earnings by accelerating automated production and by ensuring production capacity matches projected demand. Amid the accelerating shift toward Nearline HDDs for data centers, we are also developing near-line HDDs and working to secure product certification from customers.

II. Implementation of the Early Retirement Incentive Program

As part of efforts to optimize the work force in the context of reforming production under the Toshiba Next Plan, at Toshiba Energy Systems & Solutions Corporation, Toshiba Digital Solutions Corporation, and some of their subsidiaries have accepted early retirement programs offered by the companies.

And on May 2019, Toshiba Device and Storage Corporation has decided to accept the early retirement programs.

◎ Removal of grace period pertaining to delisting due to confirmation that the liabilities in excess of assets have been cleared

At the end of fiscal year 2016, the Company was informed by Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. that its stock had been designated as a "a security on alert" subject to a grace period pertaining to delisting due to liabilities in excess of assets. In fiscal year 2017, however, the Company increased capital through a third-partly allotment and sold assets relating to Westinghouse Electric Company. As a result, shareholders' equity improved and at the end of fiscal year 2017 liabilities in excess of assets were eliminated. Consequently, the two stock exchanges in June 2018 removed Toshiba's stock from the grace period pertaining to delisting.

◎ Reduction of the amount of Common Stock, etc.

The Company, with an effective date of July 31, 2018, transferred the entire amount of capital legal reserves of 299,999,997,000 yen and reduced common stock of 499,999,997,000 yen by 299,999,997,000 yen, transferring the entire amount to other capital surplus. At the same time, 758,687,345,174 yen was reclassified as retained earnings brought forward. By this means, the Company funded the deficit in retained earnings brought forward in the Company's standalone balance sheet.

◎ The agreement related to LNG in the US

With the intent of selling liquid natural gas (LNG), the Group had been preparing for concluding a series of agreements required for the agreement related to LNG in the US (the "LNG Agreement"), including signing a 20-year liquefaction tolling agreement with FLNG Liquefaction 3, LLC ("FlIQ3"), a U.S. LNG service provider, (the "Liquefaction Agreement") in 2013, followed by a pipeline capacity agreement (the "LNG Related Agreement"). No synergies could be expected with the LNG Agreement and other businesses. Additionally, considering the future risk of loss and other factors of uncertainty surrounding both the market and the Company, the Company decided not to make the LNG Agreement one of the Company's core businesses, and evaluated a wide range of policies.

As a result of the review of the business portfolio that was part of the formulation of the Toshiba Next Plan announced in November 2018, the Company decided to enter into the share transfer agreement with China's ENN Ecological Holdings Co., Ltd. ("ENN"), for the transfer to ENN of all of the issued shares of Toshiba America LNG Corporation ("TAL"), a consolidated subsidiary of the Company and also agreed that all contracts related to the LNG Agreement entered into by the Group, including trading agreements between the Group and customers would either be transferred to ENN and its affiliates or canceled upon the completion of the Transfer.(together with the share transfer, hereinafter, “the Transfer”) to target a withdrawal from the LNG Agreement by finalizing the Transfer by March 31, 2019.

However, the deadline of the end of March 2019 for the completion of the share transfer agreement passed, and because the conditions could not be fulfilled in the short time period, for reasons including the large amount of uncertainty that could be caused by the Transfer and the Company was informed by ENN that its board of directors resolved to terminate the transactions related to the Transfer, and that this decision would be submitted for approval to an extraordinary general meeting of ENN’s shareholders, the Company resolved to terminate the Transfer with ENN in the same month, At the same time, the Company will maintain its policy of withdrawing from the LNG business, and decided to restart the bidding process to transfer the LNG Agreement to a third party.

◎ Toshiba Memory Corporation

In June 2018, the Company transferred all shares of the former Toshiba Memory Corporation to K.K. Pangea and re-invested 350.5 billion yen in K.K. Pangea, becoming an affiliate of Toshiba Corporation accounting for under the equity method .Thereafter, in August 2018, K.K. Pangea carried out an absorption-style merger with the former Toshiba Memory Corporation with K.K. Pangea as the surviving company and the former Toshiba Memory Corporation as the absorbed company, and Pangea changed its name to Toshiba Memory Corporation. It also implemented a sole-share transfer making Toshiba Memory Corporation the wholly-owned subsidiary in the share transfer and establishing Toshiba Memory Holdings Corporation as the parent company on March 1, 2019, and Toshiba Memory Holdings Corporaiton was accounted for under the equity method

The Company plans to continue to hold the shares it owns in Toshiba Memory Holdings Corporation for the foreseeable future as a stable shareholder, cooperating to realize the new listing of the shares in accordance with the shareholder agreement concluded.

◎ Shareholders Returns

In November 2018, while securing the necessary resources to implement the Toshiba Next Plan, including investment in growth fields, etc., for the portion of the significant amount of capital gains recorded with the completion of the transfer of the shares in former Toshiba Memory Corporation with no immediate plans for use, to secure ample room for growth investment in the future, and in consideration of maintaining a sound shareholders’ equity ratio based on the nature of the business, the Company decided that returning an amount of those capital gains that would not impact the risk tolerance to our shareholders and would lead to enhanced ROE (return on equity). After further considering the cost of capital, we determined that a shareholder return would be appropriate from the standpoint of further enhancing shareholder value, resolving to acquire up to 700.0 billion yen at treasury stock, from November 9, 2018 through November 8, 2019. The Company confirmed that it had a sufficient distributable amount to implement shareholder returns according to the temporary financial statements after temporarily closing its accounts on September 30, 2018. Because of this and considering that it has not paid a dividend for a considerable time, in February 2019, the Company decided to pay a special dividend of 20 yen per share recorded in the shareholder registry as of December 31, 2018, and to pay a year-end dividend of 10 yen per share in order to distribute the surplus. The total full year dividend will be 30 yen per share.

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

(1) The Group (Consolidated)

Item	177th Period	178th Period	179th Period	180th Period (current period)
	FY2015	FY2016	FY2017	FY2018
Net Sales (Billions of yen)	4,346.5	4,043.7	3,947.6	3,693.5
Net income (loss) (Billions of yen)	△460.0	△965.7	804.0	1,013.3
Net income (loss) per share (Yen)	△1,086.45	△2,280.76	1,628.88	1,641.85
Total Assets (Billions of yen)	5,433.3	4,269.5	4,458.2	4,297.3

(Notes)

1. 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 implemented a share consolidation with a ratio of 10 common shares to 1 share as of October 1, 2018. Figures for Net income (loss) per share are calculated assuming that the share consolidation was implemented at the beginning of the 177th Period.

(2) The Company (Non-consolidated)

Item	177th Period	178th Period	179th Period	180th Period (current period)
	FY2015	FY2016	FY2017	FY2018
Net Sales (Billions of yen)	2,875.3	2,615.4	526.1	45.8
Net income (loss) (Billions of yen)	△330.0	△1,092.0	177.6	1,278.9
Net income (loss) per share (Yen)	△779.43	△2,579.17	359.77	2,072.30
Total Assets (Billions of Yen)	3,598.0	2,803.6	1,733.7	2,068.6

(Notes)
1. The Company's net sales for FY2017 and FY2018 declined significantly because the Company split off the main businesses operated by the Company.
2. The Company implemented a share consolidation with a ratio of 10 common shares to 1 share as of October 1, 2018. Figures for Net income (loss) per share are calculated assuming that the share consolidation was implemented at the beginning of the 177th Period.

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

The Company, while continue to consider strategic investments to increase medium-to long-term corporate business value and aims to increase its dividend and to secure a planned average consolidated dividend payout ratio of approximately 30%. The Company will enhance profit distribution to shareholders through repurchase of its own shares, according to the situation.(Note).

The financial position of the Company improved primarily due to the transfer of shares of Toshiba Memory Corporation, completed on June 1, 2018. A preliminary settlement was made with September 30, 2018 as the preliminary settlement date, and the Company was able to confirm a distributable amount sufficient to carry out return to shareholders. With regard to distribution of dividends, taking into consideration the above-mentioned policy on return to shareholders and the fact that no dividend has been paid for a considerable time, a special dividend of 20 yen per share was paid and the Company made the decision to pay 10 yen per share at the end of the fiscal period. As a result, the total full year dividend will be 30 yen per share.

(Note) For the time being, equity method profit and loss for Toshiba Memory Holdings Corporation is excluded from this policy.

4. Outline of Main Group Companies

As of March 31, 2019

Segment	Name of Company	Paid in Capital	Voting Rights Ratio (Percentage)	Main Business	Location
Energy Systems & Solutions	Toshiba Energy Systems & Solutions Corporation	56,500 (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)	52.7	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.	249,362 (Thousands of CNY)	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

(Notes)

1. The Company has 350 consolidated subsidiaries (including the companies listed above) in accordance with U.S.GAAP, and 120 affiliated companies accounted for by the equity method.
2. As the Company sold 80.1 % of the issued shares of Toshiba Client Solutions Co., Ltd. in October 2018, said company was removed from the main consolidated subsidiaries.
3. With the sale of all shares of the former Toshiba Memory Corporation in June 2018, the former Toshiba Memory Corporation is no longer a specified wholly owned subsidiary. At the same time, the Company reinvested in K.K. Pangea, which was the parent company of Toshiba Memory Corporation, thereby K.K Pangea and the former Toshiba Memory Corporation became affiliates accounted for by the equity method. Subsequently, K.K. Pangea and the former Toshiba Memory Corporation implemented an absorption-type merger in August 2018 in which K.K. Pangea was the surviving company and the former Toshiba Memory Corporation was the absorbed company. At the same time, K.K. Pangea changed its name to Toshiba Memory Corporation. Due to the acquisition of shares in Toshiba Memory Holdings Corporation established in March 2019 through a share transfer that makes Toshiba Memory Corporation the wholly owned subsidiary resulting from the share transfer, Toshiba Memory Holdings Corporation became an affiliate accounted for by the equity method of the Company.
4. In April 2019, the Company succeeded to the battery business of, Toshiba Infrastructure Systems & Solutions Company, and the shares of Toshiba Elevator and Building Systems Corporation, Toshiba Lighting & Technology Corporation, and Toshiba Carrier Corporation, which are sub-subsidiaries of Toshiba Infrastructure Systems & Solutions Corporation, through a company split, and newly established the Building Solutions segment, which includes the businesses of the three succeeded companies. Also in FY2019, the Company changed the segment name of the Storage & Electronic Device Solutions to Electronic Device & Storage Solutions and the segment name of the Industrial ICT Solutions division to Digital Solutions.
5. Voting rights ratio includes those which are held indirectly.

5. Shares and Stock Acquisition Rights of the Company

As of March 31, 2019

(1) Total Number of Authorized Shares: 1,000,000,000

(Note) In October 2018, the Articles of Incorporation were changed in accordance with the share consolidation, bringing the total number of authorized shares to 1.0 billion.

(2) Total Number of Issued Shares: 544,000,000

(Note)
1. As a result of the issuance of new shares in August 2018 for the purpose of granting restricted stock compensation, the number of shares increased by 250,310.
2. As a result of the share consolidation of 10 shares into 1 share in October 2018, the number of shares decreased by 5,868,861,603.
3. As a result of the cancellation of treasury stock in December 2018, the number of shares decreased by 66,095,733.
4. As a result of the cancellation of treasury stock in March 2019, the number of shares decreased by 42,000,000.

(3) Total Number of Shareholders: 270,570

(4) Principal Shareholders

Name of Shareholder	Number of shares (in thousands)	Shareholding ratio (percentage)
GOLDMAN, SACHS & CO. REG	54,713	10.1
SMP PARTNERS (CAYMAN) LIMITED AS TRUSTEE OF ECM MASTER FUND	32,000	5.9
GOLDMAN SACHS INTERNATIONAL	22,024	4.1
CHINOOK HOLDINGS LTD	21,192	3.9
KING STREET CAPITAL MASTER FUND, LTD	13,703	2.5
The Dai-ichi Life Insurance Company, Limited	11,516	2.1
Nippon Life Insurance Company	11,035	2.0
STATE STREET BANK WEST CLIENT- TREATY 505234	10,155	1.9
Toshiba Employees Shareholding Association	10,064	1.9
KSS TRADING I LTD	9,567	1.8

(Notes)

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 June 1, 2018 notes that, as of June 1, 2018, Farallon Capital Management L.L.C. and CHINOOK HOLDINGS LTD jointly hold 350,398K shares (ratio of stock certificates, etc. held: 5.37%) as shown below. As the Company cannot confirm the beneficial ownership or number of shares held by Farallon Capital Management L.L.C. as of the end of the current fiscal year, Farallon Capital Management L.L.C. is not included in the above table. The number of shares referred to in this note is the number of shares prior to share consolidation in October 2018.

Name of company	Number of stock certificates, etc. held (in thousands)	Ratio of stock certificates, etc. held (percentage)
Farallon Capital Management, L.L.C.	138,475	2.12
CHINOOK HOLDINGS LTD	211,923	3.25
Total	350,398	5.37

3. The change report on large-volume holdings offered for public inspection on December 19, 2018 notes that Effissimo Capital Management Pte Ltd. held 73,718K shares as of December 14, 2018 (ratio of stock certificates, etc. held: 11.30%). However, as the Company was unable to confirm the beneficial ownership or number of shares held at the end of the current fiscal year, Effissimo Capital Management Pte Ltd. is not included in the above table.
4. The report on large-volume holdings offered for public inspection on March 12, 2019 notes that King Street Capital Management, L.P. held 31,694K shares as of March 8, 2019 (ratio of stock certificates, etc. held: 5.41%). However, as the Company was unable to confirm the beneficial ownership or number of shares held at the end of the current fiscal year, King Street Capital Management, L.P. is not included in the above table.

(5) Shareholding Ratio by Category :

Category	Status of share (100shares per share unit)								Status of share below the share unit
	Government and local public entities	Financial institutions	Securities companies	Other entities	Overseas entities and others		Individuals and others	Total	
					Other than individuals	Individuals			
The number of shareholders	1	48	46	1,606	731	290	225,196	227,918	-
Shares (Share unit)	1	549,578	84,494	91,686	3,784,900	1,731	910,503	5,422,893	1,710,700
Ratio of share unit	0.00	10.13	1.56	1.69	69.79	0.03	16.79	100.00	-

(Note) 1. The number of treasury stock of 2,735,038 are described in 27,350 share units in "Individuals and the other" and in 38 shares in "Status of share below the share unit"
2. 23 share units registered by the name of Japan Securities Depository Center, Incorporated are included in "Individuals and other" above.

(6) Stock Acquisition Rights:
There is no relevant item.

6. Main Lenders of the Toshiba Group

As of March 31, 2019

Lender	Loans Outstanding (Billions of yen)
Sumitomo Mitsui Banking Corporation	67.1
Mizuho Bank, Ltd.	66.5
Sumitomo Mitsui Trust Bank, Limited	40.1
The Dai-ichi Life Insurance Company, Limited	40.0

7. Financing of the Toshiba Group

The completion of the transfer of shares of Toshiba Memory Corporation on June 1, 2018 resulted in income of 1,458.3 billion yen, excluding reinvestment. A portion of this was used for the repayment of borrowings which became due, capital expenditures, and a return to shareholders through the share repuarchase.

8. Capital Expenditure of the Toshiba Group

(1) Overview

Under the Toshiba Next Plan announced on November 8, 2018, the Company's policy is to accelerate investment for medium- to long-term organic growth. Capital expenditures for the current fiscal year increased by 63.4 billion yen from the previous fiscal year to 148.9 billion yen (on an order basis). Toshiba Memory Corporation and Toshiba Client Solutions Co., Ltd. are not included in these figures.

Major capital expenditures by segment are as shown below. In Energy Systems & Solutions, the Company invested in strengthening its renewable energy generation business. In Infrastructure Systems & Solutions, the Company invested in strengthening its production system for SCiB™ rechargeable batteries. In Storage & Electronic Devices Solutions, the Company invested in increasing production capacity aimed at expanding demand for power devices.

(Billions of yen)

Segment	Capital Expenditures
Energy Systems & Solutions	31.5
Infrastructure Systems & Solutions	65.4
Retail & Printing Solutions	7.6
Storage & Electronic Devices Solutions	27.2
Industrial ICT Solutions	2.1
Others	15.1
Total	148.9

(2) Primary Capital Expenditures

	Segment	Outline
Completed during the term	Storage & Electronic Devices Solutions	• Interior decorating of manufacturing building and manufacturing facilities for power device (Kaga Toshiba Electronics Corporation)
Ordered during the term	Energy Systems & Solutions	• New construction of biomass power plant to strengthen the renewable energy generation business (SIGMA POWER Ariake Corporation)
	Infrastructure Systems & Solutions	• Manufacturing building and manufacturing facilities, etc. for rechargeable battery (Toshiba Infrastructure Systems & Solutions Corporation) • Construction of new technology center (Toshiba Carrier Corporation) • Construction of new base building (Toshiba Carrier Air Conditioning (China) Co., Ltd.)

	Storage & Electronic Devices Solutions	• Power device manufacturing equipment (Kaga Toshiba Electronics Corporation)

9. Names, Responsibilities, etc. of the Company's Directors / Officers As of March 31, 2019

Assignment	Name	Responsibility	Status of significant concurrent holding of positions
Director	Nobuaki Kurumatani		
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
Outside Director	Ryoji Sato	Chairman of the Audit Committee; Member of the Nomination Committee	Outside Company Auditor, Nippon Life Insurance Company
Outside Director	Junji Ota	Member of the Nomination Committee; Member of the Audit Committee	External Director, Heiwa Real Estate Co., Ltd.; Vice Chairman, Japan Securities Dealers Association
Outside Director	Mami Taniguchi	Member of the Nomination Committee; Member of the Compensation Committee	Professor, Faculty of Commerce (School of Commerce and Graduate School of Commerce), Waseda University

(Notes)

1. Outside Director, Mr. Shinzo Maeda retired from his office due to expiry of the term of office at the closing of the Ordinary General Meeting of Shareholders for the 179th fiscal period held on June 27, 2018.
2. The following three (3) were newly elected and assumed office at the Ordinary General Meeting of Shareholders for the 179th fiscal year: Director, Mr. Nobuaki Kurumatani, Outside Directors Mr. Junji Ota, Ms. Mami Taniguchi.
3. Outside Director, Mr. Yoshimitsu Kobayashi retired from his office as the Chairman of Japan Association of Corporate Executives due to expiry of the term of office on April 26, 2019.
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. Junji Ota as the full-time member of the Audit Committee.
6. The following seven 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, Junji Ota and Ms. Mami Taniguchi.
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

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 the relationship 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 FY2018, the Board of Directors met 21 times, the Nomination Committee 11 times, the Audit Committee 15 times and the Compensation Committee 6 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 21 times (100%), that of the Audit Committee 15 times (100%), and that of the Compensation Committee 6 times (100%). Commented as necessary based on her wealth of experience and knowledge as a certified public accountant.

Name	Responsibility	Activities
Kouichi Ikeda	Chairman of the Nomination Committee; Member of the Compensation Committee	Attended the meeting of the Board of Directors 19 times (90%), that of the Nomination Committee 11 times (100%), and that of the Compensation Committee 6 times (100%). Commented as necessary based on his wealth of experience and knowledge as a management executive.
Yūki Furuta	Chairman of the Compensation Committee; Member of the Audit Committee	Attended the meeting of the Board of Directors 21 times (100%), that of the Compensation Committee 6 times (100%), and that of the Audit Committee 15 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 21 times (100 %), that of the Nomination Committee 11 times (100%), and that of the Compensation Committee 6 times (100%). Commented as necessary based on his wealth of experience and knowledge as a management executive.
Ryoji Sato	Chairman of the Audit Committee; Member of the Nomination Committee	Attended the meeting of the Board of Directors 21 times (100%), that of the Audit Committee 15 times (100%), and that of the Nomination Committee 11 times (100%). Commented as necessary based on his wealth of experience and knowledge as a certified public accountant.
Junji Ota	Member of the Nomination Committee; Member of the Audit Committee	After June 27, 2018 when he was elected, attended the meeting of the Board of Directors 15 times (100%), that of the Nomination Committee 9 times (100%), and that of the Audit Committee 10 times (100%). Commented as necessary based on his wealth of experience and knowledge as a management executive.
Mami Taniguchi	Member of the Nomination Committee; Member of the Compensation Committee	After June 27, 2018 when she was elected, attended the meeting of the Board of Directors 14 times (93%), that of the Nomination Committee 9 times (100%), and that of the Compensation Committee 5 times (100%). Commented as necessary based on her wealth of experience and knowledge as a specialist of business administration.

3) Limited Liability Contracts

The Company has entered into a liability limitation agreement with each of the following 7 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. Yūki Furuta, Mr. Yoshimitsu Kobayashi, Mr. Ryoji Sato, Mr. Junji Ota and Ms. Mami Taniguchi.

(3) Executive Officers

Assignment	Name	Responsibility	Status of significant concurrent holding of positions
Representative Executive Officer Chairman and Chief Executive Officer (*)	Nobuaki Kurumatani	CEO	Outside Director, Money Forward, Inc.
Representative Executive Officer President and Chief Operating Officer (*)	Satoshi Tsunakawa	COO	
Representative Executive Officer Corporate Senior Executive Vice President (*)	Shinichiro Akiba	Responsible for Infrastructure Systems & Solutions Business; General Executive, Procurement Div.	Representative Director and President and CEO, Toshiba Infrastructure Systems & Solutions Corporation
Representative Executive Officer Corporate Executive Vice President (*)	Masayoshi Hirata	General Executive, Finance & Cash Management Div., Accounting Div. (CFO); General Executive, Project Monitoring & Oversight Div.	
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	Masayasu Toyohara	General Executive, Strategic Planning Div.; General Executive, Digital Transformation Strategy Acceleration Div.; General Executive, Human Resources and Administration Div.;	
Executive Officer Corporate Executive 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

Assignment	Name	Responsibility	Status of significant concurrent holding of positions
Executive Officer Corporate Executive 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 Senior Vice President	Mamoru Hatazawa	Responsible for Energy Systems & Solutions 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, 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.	Director, Toshiba TEC Corporation
Executive Officer Corporate Vice President	Keiichi Yumita	General Executive, Information Systems Div.; General Executive, Business Process Re-engineering Div.	

(Notes)

1. An asterisk (*) indicates that the Executive Officer concurrently serves as a Director.
2. Mr. Yasuo Naruke resigned Executive Officer on May 31, 2018.
3. Mr. Keiichi Yumita was newly elected as Executive Officer at the meeting of the Board of Directors held on December 19, 2018 and assumed office on January 1, 2019.
4. Mr. Ichiro Hirata and Mr. Naoto Hasegawa resigned Executive Officer on March 31, 2019.
5. Mr. Takayuki Konno, Mr. Tsutomu Kamijo, Ms. Ayumi Wada and Mr. Taro Shimada were newly elected as Executive Officer at the meeting of the Board of Directors held on March 20, 2019 and assumed office on April 1, 2019.

6. The following changes occurred in April 2019.

Assignment	Name	Responsibility	Status of significant concurrent holding of positions
Representative Executive Officer Corporate Senior Executive Vice President (*)	Shinichiro Akiba	General Executive, Group Relations Div.; General Executive, Procurement Div.; General Executive, Marketing Div.; General Executive, Branch Offices; Responsible for Building Solutions Business	
Executive Officer Corporate Executive Vice President	Masayasu Toyohara	General Executive, Strategic Planning Div.; General Executive, Human Resources and Administration Div.; General Executive, Corporate Communication Div.; General Executive, Battery Div.	
Executive Officer Corporate Executive Vice President	Shiro Saito	General Executive, Corporate Technology Planning Div.; General Executive, Research & Development Div.; General Executive, Digital Innovation Technology Center	
Executive Officer Corporate Executive Vice President (*)	Naoya Sakurai	General Executive, Internal Audit Div.; General Manager, Audit Committee Office	
Executive Officer Corporate Senior Vice President	Takayuki Konno	Responsible for Infrastructure Systems & Solutions Business	Representative Director and President and CEO, Toshiba Infrastructure Systems & Solutions Corporation
Executive Officer Corporate Vice President	Tsutomu Kamijo	General Executive, Corporate Production Planning Div.	
Executive Officer Corporate Vice President	Ayumi Wada	General Executive, Internal Control Promotion Div.; General Executive, Legal Affairs Div.	
Executive Officer Corporate Vice President	Taro Shimada	General Executive, Cyber-Physical System Promotion 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 2018.

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 and opinions were exchanged. 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 formulated the Toshiba Next Plan as the overall business plan for the next five years for the Toshiba Group with the aim of becoming one of the world's leading cyber-physical systems (CPS) technology companies.

With regard to the transfer of shares of Toshiba Client Solutions Co., Ltd., the Board of Directors deliberated on the structural reform of the Toshiba Group and decided to conclude a share transfer agreement with Sharp Corporation.

The Board of Directors deliberated on the business related to LNG in the U.S. (the "LNG business") from the perspective of eliminating risk, and decided to transfer all outstanding shares of Toshiba America LNG Corporation, which operates the LNG business, to ENN Ecological Holdings Co., Ltd. or its designated affiliates and to complete the share transfer while transferring or cancelling all agreements relating to the LNG business by the Toshiba Group to withdraw from the LNG business (Note).

Note: With regards to the withdrawal from the LNG business, the Board of Directors decided to cancel the agreement with ENN Ecological Holdings Co., Ltd. early in April 2019 due to confirmation of uncertainty in the aim of completing the transfer to ENN Ecological Holdings Co., Ltd., and decided to restart the third party bidding process for the LNG business promptly with the aim of withdrawing from the business at an early stage.

The Board of Directors deliberated on a new nuclear power plant construction project in the U.K. from the perspective of eliminating risk and taking into consideration of lack of prospects for selling the shares of NuGeneration Limited, which is engaged in the project, and the ongoing burden of maintenance costs at the company, decided to liquidate NuGeneration and withdraw from the project.

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 and to strengthen returns to shareholders by including the acquisition of treasury stock in accordance with circumstances. In addition to this, the Board of Directors decided to acquire treasury stock up to 700.0 billion yen in the period from November 9, 2018 to November 8, 2019.

The Board of Directors was provided with reports on business plans, budget, monthly operating results, risk control information and the state of duty execution by Directors and Executive Officers pursuant to applicable laws and regulations, 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 179th fiscal year.

The Nomination Committee deliberated on a proposal for the election of the members and chairmen of each committee.

The Nomination Committee deliberated on the standards for electing Executive Officers.

The Nomination Committee deliberated on a succession plan.

The Nomination Committee deliberated on the form of the Board of Directors from the 180th Ordinary General Meeting of Shareholders and proposals for candidates for outside Directors.

b. Audit Committee

The Audit Committee audited the state of the execution of duties by executives, by attending the 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 inappropriate accounting conduct. In addition, the Audit Committee received reports regularly from the Internal Audit Division on their audit results, and from the Internal Control 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. All of the full-time and part-time Audit Committee members attended nearly all hearings and reporting sessions and participated actively in audit activities.

Outside Director Ryoji Sato, Chairman of the Audit Committee, collected information actively, which involves attending important meetings (such as corporate management meetings, Accounting Compliance Committee meetings, and Annual Securities Report Disclosure Committee meetings). In addition, Junji Ota replaced Ryoji Sato as the full-time Audit Committee member on June 27, 2018. Mr. Ota worked in the same way as Mr. Sato to enhance communication with each department through meetings with executives in each department and inspections of manufacturing facilities and subsidiaries. The information collected by both Mr. Ota and Mr. Sato was shared with the Audit Committee members in a timely manner.

With regard to the inappropriate accounting conduct, the Company continued the claim for damages filed in the Tokyo District Court in November 2015 against five former executives, including those with experience as President.

The whistleblowing system operated by the Audit Committee, the committee received 29 whistleblowing reports and responded. The Audit Committee was briefed on details and status of responses of all 216 reports to the whistleblowing contact point on the Company’s executive side. The committee has preferentially verified investigation results and status of improvements on important reports related to accounting and compliance.

The Audit Committee worked to strengthen the governance and improve the quality of the Toshiba Group’s audits by holding information exchange meetings and dialogues between Toshiba Group Company Auditors and Audit Committee members and by providing training to Auditors of group companies.

c. Compensation Committee

The Compensation Committee deliberated on the introduction of stock-based compensation using restricted stock to provide an incentive for improving business results over the medium- to long-term.

The Compensation Committee deliberated on the provision of compensation for duties for Executive Officers (performance-linked portion) according to their performance evaluation for FY2017.

The Compensation Committee deliberated on the details of the individual compensation to be paid to Directors and Executive Officers from July 2018.

The Compensation Committee deliberated on revising the Officer Compensation Rules and the Compensation Policy.

The committee deliberated on the details of individual compensation to be paid to Executive Officers from April 2019.

The Compensation Committee deliberated on lifting of the transfer restrictions on stock-based compensation for retired Executive Officers and others.

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 the effectiveness 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

Compensation for Executive Officers consists of basic compensation (fixed amount) determined according to rank, stock compensation (fixed amount), service compensation (fixed amount) determined according to the content of duties as an Executive Officer, and performance-based compensation.

Performance-based compensation is determined in accordance with the performance of the company overall and the divisions under the charge of the Executive Officer during the fiscal year, with cash and shares of the Company paid at a rate set according to rank.

With regard to the stock compensation (fixed amount) and performance-based compensation that is paid in the form of the Company's shares, a mechanism linked to the stock price (e.g. restricted stock) will be used, the effectiveness as an incentive for medium- to long-term improvement of business performance.

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	13	145
(Outside Directors)	(8)	(116)
Executive Officers	14	692

(Notes)

1. The above-mentioned compensations include: 1) compensations for the Directors who retired at the closing of the Ordinary General Meeting of Shareholders held on June 27, 2018, and 2) compensations for the Executive Officers who resigned in the 2018 fiscal year, with regard to the period from April 2018 to their respective retirement/resignation date.
2. An amount of 49 million yen in compensation in the form of restricted stock is included in the compensation, etc. of Executive Officers.
3. The provision for Performance-based compensation reasonable estimated as of end of March 2019 is included in the compensation etc. of Executive Officers.

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	1,053
Total amount of money and other financial benefits to be paid to accounting auditors by the Company and its consolidated subsidiaries	2,035

(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, the 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 the application of new accounting standards 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 1,053 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 with the agreement of all Audit Committee members.

ii. The Audit Committee will, if it considers that any accounting auditor comes under any of the following items, determine the contents of a proposal to be submitted to the General Meeting of Shareholders regarding the appointment of a new accounting auditor and the dismissal and non-reappointment of such accounting auditor:

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 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. State of holding of the Compliance Committee meetings

To formulate and promote measures to manage crisis risk for the Toshiba Group, the Company held Risk-Compliance Committee meetings in FY2018 determined company-wide priority measures implemented for one year. Moreover, we held the Accounting Compliance Committee meeting 5 times in order to: 1) detect timely any signs potentially leading to an instance of inappropriate financial reporting; 2) detect any risks threatening the Company’s internal control early; and 3) issue instruction on and discuss countermeasures.

ii. State of development of the whistleblowing system

The Company has put in place, as an executive structure, the Toshiba Consultation Hotline (each whistleblower chooses from the law office as a contact point or the external specialist organization as a 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 promote use of the whistleblowing system, we provided all employees with information on the whistleblowing system by email and through e-learning. In addition, we introduced instances of reports and worked to deepen awareness of the existence of this system and that the anonymity of whistleblowers was strictly protected. Whistleblowing reports, including those related to accounting treatment, totaled 120 in the first half of FY2018 and 96 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. In April 2019, we outsourced the internal contact point for the Toshiba Consultation Hotline to an external specialist organization with consideration for whistleblowers.

iii. 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 reforming awareness concerning compliance, and reforming organizational climate, among other topics. We held training on strengthening business risk management, accounting knowledge, and accounting compliance in our training for new vice presidents and general managers of branch offices in Japan, and also incorporated accounting knowledge and accounting compliance training into our training for developing and selecting executives and milestone training on promotion. We also implemented accounting compliance education through the e-learning for managers of our overseas subsidiaries and employees of Group companies in Japan.

Furthermore, we implemented education by outside lecturers to prevent insider trading targeting employees in the corporate staff division of the Company, or other employees who may have access to insider information.

iv. State of implementation of internal audit

The Internal Audit Division formulated its annual audit policy and annual audit plan pursuant to the Audit Committee's audit policy. In the FY2018, the division conducted onsite audits at four corporate staff divisions and 24 subsidiaries and affiliates 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.

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

The Audit Committee members 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 35 occasions. Moreover, the 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 29 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
The Toshiba Group will proceed with the Toshiba Next Plan as stated in the Group's management policy in the future.

14. The Group's Employees

As of March 31, 2018

Segment	Number of Employees
Energy Systems & Solutions	17,184
Infrastructure Systems & Solutions	41,948
Retail & Printing Solutions	20,232
Storage & Electronic Devices Solutions	24,165
Industrial ICT Solutions	9,143
Others	13,398
Group-wide (shared)	2,627
Total	128,697

(Notes)
1. The number of employees of the Company (non-consolidated) is 2,672. The number of employees of the Company has decreased compared with March 31, 2018, mainly due to a reduction in personnel resulting from the transfer of Toshiba General Hospital.
2. The number of employees includes retirees as of March 31, 2019 resulting from personnel measures accompanying business structure reform.

15. Main Places of Business and Facilities of the Group

As of March 31, 2019

(1) The Company

Segment	Major Distribution	
Company-wide	Offices	Principal Offices (Minato-ku, Tokyo and Kawasaki), Hokkaido Branch Office (Sapporo), Tohoku Branch Office (Sendai), Kanshinetsu Branch Office (Saitama), Kanagawa Branch Office (Yokohama), Hokuriku Branch Office (Toyama), Chubu Branch Office (Nagoya), Kansai Branch Office (Osaka), Chugoku Branch Office (Hiroshima), Shikoku Branch Office (Takamatsu), Kyushu Branch Office (Fukuoka)
	Laboratories, etc.	Fuchu Complex (Fuchu, Tokyo), Corporate Research & Development Center (Kawasaki), Corporate Software Engineering & Technology Center (Kawasaki), Komukai Complex (Kawasaki), Corporate Manufacturing Engineering Center (Yokohama), Yokohama Complex (Yokohama)
Other	Production Facilities	Fukaya Complex (Fukaya, Saitama)

・ (Note) In April 2019, in accordance with the succession of battery business of Toshiba Infrastructure Systems & Solutions Corporation through absorption-type company split, Kashiwazaki Plant was transferred to the Company.

(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 fiscal year ended March 31, 2019

The 180th term

Toshiba Corporation

Consolidated Balance Sheet

As of March 31, 2019

Assets	(Millions of yen)
Current assets	3,033,858
Cash and cash equivalents	1,335,520
Notes, accounts receivable and contract assets	1,015,255
Notes receivable	79,072
Accounts receivable and contract assets	955,649
Allowance for doubtful notes, accounts receivable and contract assets	(19,466)
Inventories	468,878
Other receivables	82,944
Prepaid expenses and other current assets	131,261
Long-term receivables and investments	595,620
Long-term receivables	8,603
Investments in and advances to affiliates	501,052
Marketable securities and other investments	85,965
Property, plant and equipment	385,720
Land	42,442
Buildings	642,613
Machinery and equipment	1,243,888
Construction in progress	28,939
Accumulated depreciation	(1,572,162)
Other assets	282,146
Goodwill and other intangible assets	116,595
Deferred tax assets	99,003
Other assets	66,548
Total assets	4,297,344

Consolidated Balance Sheet (Continued)

As of March 31, 2019

Liabilities	(Millions of yen)
Current liabilities	1,878,419
Short-term borrowings	26,991
Current portion of long-term debt	330,753
Notes and accounts payable	660,792
Other payables and accrued expenses	297,334
Accrued income and other taxes	49,422
Advance payments received	301,450
Other current liabilities	211,677
Long-term liabilities	719,880
Long-term debt	76,935
Accrued pension and severance costs	434,487
Deferred tax liabilities	57,515
Other liabilities	150,943
Total liabilities	2,598,299

Equity	
Equity attributable to shareholders of the Company	1,456,659
Common stock	200,044
Authorized: 1,000,000,000 shares	
Issued: 544,000,000 shares	
Additional paid-in capital	-
Retained earnings	1,528,463
Accumulated other comprehensive loss	(262,311)
Treasury stock, at cost	(9,537)
2,735,038 shares	
Equity attributable to noncontrolling interests	242,386
Total equity	1,699,045
Total liabilities and equity	4,297,344

Consolidated Statement of Operations

For the fiscal year ended March 31, 2019

	(Millions of yen)
Sales and other income	3,762,176
Net sales	3,693,539
Interest and dividend income	6,249
Equity in earnings of affiliates	12,901
Other income	49,487
Costs and expenses	3,751,267
Cost of sales	2,783,564
Selling, general and administrative expenses	864,690
Impairment loss on goodwill	9,838
Interest expenses	10,563
Other expenses	82,612
Income from continuing operations, before income taxes and noncontrolling interests	10,909
Income taxes:	15,552
Current	30,793
Deferred	(15,241)
Loss from continuing operations, before noncontrolling interests	(4,643)
Income from discontinued operations, before noncontrolling interests	1,040,240
Net income before noncontrolling interests	1,035,597
Less: Net income attributable to noncontrolling interests	22,341
Net income attributable to shareholders of the Company	1,013,256

Consolidated Statement of Equity

For the fiscal year ended March 31, 2019

(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, 2018	499,999	357,153	223,615	(295,572)	(2,060)	783,135	227,599	1,010,734
Cumulative effect of application of ASU 2014-09			3,822			3,822	481	4,303
Cumulative effect of application of ASU 2016-01			37,147	(37,147)				
Cumulative effect of application of ASU 2016-16			(3,273)			(3,273)	(979)	(4,252)
Transfer to additional paid-in capital from common stock	(299,999)	299,999						
Transfer to retained earnings (accumulated deficit) from additional paid-in capital		(657,794)	657,794					
Change in ownership for noncontrolling interests and others	44	642				686	4,829	5,515
Dividends attributable to shareholders of the Company			(11,448)			(11,448)		(11,448)
Dividends attributable to noncontrolling interests							(9,731)	(9,731)
Comprehensive income								
Net income			1,013,256			1,013,256	22,341	1,035,597
Other comprehensive income (loss), net of tax:								
Net unrealized gains and losses on securities				20		20	20	40
Foreign currency translation adjustments				62,429		62,429	(257)	62,172
Pension liability adjustments				7,102		7,102	(2,059)	5,043
Net unrealized gains and losses on derivative instruments				857		857	142	999
Total comprehensive income						1,083,664	20,187	1,103,851
Purchase, disposal and retirement of treasury stock, net, at cost			(392,450)		(7,477)	(399,927)		(399,927)
Balance at March 31, 2019	200,044	-	1,528,463	(262,311)	(9,537)	1,456,659	242,386	1,699,045

(For reference) Consolidated Statement of Cash Flows

For the fiscal year ended March 31, 2019

	(Millions of yen)
Cash flows from operating activities	124,855
Cash flows from investing activities	1,305,434
(Free cash flow)	1,430,289
Cash flows from financing activities	(645,018)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	1,592
Net increase in cash, cash equivalents and restricted cash	786,863
Cash, cash equivalents and restricted cash at the beginning of the fiscal year	548,657
Cash, cash equivalents and restricted cash at the end of the fiscal year	1,335,520

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 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 "US 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 US 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

Marketable securities contain both debt securities and equity securities. The Group classifies debt securities as available-for-sale which are measured at fair value, with unrealized gains and losses included in accumulated other comprehensive income (loss), net of tax. Equity securities are measured at fair value, with changes recorded as net income (loss). The Group elects to measure an equity security that does not have a readily determinable fair value under the cost method minus impairment, if any, and recognizes positive or negative changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. 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.

Other investments without quoted market prices are stated at cost.

Decreases in the fair value of equity securities measured at cost are evaluated qualitatively for indicators of impairment. Any resulting impairments are recorded as a loss for the estimated decline in fair value. In addition, debt securities and other investments 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 means of sale, are considered to be held and used until disposed of.

6) Goodwill and Other Intangible Assets

Goodwill and intangible assets with indefinite useful lives are not amortized, but instead are tested for impairment at least annually. Intangible assets with finite useful lives, consist 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 Group has 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

In May 2014, Financial Accounting Standard Board (FASB) issued Accounting Standards Updates (“ASU”) No. 2014-09 “Revenue from Contracts with Customers.” ASU No. 2014-09 supersedes all previous revenue recognition requirements and affects any entity that either enters into contracts with customers for transfers of goods or services, or enters into contracts for transfers of nonfinancial assets, unless those contracts are within the scope of other standards. Under ASU No. 2014-09, an entity should apply the five-step approach to recognizing revenue. ASU No. 2014-09 also requires an entity to disclose its contracts with customers; the significant judgments, and changes in judgments, made in applying the new standard to those contracts; and the qualitative and quantitative information about assets recognized from the costs of obtaining or fulfilling a contract with a customer. The Group adopted ASU No. 2014-09 effective from the fiscal year beginning April 1, 2018, and applied the modified retrospective method to contracts that were not completed as of the date of adoption. As a result, the Group changed its revenue recognition for certain transactions from at the point of completion to a fixed term based on the transfer of control of goods or services. In addition, the Group modified the separation of performance obligations and the allocation of transaction prices for transactions whose revenue had been deferred due to the absence of vendor-specific objective evidence of the fair value of goods or services transferred for allocating transaction prices. While the adoption of ASU No. 2014-09 partially affected the Group’s revenue recognition, especially with regard to the transactions above, the Group assessed the impact on the consolidated financial statements as immaterial.

The Group adopted ASU No. 2016-01 “Financial Instruments Overall Recognition and Measurement of Financial Assets and Financial Liabilities” effective from the fiscal year beginning April 1, 2018. ASU No. 2016-01 made revisions concerning the recognition, measurement, presentation and disclosure of financial instruments, and the amendments in this update require equity investments excluding investments in consolidated subsidiaries and affiliated companies to be measured at fair value, with changes in fair value recognized in net income (loss). As a result of adopting this standard, a cumulative-effect adjustment to retained earnings of 37,147 million yen was recognized as the after-tax unrealized gains of available-for-sale equity securities previously recognized in accumulated other comprehensive income at the beginning of the fiscal year.

The Group adopted ASU No. 2016-16 “Income Taxes Intra-Entity Transfers of Assets Other Than Inventory” effective from the fiscal year beginning April 1, 2018. This ASU requires recognition of the income tax consequences of an intra-entity transfer of assets other than inventory when the transfer occurs. Prior to the adoption of this ASU, US GAAP prohibited the recognition of income tax consequences for asset transfers, other than inventory, until the asset was sold to a third party. ASU No. 2016-16 requires an entity to recognize the cumulated adjustment amount to opening retained earnings at the beginning of the fiscal year on a modified retrospective basis, and the Group assessed the impact of the adoption on the consolidated financial statements as immaterial.

The Group adopted ASU No. 2017-07 “Compensation Retirement Benefits Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost” effective from the fiscal year beginning April 1, 2018. This ASU requires an entity to separate the service component from other components of the net benefit cost, and to recognize it with other employee compensation costs in the income statement. Other components of the net benefit cost are recognized separately, such as in other income (expense). As a result of adopting this standard, 1,923 million yen from cost of sales and 2,699 million yen from selling, general and administrative expenses were reclassified to other expenses in the fiscal year ended March 31, 2019.

2. Notes on Revenue Recognition

The Group adopted ASU No. 2014-09 “Revenue from Contracts with Customers” for recognizing revenue.

The key goods and services of the Group include mass-produced standard products (e.g., semiconductors, multi-function peripherals, and Point of Sale (POS) systems), made-to-order products under a construction-type or production-type contract with specifications unique to a customer (e.g., nuclear power generation systems, thermal power generation systems, and building & facility solutions) and services, such as maintenance services.

The Group recognizes revenue when (or as) the promised goods or services are transferred to customers, which occurs when (or as) the customers obtain control of the promised goods or services.

The revenue is calculated by deducting expected rebates from the promised consideration under the agreement with a customer.

3. Notes to Consolidated Balance Sheet

1) Collateral assets and liabilities secured by collateral

The Group pledged stock held by the Group as collateral, for certain borrowings of 170,689 million yen from Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited and other respective financial institutions (total of 28), in accordance with the collateral pledge agreement which was signed on April 28, 2017.

The carrying amount of the pledged assets was 25,374 million yen of Marketable securities and other investments, and 76,025 million yen of Security investments in subsidiaries which were eliminated in the consolidated financial statements.

2) Liabilities on guarantee 8,040 million yen

3) 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 US in relation to the inappropriate financial reporting by the Company. The Company filed a petition with the court for rejection of the lawsuit on the grounds that securities laws of the US do not apply to the above-mentioned securities, among other reasons, and the decision to reject the lawsuit was made as of May 20, 2016 (US time). The plaintiffs lodged an appeal against the judgement on July 25, 2016 (US time), and the appellate instance reversed the judgement of the district court on July 17, 2018 (US time) and issued a judgement to remand the case to the district court to enable the plaintiffs to submit a revised complaint. However, the Company filed an appeal against the judgement with the US Supreme Court on October 15, 2018 (US time).

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 14,220 million yen in June 2016, 21,759 million yen in April 2017, 44,741 million yen in April 2017, 9,227 million yen in June 2017, 33,000 million yen in September 2017, 837 million yen in September 2017, 414 million yen in October 2017 and 4,051 million yen in April 2018, (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 14,026 million yen in March 2017.

The Group has 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. Notes to Consolidated Statement of Equity

Reduction in amounts of capital legal reserve and common stock on the balance sheet and appropriation of other capital surplus in the Company’s standalone Balance Sheet

The Board of Directors Meeting held on May 15, 2018 resolved to reduce the amount of capital legal reserve on the Company’s standalone balance sheet by (299,999 million yen) and to appropriate the other capital surplus totaling (758,687 million yen) (which includes the increase due to the reduction in capital legal reserve and common stock) in order to fund the accumulated deficit. The reduction in common stock on the Company’s standalone balance sheet (299,999 million yen) was also approved at the Ordinary General Meeting of Shareholders for the 179th fiscal year held on June 27, 2018. Subsequently, the reduction in common stock and capital legal reserve and the appropriation of other capital surplus became effective on July 31, 2018, following creditor protection proceedings. As there are no corresponding laws and regulations in the US, the disposition of the deficit in the Company’s standalone balance sheet reflects without alteration on the consolidated financial statements.

As a result of the above, Additional paid-in capital on the consolidated balance sheet became negative, and the negative value within Additional paid-in capital was transferred to retained earnings.

Purchase and retirement of treasury stock

The Company resolved, at its Board of Directors Meeting held on November 8, 2018, matters related to the purchase of treasury stock of the Company (acquired 399,777 million yen of treasury stock, pursuant to such resolution, in the fiscal year ended March 31, 2019). In addition, the Company retired the acquired shares of treasury stock on December 17, 2018 and March 20, 2019 (retired 392,449 million yen in the fiscal year ended March 31, 2019). With regards to the retirement of treasury stock, the acquisition cost of the treasury stock is subtracted from retained earnings.

5. Discontinued Operations

1) Westinghouse 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 Westinghouse Electric Company (“WEC”), WEC’s US subsidiaries and affiliates, and Toshiba Nuclear Energy Holdings (UK) Limited, a holding company for Westinghouse Group operating companies outside the US (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 US Bankruptcy Code on March 29, 2017 (US 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 Accounting Standards Codification ("ASC") No.205-20 "Presentation of Financial Statements - Discontinued Operations," the results of operations of the component that was disposed of are presented separately in the 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, are as follows.
Assets and liabilities of the component that was disposed of presented in the consolidated balance sheets as of March 31, 2019 are immaterial.

Results of operations

	(Millions of yen)
Sales and other income	40,301
Net sales	-
Other income	40,301
Costs and expenses	(2,219)
Cost of sales	-
Selling, general and administrative expenses	(2,219)
Other expenses	-
Income from discontinued operations, before income taxes and noncontrolling interests	42,520
Loss on sale of shares of discontinued operations, before income taxes and noncontrolling interests	(29,188)
Income taxes	-
Income from discontinued operations, before noncontrolling interests	13,332
Less: Net income (loss) from discontinued operations attributable to noncontrolling interests	-
Net income from discontinued operations attributable to shareholders of the Company	13,332

(Notes) Selling, general and administrative expenses is the reversal of allowance for doubtful notes and accounts receivable due mainly to the collection of a portion of operating receivables from the WEC Group.

The Company and the owners of a project in Georgia, US, 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, US, 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 US 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 US 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 for the transfer of claims, including the subrogated right (reimbursement right) and WEC-related shares with Nucleus Acquisition LLC, a consortium controlled by US firm, the Baupost Group, L.L.C., Brookfield Business Partners LP ("Brookfield"), and Brookfield WEC Holdings LLC ("BWH"), a corporation controlled by other affiliates of Brookfield. The transfer of the claims was completed on January 23, 2018. With regard to shares in Toshiba Nuclear Energy Holdings (US) Inc. ("TNEH (US)"), the transfer was completed on April 6, 2018 (US time), and with regard to shares in Toshiba Nuclear Energy Holdings (UK) Limited ("TNEH (UK)"), the transfer was completed on July 31, 2018 (US time). The sale price of both transactions was US$1 (106 yen). Upon completion of the sale of TNEH(US) shares, TNEH(US) was deconsolidated from the Group in the first quarter of fiscal year ended March 31, 2019, and 35.1 billion yen was recorded as loss on sale, mainly due to foreign currency translation adjustment. Meanwhile, TNEH (UK) had already been deconsolidated from the Group since the commencement of WEC Group reorganization proceedings in the previous fiscal year. As a result, no loss arose from the transfer of shares in the second quarter of fiscal year ended March 31, 2019.

The Company also entered into an agreement on January 17, 2018 (US time) to sell its entire interest in LC Collateral SPV LLC, a consolidated subsidiary of the Company established as a fund manager responsible for such functions as providing collateral to financial institutions with which WEC has had transactions, to LC SPV ACQUISITION LLC (US company) from the viewpoint of eliminating uncertainty in realizing a future return of collateral provided and lack of clarity in the timing of the return, and the sale of the entire interest was completed on April 2, 2018 (US time). The sale price for the interest was US$100 million (10.6 billion yen), and 5.9 billion yen was recorded as gain on sale related to the sale of the interest in the first quarter of fiscal year ended March 31, 2019. As a result of the completion of the acquisition of WEC Group by affiliates of Brookfield on August 1, 2018 (US time), the probability of future losses resulting from payment of remaining guarantee obligations is low, and the Company is now able to seek indemnification from affiliates of Brookfield for losses arising from fulfillment of the Company's parent company guarantees. Accordingly, in the second quarter of fiscal year ended March 31, 2019, the Company recorded 24.7 billion yen gain on the reversal of provisions for losses on guarantees related to the parent company guarantees. In addition, the Company had pledged cash collateral and recorded an allowance for doubtful notes and accounts receivable for the full amount relating to parent company guarantees for which guarantors had required cash collateral, but recorded 15.5 billion yen gain on the reversal of the allowance for doubtful notes and accounts receivable in the second quarter of fiscal year ended March 31, 2019 for the same reason. The reversals of the allowance for losses relating to the parent company guarantees and the allowance for doubtful notes and accounts receivable are presented in "Other income" of the results of operations above.

Depreciation and amortization and capital expenditures relating to the relevant component that was disposed of, reclassified as discontinued operations, are immaterial.

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

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. Toshiba Memory Corporation (TMC), a newly created subsidiary of the Company 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, and entered into a share transfer agreement with the Transferee Company (the "Share Transfer"), and concluded the share transfer agreement on September 28, 2017.

These decisions to enter into share transfer agreement represented a strategic shift that had a major effect on the Group's business operations, financial position and results of operations, etc. Consequently, pursuant to ASC No. 205-20, the results of operations up until the completion of the Share Transfer are presented separately in the consolidated statement of operations as those of discontinued operations.

The Company confirmed with the Transferee Company that all of the preconditions for the Share Transfer had been met, including obtaining the approval of the necessary competition law authorities, and completed the Share Transfer on June 1, 2018. The sale price was 2 trillion, 300 million yen, and the Group recorded a 965.5 billion yen gain on disposal relating to the Share Transfer in the first quarter of fiscal year ended March 31, 2019. In addition to the Share Transfer, the Company re-invested a total of 350.5 billion yen in the Transferee Company: 109.6 billion yen in common stock with voting rights; and 240.9 billion yen in convertible preferred stock. As a result, while TMC was a wholly-owned subsidiary of the Company before the transfer, TMC was deconsolidated from the Group and the Group's remaining 40.2% common stock investment in TMC was accounted for under the equity method from June 1, 2018. These common stocks are classified as investments in affiliated companies accounted for under the equity method and these convertible preferred stocks are classified as the equity securities for which fair value cannot be readily determined. The above sale price was calculated by adjusting the differences between estimated net debt, working capital and accumulated capital expenditure of TMC as of May 31, 2018 that the Company had provided to the Transferee Company in accordance with the share purchase agreement and the estimated amount agreed within the parties in the share purchase agreement. In September 2018, the Company and the Transferee Company confirmed the differences between the estimated amounts and the actual amounts, calculated the final sale price, and made an adjustment for the difference with the sale price above, and an additional 4.7 billion yen was recorded as gain on disposal relating to the Share Transfer in the second quarter of fiscal year ended March 31, 2019. The company received proceeds in the amount of the selling price of 2 trillion, 300 million yen, plus the additional consideration of 4.7 billion yen, less the amount of the re-investment of 350.5 billion yen. The Company spent 6.0 billion yen for sale related expenditures, and cash and cash equivalents were decreased due to the deconsolidation of TMC from the Group. Consequently, the cash inflows from this transaction were 1 trillion 458.3 billion yen. Further, pursuant to ASC No. 323-10 “Investments - Equity Method and Joint Ventures” and ASC No. 810-10 “Consolidation,” the 350.5 billion yen re-investment in the Transferee Company was re-measured at fair value using the discounted cash flow method and comparable peer company multiple method, but there were no material differences.

The Group records the interests of earnings of the Transferee Company and TMC subsequent to the closing of the Share Transfer The pretax income of the Transferee Company and TMC after the Share Transfer until March 31, 2019 was 226.5 billion yen (before taking account of the impact of PPA described below), net income was 166.5 billion yen, and equity in earnings of affiliates attributable to the Group were 67.0 billion yen. The Transferee Company conducted Purchase Price Allocation (“PPA”) procedures based on fair value as of the acquisition date (June 1, 2018), which it completed in the third quarter of fiscal year ended March 31, 2019. Until the second quarter, the Transferee Company recorded the assets acquired and the liabilities assumed from TMC provisionally at the carrying amount and recorded the full amount of the 784.1 billion yen difference between the net carrying amount and the acquisition value of TMC shares as goodwill. However, as a result of PPA, adjustments to fair value of 138.8 billion yen in inventories and 429.5 billion yen in fixed assets were identified, and 172.0 billion yen in deferred tax liabilities was recorded. Consequently, the Transferee Company’s goodwill was adjusted to 387.8 billion yen. Pursuant to ASC No. 805-10-25-13 “Business Combinations”, the Transferee Company recognized the cumulative impacts from the completion of PPA in the third quarter of fiscal year ended March 31, 2019. Accordingly, the Transferee Company recorded 201.1 billion yen in expenses in relation to the recognized inventories and depreciable assets corresponding to the period from the date of acquisition of TMC up to the third quarter of fiscal year ended March 31, 2019 in the third quarter of fiscal year ended March 31, 2019, and a further

26.1 billion yen in expenses in the fourth quarter of fiscal year ended March 31, 2019, bringing the total expenses recorded to 227.2 billion yen. On the other hand, after recording a reversal of deferred tax liabilities associated with the PPA of 68.8 billion yen, the net loss associated with the PPA became 158.4 billion yen, and the Group recorded an equity in loss of affiliates of 63.7 billion yen. The pretax income (loss) of the Transferee Company and TMC after the transfer until March 31, 2019 (after taking account of the impact of the PPA) was a loss of 0.7 billion yen; while net income (loss) (after taking account of the impact of the PPA) was 8.1 billion yen. As a result, the Group's equity in earnings of affiliates for the Transferee Company and TMC for the current fiscal year was 3.3 billion yen. Investments in and advances to affiliates on the consolidated balance sheet as of March 31, 2019 includes 353.8 billion yen, which is the 3.3 billion yen in equity in earnings of affiliates plus the 350.5 billion yen re-investment in the Transferee Company.

The Company has pledged all the shares that the Company owns in the Transferee Company to financial institutions as collateral for loan agreements that the Transferee Company concluded with financial institutions to procure the funds to purchase the shares of TMC.

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. The results of operations include the cumulative results of operations for the memory business for the two months from April 1, 2018, the gain on sale relating to the transfer of the memory business, and 15.5 billion yen in indemnification expenses for the indemnification from the Company to the Transferee Company and the TMC Group after the completion of the transfer on June 1, 2018 in accordance with the indemnity clause of the share purchase agreement. The indemnification clause in the share purchase agreement states that the Company has an obligation for the indemnification for any losses incurred as the result of any breach of representations and warranties, the determination of a United States International Trade Commission (USITC) investigation, specific litigations and other patent claims, and any patent license agreements with certain counterparties specified in advance. As of March 31, 2019, the assets and liabilities of the memory business are immaterial to the Group's consolidated balance sheet. The Transferee Company carried out an absorption-type merger through absorption TMC on August 1, 2018 and changed its name to Toshiba Memory Corporation. It also implemented a sole-share transfer making Toshiba Memory Corporation the wholly-owned subsidiary in the share transfer and establishing Toshiba Memory Holdings Corporation as the parent company on March 1, 2019.

Results of operations

	(Millions of yen)
Sales and other income	191,246
Net sales	189,387
Other income	1,859
Costs and expenses	122,695
Cost of sales	92,613
Selling, general and administrative expenses	9,830
Other expenses	20,252
Income from discontinued operations, before income taxes and noncontrolling interests	68,551

Gain on sale of shares of discontinued operations, before income taxes and noncontrolling interests	970,237
Income taxes	11,092
Income from discontinued operations, before noncontrolling interests	1,027,696
Less: Net income (loss) from discontinued operations attributable to noncontrolling interests	(1)
Net income from discontinued operations attributable to shareholders of the Company	1,027,697

(Notes) 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 was not expected to be continued, the eligibility criteria for tax purposes was not met and the company split was to be treated as a non-qualified split. A non-qualified split was 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 was 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 in fiscal year ended March 31, 2018. As a result, although the gain on sale was recognized in the current fiscal year for accounting purposes, a tax amount for the gain on the transfer for the difference between the market value and the carrying amount of the memory business at the time of the company split in fiscal year ended March 31, 2018 was already recognized for tax purposes. Consequently, a major disparity has arisen between the statutory effective tax rate of 30.6% in the current fiscal year and the income tax expense 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	-
Capital expenditures	37,579

Subsequent to the completion of the share transfer (June 1, 2018), the continuing operations of the Group and the Transferee and TMC continue to sell and purchase the products to each other The Group also continues to provide its brand license to the Transferee and TMC. The continuing involvements after the disposal date is as follows.

	(Millions of yen)
Sales and other income	121,053
Cost of sales and expenses	111,806
Proceeds from collection of accounts and other receivables	173,711
Cash payments of notes and accounts payable	112,927

6. 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 to support working capital and other capital investments.
In the normal course of its risk management efforts, the Group employs a variety of derivative financial instruments, which consist 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 speculative purposes and trading purposes.

2) Matters concerning market value of financial instruments

The consolidated balance sheet amounts as of March 31, 2019, 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	396,523	394,068	2,455

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, accounts receivable and contract assets, short-term borrowings, notes and accounts payable and accounts other payable 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.

7. Net Earnings Per Share Attributable to Shareholders of the Company

Basic net earnings per share attributable to shareholders of the Company (“EPS”) is computed based on the weighted-average number of shares of common stock outstanding during each period. The weighted-average number of shares of common stock in the calculation is assumed to have been consolidated at the beginning of the fiscal year ended March 31, 2019.

Net loss per share from continuing operations		
Loss from continuing operations per share attributable to shareholders of the Company: －Basic	(43.72)	yen
Net income per share from discontinued operations		
Earnings from discontinued operations per share attributable to shareholders of the Company: －Basic	1,685.57	yen
Net income per share		
Net earnings per share attributable to shareholders of the Company: －Basic	1,641.85	yen

Diluted net earnings per share attributable to shareholders of the Company for the fiscal year ended March 31, 2019 has been omitted because the Company did not have common stock outstanding with potential dilutive effects.

8. Significant Subsequent Events

The Group has evaluated subsequent events up to May 13, 2019 in accordance with ASC No. 855 “Subsequent Events.”

Termination of share transfer agreement entered into with China’s ENN Ecological Holdings Co., Ltd. regarding withdrawal from the agreement concerning liquid natural gas (LNG) produced in the US and restart of bidding process

The Company resolved at its Board of Directors meeting held on April 17, 2019 to terminate the share transfer agreement (the “Transfer”) that it entered into with China’s ENN Ecological Holdings Co., Ltd. (“ENN”) on November 8, 2018, for the transfer to ENN of all of the issued shares of Toshiba America LNG Corporation (“TAL”), a consolidated subsidiary of the Company, and effected the termination of the contract by notifying ENN. As a result, the Company will no longer pay a one-time expense of US$821 million (approximately 93.0 billion yen).

With the intent of selling LNG to customers in Japan and overseas, the Company has been preparing for the start of a liquefaction service in 2020 by concluding a series of agreements required for the agreement related to LNG in the US (the “LNG agreement”), including signing a 20-year liquefaction tolling agreement with FLNG Liquefaction 3, LLC (“FLIQ3”), a US LNG service provider, (the “Liquefaction Agreement”) in 2013, followed by a pipeline capacity agreement (the “LNG Related Agreement”), and the transfer of those rights to TAL, which was established in 2017. In parallel, Toshiba Energy Systems & Solutions Corporation (“ESS”), which is responsible for the LNG agreement, entered into an agreement with TAL to receive the entire LNG capacity produced by TAL through the Liquefaction Agreement, and has subsequently promoted negotiations with multiple potential customers for LNG, in order to sell the entire annual capacity of 2.2 million tons of LNG, the volume that TAL has the right to liquefy.

The LNG Related Agreement is based on the premise that TAL will utilize the liquefaction capacity of FLIQ3 and pipeline capacity for the stipulated annual amount for 20 years, and that TAL has an obligation to pay fixed amounts for services and operations to FLIQ3 and the pipeline company, regardless of whether or not it sells LNG to customers through ESS. The Company provides a parent company guarantee for TAL in respect of its obligations under the liquefaction contract with FLIQ3.

On November 8, 2018, the Company entered into an agreement with ENN to transfer all of the issued shares of TAL to ENN, and also agreed that all contracts related to the LNG agreement entered into by the Group, including trading agreements between the Group and customers would either be transferred to ENN and its affiliates or canceled upon the completion of the Transfer. The companies had sought to conclude the transfer at an early stage, but the conditions for completing the transfer were not satisfied by March 31, 2019, with approval yet to be obtained from the Committee on Foreign Investment in the United States (CFIUS), China's State Administration of Foreign Exchange (SAFE), and a meeting of ENN's shareholders in respect of a financial guarantee from ENN Investment Holdings Co., Ltd., the major shareholder of ENN. Furthermore, the Company was informed by ENN that its board of directors resolved to terminate the transactions related to the Transfer, and that this decision would be submitted for approval to an extraordinary general meeting of ENN's shareholders. Following its own comprehensive analysis of the situation, the Company has determined that pursuing completion of the agreement transfer to ENN in accordance with the Transfer is surrounded by uncertainty, and therefore decided to terminate the agreement early. At the same time, the Company will maintain its policy of withdrawing from the LNG business, and decided to restart the bidding process to transfer the LNG agreement to a third party.

The Company will continue to prepare for the start of the liquefaction service in line with the current agreement, while aiming to transfer the agreement in fiscal year 2019.

Implementation of early retirement incentive program at Toshiba Electronic Devices & Storage Corporation

The Board of Directors meeting held on November 8, 2018 resolved to implement the "Toshiba Next Plan." In view of the deterioration in the business environment that will follow, on May 13, 2019, it was decided to implement structural reform at Toshiba Electronic Devices & Storage Corporation ("TDSC") to realize a personnel structure commensurate with the company's sales and business scale with the aim of further strengthening the business operations framework. These will include implementation of an early retirement incentive program in TDSC's System Devices Division, its corporate staff and sales staff, and at certain of its subsidiaries. Working on the assumption that the selected personnel will leave the company by the end of September 2019, TDSC will start accepting applications for the program once the preparation is in place. As incentive measures for early retirement, the Company will pay a special severance payment on top of a standard retirement payment, and those who request will receive outplacement support. Personnel measures affecting approximately 350 total employees are planned at TDSC as a result of the early retirement incentive program.

The Company anticipates losses due to the special severance payment resulting from the implementation of the early retirement incentive program will be approximately 6.4 billion yen, and it plans to mostly record this amount in the second quarter of fiscal year 2019.

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, 2019

The 180th term

Toshiba Corporation

Non-Consolidated Balance Sheet

As of March 31, 2019

Assets	(Millions of yen)
Current assets	1,236,771
Cash and cash equivalents	1,070,861
Notes receivables	2,459
Accounts receivables	30,294
Finished products	590
Raw materials	215
Work in process	1,923
Other receivables	56,064
Deposits paid	54,838
Prepaid expenses	2,628
Other current assets	17,456
Allowance for doubtful accounts	(562)
Fixed assets	831,854
Tangible fixed assets	48,893
Buildings	17,499
Structures	3,205
Machinery and equipment	1,714
Delivery equipment	0
Tools, fixtures and furniture	3,321
Land	22,670
Lease assets	457
Construction in progress	22
Intangible fixed assets	3,943
Software	2,527
Other intangible fixed assets	1,416
Investments and others	779,017
Investment securities	33,747
Security investments in subsidiaries and affiliates	701,953
Other investments	251
Other investments in subsidiaries and affiliates	22,184
Long-term prepaid expenses	197
Claims provable in bankruptcy and rehabilitation	2,554
Other assets	20,853
Allowance for doubtful accounts	(2,726)
Total assets	2,068,626

Non-Consolidated Balance Sheet (Continued)

As of March 31, 2019

Liabilities	(Millions of yen)
Current liabilities	963,342
Accounts payable	3,690
Short-term loans	313,860
Current portion of debentures	30,000
Lease obligations	119
Accrued liabilities	26,805
Accrued expenses	30,268
Corporate and other taxes payable	63
Advance payments received	12,293
Deposits received	532,638
Allowance for losses on business of subsidiaries and affiliates	181
Allowance for losses on litigation	2,490
Other current liabilities	10,930
Long-term liabilities	190,776
Debentures	30,000
Long-term loans	36,500
Lease obligations	338
Allowance for retirement benefits	40,636
Allowance for losses on litigation	76,548
Asset retirement obligations	1,821
Deferred tax liabilities	3,042
Other long-term liabilities	1,889
Total liabilities	1,154,118
Net Assets	
Shareholders' equity	909,821
Common stock	200,044
Capital surplus	43
Capital legal reserve	43
Retained earnings	719,271
Legal retained earnings	1,144
Other retained earnings	718,126
Reserves for deferral of gains on sales of property	4
Retained earnings brought forward	718,122
Treasury stock	(9,537)
Difference of appreciation and conversion	4,686
Net unrealized gains (losses) on investment securities	6,408
Deferred profit (loss) on hedges	(1,722)
Total net assets	914,507
Total liabilities and net assets	2,068,626

Non-Consolidated Statement of Operations

For the year ended March 31, 2019

	(Millions of yen)
Net sales	45,793
Cost of sales	2,835
Gross margin	42,958
Selling, general and administrative expenses	83,248
Net operating loss	40,289
Non-operating income	78,185
Interest income	1,397
Dividend income	58,855
Rental income	12,846
Miscellaneous income	5,085
Non-operating expenses	28,894
Interest expenses	12,631
Expenses of assets for rent	7,335
Miscellaneous expenses	8,927
Ordinary income	9,001
Extraordinary gains	1,339,091
Gains on sales of subsidiaries and affiliates	1,269,454
Gains related to overseas nuclear power business	39,354
Gains on transfer of business	23,953
Reversal of allowance for losses on business of subsidiaries and affiliates	6,329
Extraordinary losses	76,170
Losses on litigation	36,665
Losses on valuation of shares of subsidiaries and affiliates	31,580
Losses on valuation of investment securities	1,291
Losses on sales of shares of subsidiaries, affiliates and others	5,108
Business structure improvement expenses	1,524
Net income before income taxes	1,271,921
Corporate tax, inhabitant tax and business tax	(6,893)
Taxes deferred	(90)
Net income	1,278,905

Non-Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2019

(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	499,999	299,999	158,687	458,687	-	4	(914,428)	(914,423)
Changes in the term								
Issuance of new shares	44	43		43				
Dividends from surplus					1,144		(12,592)	(11,447)
Disposal of reserves for deferral of gains on sales of property						0	0	-
Net income							1,278,905	1,278,905
Capital reduction	(299,999)	(299,999)	(158,687)	(458,687)			758,687	758,687
Purchase of treasury stock								
Disposal of treasury stock			0	0				
Retirement of treasury stock			(392,449)	(392,449)				
Transfer to capital surplus from retained earnings			392,450	392,450			(392,450)	(392,450)
Net changes of items other than shareholders' equity								
Total changes in the term	(299,955)	(299,956)	(158,687)	(458,643)	1,144	0	1,632,550	1,633,694
Balance at end of the term	200,044	43	-	43	1,144	4	718,122	719,271

	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	(2,060)	42,204	8,389	(2,177)	6,211	48,416
Changes in the term						
Issuance of new shares		87				87
Dividends from surplus		(11,447)				(11,447)
Disposal of reserves for deferral of gains on sales of property		-				-
Net income		1,278,905				1,278,905
Capital reduction		-				-
Purchase of treasury stock	(399,934)	(399,934)				(399,934)
Disposal of treasury stock	6	6				6
Retirement of treasury stock	392,449	-				-
Transfer to capital surplus from retained earnings		-				-
Net changes of items other than shareholders' equity			(1,980)	455	(1,525)	(1,525)
Total changes in the term	(7,477)	867,617	(1,980)	455	(1,525)	866,091
Balance at end of the term	(9,537)	909,821	6,408	(1,722)	4,686	914,507

1. 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 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.

2. Notes to Changes in Presentation Methods

(Non-Consolidated Balance Sheet)

The Company has adopted the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) and relevant guidances effective from the current fiscal year. Accordingly, deferred tax assets were presented under “Investments and others” and deferred tax liabilities were presented under “Long-term liabilities.”

“Deposits paid,” 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, “Deposits paid” included in “Other current assets” under “Current assets” were 25,110 million yen.

3. Notes to Non-Consolidated Balance Sheet

(1) Collateral assets and liabilities secured by collaterals:

Collateral assets:

Investment securities	18,587 million yen
Security investments in subsidiaries and affiliates	66,530 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 19,000 million yen and long-term loans of 151,360 million yen, including the portion due within one year) and certain liabilities on guarantees for borrowings from financial institutions of a non-group company, jointly and severally with the Group companies. The above assets are pledged as collateral by the Company.

Security in subsidiaries and affiliates

(Toshiba Memory Holdings Corporation) 83,956 million yen

The Company has pledged the above assets as collateral for loan agreements concluded with financial institutions by the affiliate (Toshiba Memory Holdings Corporation).

(2) Accumulated depreciation for tangible fixed assets: 102,576 million yen

(3) Liabilities on guarantees

The Company guarantees lease obligations, etc. as follows:

(Millions of yen)

Guarantee	Balance of liabilities on guarantees
Toshiba America, Inc.	3,192
Westinghouse Electric Company LLC	2,143
Toshiba Energy Systems & Solutions Corporation	1,229
Others	1,189
Total	7,756

(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 US in relation to the inappropriate financial reporting by the Company. The Company filed a petition with the court for rejection of the lawsuit on the grounds that securities laws of the US do not apply to the above-mentioned securities, among other reasons, and the decision to reject the lawsuit was made as of May 20, 2016 (US time). The plaintiffs lodged an appeal against the judgement on July 25, 2016 (US time), and the appellate instance reversed the judgement of the district court on July 17, 2018 (US time) and issued a judgement to remand the case to the district court to enable the plaintiffs to submit a revised complaint. However, the Company filed an appeal against the judgement with the US Supreme Court on October 15, 2018 (US time).

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 14,220 million yen in June 2016, 21,759 million yen in April 2017, 44,741 million yen in April 2017, 9,227 million yen in June 2017, 33,000 million yen in September 2017, 837 million yen in September 2017, 414 million yen in October 2017 and 4,051 million yen in

April 2018, (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., etc., of approximately 14,026 million yen in March 2017.

The Group has 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	111,972 million yen
Current monetary liabilities	554,420 million yen

4. Notes to Non-Consolidated Statement of Operations

(1) Sales to subsidiaries and affiliates	40,334 million yen
(2) Purchases from subsidiaries and affiliates	1,131 million yen
(3) Non-operating transactions amounts with subsidiaries and affiliates	100,562 million yen

(4) Gains on sales of subsidiaries and affiliates

The Company transferred all the shares of Toshiba Memory Corporation (Note 1), the Company's consolidated subsidiary, to K.K. Pangea (the "Transferee Company") (Note 2) for a final sale price of 2,005.0 billion yen (Note 3) and re-invested 350.5 billion yen in the Transferee Company. The transfer cost was calculated by dividing the carrying amount of stock of Toshiba Memory Corporation (Note 1) immediately prior to the share transfer proportionally by the market price of the "transferred portion" and the "remaining portion (the re-investment in the Transferee Company)," and, as a result of expenditure of 6.0 billion yen in sale-related expenses, 1,253.3 billion yen was recorded as gain on sale of stock.

Due mainly to the above reasons, 1,269,454 million yen was recorded in extraordinary gains.

(Notes)

1. Refers to Toshiba Memory Corporation, which was absorbed into the Transferee Company, becoming the absorbed company.
2. K.K Pangea is a special purpose acquisition company formed by a consortium led and controlled by Bain Capital Private Equity. It implemented an absorption-type merger with Toshiba Memory Corporation on August 1, 2018 and changed its name to Toshiba Memory Corporation.
3. The final sale price is the sum of 2,000.3 billion yen calculated by adjusting the differences between estimated amount of the net debt, working capital and accumulated capital expenditure of Toshiba Memory Corporation as of May 31, 2018 that the Company provided to the Transferee Company in accordance with the share purchase agreement and the estimated amount agreed between the parties in the share purchase agreement, when transferring of the shares was completed (June 2018), and 4.7 billion yen received as the adjustment for the difference with the final sale price confirmed and calculated as the difference between the estimated amounts and the actual amounts between the Company and the Transferee Company in September 2018.

(5) Gains related to overseas nuclear power business

The acquisition of Westinghouse Group companies by affiliates of Brookfield Business Partners L.P. (Brookfield) under Chapter 11 of the US Bankruptcy Code was completed on August 1, 2018 (US time). As a result, the probability of future losses related to the Company's parent company guarantees provided to Westinghouse is low, and the Company can seek indemnification from affiliates of Brookfield for future payments. Accordingly, the Company recorded a 24.7 billion yen gain on the reversal of allowance for losses on guarantees related to the parent company guarantees.

In addition, the Company had pledged cash collateral and recorded an allowance for doubtful accounts for the full amount relating to parent company guarantees for which guarantors had required cash collateral, but recorded a gain on reversal of 14.7 billion yen in the allowance for doubtful accounts for the same reason.

Due mainly to the above reasons, 39,354 million yen was recorded in extraordinary gains.

(6) Business structure improvement expenses

The Board of Directors meeting held on November 8, 2018 resolved to execute the “Toshiba Next Plan.” As part of the structural reform to improve core earning power, it was decided to implement early retirement incentive programs at the Company and some of its consolidated subsidiaries in Japan.

As incentive measures for early retirement, the Company will pay a special severance payment on top of a standard retirement payment, and those who request will receive outplacement support. Due to the above reasons, 1,524 million yen was recorded in extraordinary losses.

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

(1) The class and number of issued shares as of March 31, 2019

Common stock 544,000,000 shares

(2) The class and number of treasury stock as of March 31, 2019

Common stock 2,735,038 shares

(3) Resolution of dividends

Resolution	Total amount of dividends	Dividend per share	Record date	Effective date
Board of Directors Meeting held on May 15, 2018	0 yen	0 yen	Mar. 31, 2018	–
Board of Directors Meeting held on November 8, 2018	0 yen	0 yen	Sep. 30, 2018	–
Board of Directors Meeting held on November 8, 2018	11,447 million yen	20 yen	Dec. 31, 2018	Feb. 15, 2019
Board of Directors Meeting to be held on May 13, 2019	5,412 million yen	10 yen	Mar. 31, 2019	Jun. 4, 2019

6. 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, non-recognition of the allowance for retirement benefits, and net-loss carried forward, etc. A full valuation allowance has been recorded.

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

7. Notes to Transactions 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 Infrastructure Systems & Solutions Corporation	100%	Use of brands Debt guarantees received	Consideration of use of brands[*3]	13,874	Accounts receivable	8,488
				–	–	Debt guarantees received[*10]	–
Subsidiary	Toshiba Energy Systems & Solutions Corporation	100%	Use of brands Borrowing of cash Subscription to capital increase Debt guarantees received	Consideration of use of brands[*3]	8,022	Accounts receivable	4,865
				Deposit of cash[*4*5]	–	Deposits received	111,243
				Payment of interests[*4*5]	580	Accrued expenses	5
				Subscription to capital increase[*6]	93,000	–	–
				–	–	Debt guarantees received[*10]	–
Subsidiary	Toshiba Electronic Devices & Storage Corporation	100%	Use of brands Borrowing of cash Debt guarantees received	Consideration of use of brands[*3]	7,847	Accounts receivable	3,864
				Deposit of cash[*4*5]	–	Deposits received	51,490
				Payment of interests[*4*5]	573	Accrued expenses	15
				–	–	Debt guarantees received[*10]	–
Affiliate	Toshiba Memory Corporation	40.2%	Use of brands Payment for indemnity	Consideration of use of brands[*3]	5,599	Accounts receivable	2,799
				Payment for indemnity based on share purchase agreement[*7]	15,519	Accrued liabilities	4,989
Subsidiary	Toshiba Digital Solutions Corporation	100%	Use of brands Borrowing of cash Debt guarantees received	Consideration of use of brands[*3]	2,915	Accounts receivable	1,785
				Deposit of cash[*4*5]	–	Deposits received	57,770
				Payment of interests[*4*5]	334	Accrued expenses	4
				–	–	Debt guarantees received[*10]	–
Subsidiary	Toshiba I.S. Corporation	100%	Acceptance of services	Operation and maintenance of systems[*8]	31,472	Accrued liabilities	7,177
Subsidiary	Toshiba Plant Systems & Services Corporation	51.5%	Borrowing of cash	Deposit of cash[*4*5]	–	Deposits received	77,470
				Payment of interests[*4*5]	1,312	Accrued expenses	29
Subsidiary	NuFlare Technology, Inc.	50.0%	Borrowing of cash	Deposit of cash[*4*5]	–	Deposits received	45,000
				Payment of interests[*4*5]	297	Accrued expenses	1
Subsidiary	Toshiba America, Inc.	100%	Borrowing of cash	Deposit of cash[*4*5]	–	Deposits received	28,504
				Payment of interests[*4*5]	1,016	Accrued expenses	57
Subsidiary	Toshiba Elevator and Building Systems Corporation	80.0%	Borrowing of cash	Deposit of cash[*4*5]	–	Deposits received	27,664
				Payment of interests[*4*5]	110	Accrued expenses	1
Subsidiary	Toshiba Asia Pacific Pte., Ltd.	100%	Borrowing of cash	Deposit of cash[*4*5]	–	Deposits received	22,305
				Payment of interests[*4*5]	357	Accrued expenses	18

Subsidiary	Toshiba of Europe Ltd.	100%	Borrowing of cash	Deposit of cash*4*5	–	Deposits received	20,204
				Payment of interests*4*5	313	Accrued expenses	15
Subsidiary	Toshiba Client Solutions Co., Ltd. *1	100%	Subscription to capital increase	Subscription to capital increase*6	29,920	–	–
Affiliate	Toshiba Memory Holdings Corporation	40.2%	Provision of collateral	Provision of collateral *9	–	–	–

(Notes)

* 1. This company is no longer a subsidiary or affiliate at present because the Company sold 80.1% of the company's total issued shares to Sharp Corporation on October 1, 2018. 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. Consideration for use of brands is determined on the basis of mutual discussion drawing on conditions prevailing in an arms-length transaction.
* 4. 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.
* 5. 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.

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

*7. The indemnification clause in the share purchase agreement of Toshiba Memory Corporation states that the Company has an obligation for the indemnification for any losses incurred as the result of any breach of representations and warranties, the determination of a United States International Trade Commission (USITC) investigation, specific litigations and other patent claims, and any patent license agreements with certain counterparties specified in advance.

*8. The operation and maintenance of systems is determined on the basis of mutual discussion drawing on conditions prevailing in an arms-length transaction in relation to the price presented by Toshiba I.S. Corporation.

*9. All the shares of Toshiba Memory Holdings Corporation owned by the Company amounting to 83,956 million yen are provided to financial institutions as collateral for loan agreements that Toshiba Memory Holdings Corporation concludes with financial institutions. Note that Toshiba Memory Holdings Corporation was incorporated on March 1, 2019 as the parent company of Toshiba Memory Corporation through a share transfer agreement.

*10. The Company received joint and several guarantees of 331,325 million yen from four subsidiaries against the Company's borrowings or the like.

8. Notes to Per Share Information

(1) Net assets per share 1,689.57 yen

(2) Net income per share 2,072.30 yen

(Note) The Company implemented a share consolidation with a ratio of 10 shares of common stock to 1 share as of October 1, 2018. “Net assets per share” and “Net income per share” are calculated assuming that the share consolidation was implemented at the beginning of the current fiscal year.

9. Notes to Significant Subsequent Events

Withdrawal from business related to liquefied natural gas (LNG) in the US

The Company resolved at its Board of Directors meeting held on April 17, 2019 to terminate the share transfer agreement (the “Transfer”) that it entered into with China’s ENN Ecological Holdings Co., Ltd. (“ENN”) on November 8, 2018, for the transfer to ENN of all of the issued shares of Toshiba America LNG Corporation (“TAL”), a consolidated subsidiary of the Company, and effected the termination of the contract by notifying ENN. As a result, Toshiba Energy Systems & Solutions Corporation (“ESS”) will no longer pay a one-time expense of US$821 million (approximately 93.0 billion yen), and the Company will no longer incur the losses on valuation of shares of affiliates and subsidiaries that had been anticipated for fiscal 2018 due to impairment of ESS’s net assets.

With the intent of selling LNG to customers in Japan and overseas, the Company has been preparing for the start of a liquefaction service in 2020 by concluding a series of agreements required for the agreement related to LNG in the US (the “LNG agreement”), including signing a 20-year liquefaction tolling agreement with FLNG Liquefaction 3, LLC (“FLIQ3”), a US LNG service provider, (the “Liquefaction Agreement”) in 2013, followed by a pipeline capacity agreement (the “LNG Related Agreement”), and the transfer of those rights to TAL, which was established in 2017. In parallel, ESS, which is responsible for the LNG agreement, entered into an agreement with TAL to receive the entire LNG capacity produced by TAL through the Liquefaction Agreement, and has subsequently promoted negotiations with multiple potential customers for LNG, in order to sell the entire annual capacity of 2.2 million tons of LNG, the volume that TAL has the right to liquefy.

The LNG Related Agreement is based on the premise that TAL will utilize the liquefaction capacity of FLIQ3 and pipeline capacity for the stipulated annual amount for 20 years, and that TAL has an obligation to pay fixed amounts for services and operations to FLIQ3 and the pipeline company, regardless of whether or not it sells LNG to customers through ESS. The Company provides a parent company guarantee for TAL in respect of its obligations under the liquefaction contract with FLIQ3.

On November 8, 2018, the Company entered into an agreement with ENN to transfer all of the issued shares of TAL to ENN, and also agreed that all contracts related to the LNG agreement entered into by the Group, including trading agreements between the Group and customers would either be transferred to ENN and its affiliates or canceled upon the completion of the Transfer. The companies had sought to conclude the transfer at an early stage, but the conditions for completing the transfer were not satisfied by March 31, 2019, with approval yet to be obtained from the Committee on Foreign Investment in the United States (CFIUS), China’s State Administration of Foreign Exchange (SAFE), and a meeting of ENN’s shareholders in respect of a financial guarantee from ENN Investment Holdings Co., Ltd., the major shareholder of ENN. Furthermore, the Company was informed by ENN that its board of directors resolved to terminate the transactions related to the Transfer, and that this decision would be submitted for approval to an extraordinary general meeting of ENN’s shareholders. Following its own comprehensive analysis of the situation, the Company has determined that pursuing completion of the agreement transfer to ENN in accordance with the Transfer is surrounded by uncertainty, and therefore decided to terminate the agreement early. At the same time, the Company will maintain its policy of withdrawing from the LNG business, and decided to restart the bidding process to transfer the LNG agreement to a third party.

The Company will continue to prepare for the start of the liquefaction service in line with the current agreement, while aiming to transfer the agreement in fiscal year 2019.

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Independent Auditor's Report

(English Translation*)

May 13, 2019

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 the consolidated financial statements of Toshiba Corporation (hereinafter referred to as the "Company") for the fiscal year from April 1, 2018 to March 31, 2019.

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 referred to as "U.S. GAAP") with the provision of the second sentence of Article 120 (1), that applies mutatis mutandis of Article 120-3 (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 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 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 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

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covered by the consolidated financial statements in accordance with accounting principles generally accepted in U.S. GAAP with the provision of the second sentence of Article 120, (1) that applies mutatis mutandis to Article 120-3, (3) of the Ordinance on Accounting of Companies, which permits the omission of some disclosure items required under U.S. GAAP.

Emphasis-of-matter
As stated in Note 8, “Significant Subsequent Events”, at the Board of Directors meeting held on April 17, 2019, the Company resolved to terminate the purchase and sales agreement in which the Company signed with China’s ENN Ecological Holdings Co., Ltd. (hereinafter referred to as “ENN”) to transfer all outstanding shares of Toshiba America LNG Corporation to ENN, and the Company terminated the purchase and sales agreement.

Our opinion is not modified in respect of this matter.

Conflict 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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Independent Auditor's Report
(English Translation*)

May 13, 2019

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 the non-consolidated financial statements, and the supplementary schedules of Toshiba Corporation (hereinafter referred to as the "Company") for the 180th fiscal year from April 1, 2018 to March 31, 2019.

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.

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Emphasis-of-matter

As stated in Note 9, “Significant Subsequent Events”, at the Board of Directors meeting held on April 17, 2019, the Company resolved to terminate the purchase and sales agreement in which the Company signed with China’s ENN Ecological Holdings Co., Ltd. (hereinafter referred to as “ENN”) to transfer all outstanding shares of Toshiba America LNG Corporation to ENN, and the Company terminated the purchase and sales agreement.

Our opinion is not modified in respect of this matter.

Conflict 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 180th fiscal period, from April 1, 2018 to March 31, 2019. 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 180th 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 13, 2019

Audit Committee

Toshiba Corporation

Audit Committee Member

Ryoji Sato

Audit Committee Member

Teruko Noda

Audit Committee Member

Yuki Furuta

Audit Committee Member (full-time)

Junji Ota

* 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.

Note: Mr. Ryoji Sato, Ms. Teruko Noda, Mr. Yuki Furuta, and Mr. Junji Ota 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 180th fiscal period, from April 1, 2018 to March 31, 2019. 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

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Non-Consolidated Statement of Changes in Net Assets, and the Notes to Non-Consolidated Financial Statements), and their related supplementary schedules for the 180th 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 13, 2019

Audit Committee

Toshiba Corporation

Audit Committee Member

Ryoji Sato

Audit Committee Member

Teruko Noda

Audit Committee Member

Yuki Furuta

Audit Committee Member (full-time)

Junji Ota

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

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