Business Report

From April 1, 2014 to March 31, 2015

1. Business Environment and Results of the Group

(1) Operation and Results of the Group

While the US economy lost some momentum in the second half of FY2014 (October-March), the UK witnessed a strong performance and the Eurozone sustained a gradual recovery. Despite a slowdown in China, the emerging economies as a whole saw a continued gradual recovery, reflecting solid growth in Southeast Asia and India.

In Japan, the recovery in domestic demand remained slow, due to the still lingering effects of the increase in the consumption tax and a fall in real income. Despite improved performances by export-driven large enterprises, the industrial economy as a whole remained flat, reflecting deteriorated profitability at small and medium enterprises, which largely rely on domestic demand, as did the service economy.

In the first half of FY2015 (April-September), China's economy is expected to slow further, but the overall global economy is expected to see accelerated growth from the second half of FY2014, on a gradual recovery in other countries and regions. The forecast for the Japanese economy is for a gradual recovery, but with subdued growth on a lack of accelerating factors.

In these circumstances, Toshiba Group has endeavored to create value by combining technologies developed in-house and with third parties, and so contribute to a safe, secure and comfortable society. The Group has defined Healthcare that seeks to enhance people's health and lifestyles as a third pillar of business and value creation, alongside Energy and Storage. Furthermore, the Group has launched globally competitive products and services in markets around the world, especially emerging economies.

Toshiba Group's net sales increased by 166.2 billion yen to 6,655.9 billion yen (US$55,465.8 million), reflecting higher sales in the Energy & Infrastructure, Community Solutions and Electronic Devices & Components segments, despite a decrease in sales in the Lifestyle Products & Services segment. Consolidated operating income decreased by 86.7 billion yen to 170.4 billion yen (US$1,420.3 million). While the Energy & Infrastructure segment recorded higher operating income, despite an impairment loss on investment and financing for a US developer of nuclear power plants and other factors, and the Electronic Devices & Components segment saw lower operating income, the result of an impairment loss for Discretes in the Semiconductor business. The Lifestyle Products & Services segment recorded significantly deteriorated operating income (loss) as a result of an impairment loss in its Home Appliances business and other factors.

Income (loss) from continuing operations, before income taxes and noncontrolling interests decreased by 45.7 billion yen to 136.6 billion yen (US$1,138.7 million). Net income (loss) attributable to shareholders of the Company decreased by 98.0 billion yen to -37.8 billion yen (US$-315.2 million), due to the effects of reversal of deferred tax assets on the tax system revision and other factors.

As a result of focusing on the expansion of business mainly in emerging economies, the overseas net sales increased by 187.6 billion yen year on year to 3,949.9 billion yen. The overseas sales ratio also increased by 1 percentage points from a year earlier to 59%.

As the Company has decided not to pay the annual dividend with the situation above, the Company also decided not to pay an interim dividend for the first half of FY2015, to September 30(dividend of surplus for shareholders as of September 30), considering its business environment and financial situation.

About the Inappropriate Accounting Treatment Problem and Correction of Past Financial Statements

In April 2015, the Company established a Special Investigation Committee to examine the appropriateness of the percentage-of-completion method of accounting used for projects undertaken by the Company. The Special Investigation Committee identified instances such as where the total contract cost had been underestimated and where contract loss (including provisions for contract losses) had not been recorded at appropriate times, and also identified other matters requiring further investigation.

For this reason, the Company determined in May 2015 to change the framework of the investigation to an investigation by an independent committee comprising fair and impartial outside experts with no interests in the Company. As a result, in July 2015, the Independent Investigation Committee reported the accounting treatment were inappropriate in (i) accounting in relation to the percentage-of-completion method, (ii) accounting in relation to recording of operating expenses in the Visual Products Business, (iii) accounting in relation to valuation of inventory in the Semiconductor Business, mainly discrete and system LSIs, and (iv) accounting in relation to parts

transactions, etc. in the PC Business. The Company has taken the causal analysis and recommendations on prevention of recurrence contained in the report of the Independent Investigation Committee very seriously, established a Management Revitalization Committee to intensively discuss a new management team and reform of corporate governance, and announced the outline of the measures for reform of governance structure.
For details, please refer to **(2) Basic Management Policy** and the notices on website below.

Notice on Receiving Report from Independent Investigation Committee, and Action to be Taken by Toshiba for Corrections Identified for Past Financial Results
http://www.toshiba.co.jp/about/ir/en/news/20150720_1.pdf

Notice on Publication of the Full Version of the Investigation Report by the Independent Investigation Committee
http://www.toshiba.co.jp/about/ir/en/news/20150721_1.pdf

Notices on Toshiba's New Management Team and Measures to Reform of Governance Structure, and Outline of Correction of Past Financial Statements and Financial Forecast
http://www.toshiba.co.jp/about/ir/jp/news/20150818_2.pdf

Performance by Segment

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

(Billions of yen)

Segment	Consolidated Net Sales	Change	Consolidated Operating Income	Change
Energy & Infrastructure	2,003.8	+198.3	19.5	+13.0
Community Solutions	1,410.7	+54.0	53.9	(1.6)
Healthcare Systems & Services	412.5	+1.8	23.9	(6.0)
Electronic Devices & Components	1,768.8	+81.5	216.6	(30.2)
Lifestyle Products & Services	1,163.7	(150.9)	(109.7)	(55.1)
Others	529.0	+25.0	7.5	(4.1)
Eliminations	(632.6)	-	(41.3)	-
Total	**6,655.9**	**+166.2**	**170.4**	**(86.7)**

Business performance and topics by segment are as follows:

Energy & Infrastructure

Main Businesses	As of March 31, 2015
Nuclear power generation systems, Thermal power generation systems, Hydroelectric power generation systems, Fuel cell, Power generation, Photovoltaic power generation systems, Power transmission and distribution systems, Instrumentation and control systems, Automatic railroad station equipment, Transportation equipment, Electrical machineries, Government systems	

Business Overview

Net sales in the Energy & Infrastructure segment increased by 198.3 billion yen to 2,003.8 billion yen (US$16,698.4 million), reflecting higher sales in all social infrastructure businesses, including Nuclear Power Systems, Thermal & Hydro Power Systems, Transmission & Distribution Systems and Solar Photovoltaic Systems.

Segment operating income increased by 13.0 billion yen to 19.5 billion yen (US$163.1 million). The Nuclear Power Systems business recorded a significant improvement in operating income despite an impairment loss on investment and financing for a US developer of nuclear power plants and other factors, and the Transmission & Distribution System business also saw improved operating income. The Thermal & Hydro Power Systems and Solar Photovoltaic Systems businesses saw lower operating income.

Topics

(1) Development of the fuel supply and service businesses for nuclear power plants

Westinghouse Electric Company (WEC), a U.S. subsidiary, is proactively expanding its fuel supply and service businesses worldwide for nuclear power plants and won a series of contracts for supply of reload fuel with Ukraine, Sweden, Finland, France, and the U.S. Taking full advantages of its capabilities in an extensive lineup of fuels and its ability to supply high quality fuels, WEC will continue to developing reload fuel supply business for nuclear power plants worldwide.

(2) Receiving more orders for a thermal power generation business in overseas markets

Toshiba received an order for the supply of approximately 470 MW (megawatts) steam turbine and generator for the combined cycle power plant in State of Tennessee of the U.S. With this order received, the total number of ordered sets of steam turbine and power generator in North America reached 100, getting back the largest share in the U.S. for the first time after 2011 (on a capacity basis, surveyed by US research company). The Company will continuously put emphasis on receiving new orders and further enhance the service business centering on maintenance, with the aim of expanding the thermal power business in North America.

(3) Expanding renewable energy power generation business

Toshiba is the world leader in the manufacture of geothermal steam turbines and generators, with a market share of 24%, and has supplied 52 units with an installed capacity of 3,400MW (on a capacity basis). We newly received an order to supply 3 x 60MW (megawatts) geothermal steam turbines and generators for the geothermal power plant in Indonesia. Two of the 4 sets of steam turbines and generators delivered in Kenya have started commercial operation. The Company also concluded memorandums on development of geothermal power plants respectively with Ethiopian Electric Power Corporation and a Colombian electric power company. Toshiba will work on stable supply of electric power using various recyclable energies such as wind, hydro, and solar energies, as well as geothermal energy, developing activities to receive orders all over the world.

(4) Enhancement of marketing system for railway transportation drive system

English translation of this part will be released at a later date.

(5) Enhancement of efforts to realize a hydrogen society

Toshiba started joint verification of the effectiveness of "H_2One^{TM}", Independent Energy Supply System utilizing renewable energy and hydrogen with Kawasaki City, Japan.

This system supplies electricity and hot water produced by fuel cells that use electricity generated from photovoltaic installations and hydrogen produced from water. Even if the electric power supply is cut off in times of disaster, it can provide electric power and hot water to 300 people for a week. From now on, utilizing the technology of solar, wind and hydroelectric power generation system, or fuel cells, we will continue to contribute to the realization of clean hydrogen society that does not emit CO^2.

Community Solutions

Main businesses	As of March 31, 2015
Broadcasting systems, Road equipment systems, Water supply and sewerage systems, Environmental systems, Elevators, Escalators, LED lights, Light fixtures, Industrial light parts, Light Bulbs, Commercial air-conditioner, Compressors, POS systems, Multi-function peripherals	

Business Overview

Net sales in the Community Solutions segment increased by 54.0 billion yen to 1,410.7 billion yen (US$11,755.7 million), reflecting higher sales in the Water & Environmental Systems, Elevator and Building Systems, Commercial Air-Conditioners and Retail Information Systems and Office Equipment businesses.

Segment operating income decreased by 1.6 billion yen to 53.9 billion yen (US$449.2 million), reflecting lower operating income in the Retail Information Systems and Office Equipment business, despite higher operating income in the Water & Environmental Systems, Elevator and Building Systems and Commercial Air-Conditioners businesses.

Topics

(1) Strategic alliance in the commercial air-conditioning business

Toshiba and United Technologies Corporation providing building technologies and industrial systems have entered into an agreement concerning the strategic collaboration in air-conditioning business through their joint venture, Toshiba Carrier Corporation in charge of air-conditioning business. Both companies have set a target to accelerate growth of revenues of Toshiba Carrier Corporation. Additionally, both parties will advance the collaboration on smart cities taking account of environment by saving resources.

(2) Delivery of LED Lighting to Phoenix Hall of Byodo-in Temple

Toshiba Lighting & Technology Corporation delivered LED lamps to light up Phoenix Hall of Byodo-in Temple (Uji City, Kyoto Prefecture) which went through major refurbishment in Heisei era. These lamps control the power consumption to less than half of existing lighting. Furthermore, when installing the lighting system, colors and brightness were considered so that the objects look beautiful in every way.
This project won the 33rd Lighting Technology Award from The Illuminating Engineering Institute of Japan.

(3) Digital receipt service "Smart Receipt"

In Co-ops in Iwate, Yamagata, Miyagi and Fukushima prefectures, Toshiba TEC

Corporation started a service in which electronic receipts can be received using a smartphone. The service is convenient for customers to manage receipts in digital data and receive useful information from the stores introducing this system. In addition, the stores can reduce the costs of printing paper receipts and environmental loads.

Healthcare Systems & Services

Main businesses	As of March 31, 2015
Diagnostic X-ray systems, CT systems, MRI systems, Diagnostic ultrasound systems, Clinical analysis systems	

Business Overview

Net sales in the Healthcare Systems & Services segment increased by 1.8 billion yen to 412.5 billion yen (US$3,437.6 million). While sales of medical imaging systems were solid in North America and emerging economies, especially of mainstay computerized tomography (CT) systems, sales in Japan were lower, affected by a revision of the medical fee reimbursement system and other factors.

Segment operating income decreased by 6.0 billion yen to 23.9 billion yen (US$198.9 million), reflecting continued up-front investments made to drive forward future growth, particularly in R&D of next-generation CT systems.

Topics

(1) Opening Healthcare Technology Center

In December 2014, Toshiba opened the Healthcare Technology Center. At this center, Toshiba will accelerate creation of new products and services using genomic analysis and biological sensors and also promote development of the next-generation products through collaboration with outside research institutes for diagnostic imaging systems such as MRI and ultrasound systems for which growth is expected. Presently, in the healthcare systems & services business, increases in R&D cost and the number of researchers are globally planned. In the future, the business will be enhanced, centering on the following areas: "diagnosis and treatment"; "prevention"; "prognosis and nursing care"; and "health promotion".

(2) Efforts for DNA testing system business

As a specific approach toward the new area, Toshiba launched Genelyzer™II, a platform that makes DNA detection and analysis automatically and Test Kits for Food Allergens to be set on this platform. With this combination, time required for test and determination can be largely reduced from some days to about two hours. The Company plans to contribute to secure and reliable food through spreading the system in food and restaurant industries, etc., and launch a variety kind of kits which can be applied in medical and other various areas.

Electronic Devices & Components

Main businesses	As of March 31, 2015
Small-signal devices, Power devices, Optoelectronic devices, Logic LSIs, Mixed signal ICs, Image sensors, NAND flash memories, Storage devices, Semiconductor manufacturing equipments	

Business Overview

Net sales in the Electronic Devices & Components segment increased by 81.5 billion yen to 1,768.8 billion yen (US$14,739.6 million). In the Semiconductor business, Memories saw higher sales on increased sales volume, but Discretes and System LSIs reported lower sales. The Storage Products business recorded higher sales.

Segment operating income decreased by 30.2 billion yen to 216.6 billion yen (US$1,805.4 million), reflecting a significant deterioration and an impairment loss in Discretes. Memories also saw lower operating income despite continued high profitability, while System LSIs saw an improvement in operating income. The Storage Products business also saw higher operating income.

Topics

(1) Commercialization of three dimensional flash memory called "BiCS FLASH™"

Toshiba started sample shipments of "BiCS FLASH™", 128-gigabit 3D flash memory, based on the world's first 48-layer stacking process. The BiCS enhances the reliability of write /erase endurance and boosts write speed comparing to existing products. The Company will meet the various market needs in development centering on solid state drives (SSD), storage devices using a flash memory. The Company will continuously fulfill a variety of market needs, such as larger capacity and downsizing of memory which is required for SSD for smartphone, tablet PCs, memory cards, data centers, etc.

(2) Semiconductor for Image Recognition Processors for Automotive Applications

Toshiba started sample shipments of Visconti™4 series, the image recognition processors for automotive applications which recognize traffic lanes and vehicles, among others, around vehicles using camera-based vision systems. This product can identify pedestrians even at night, and detect unexpected obstacles on a street unlike conventional products. In recent years, demands for automobiles equipped with advanced driver assistance system have been increasing, and needs for automated driving are also expected to increase in the future. Therefore, the Company will actively develop the automotive semiconductor business which can be expected to largely grow.

(3) New fabrication facility in Yokkaichi Operations

Toshiba celebrated the opening of the second phase of the No. 5 semiconductor fabrication facility at Yokkaichi Operations, Toshiba's NAND flash memory plant in Mie Prefecture, Japan. Mass production in phase 2 began, with 15nm NAND flash memory process technology. Furthermore, in order to secure space to install mass production equipment exclusively for 3D flash memory "BiCS FLASH™", the Company is pushing ahead with construction of the new No. 2 fabrication facility, which is scheduled to be completed in the first half of 2016. The Company will firmly maintain a market leadership by promoting development of cutting-edge nanotechnology and "BiCS FLASH™" to further enhance its competitiveness.

Lifestyle Products & Services

Main businesses	As of March 31, 2015
Personal computers, Tablets, Televisions, BD recorders and other video recording/playback devices, Refrigerators, Washing machines, Home air-conditioners, Vacuum cleaners, Cookware, Home appliances repair services	

Business overview

Net sales in the Lifestyle Products & Services segment decreased by 150.9 billion yen to 1,163.7 billion yen (US$9,697.4 million). The Visual Products business and the PC business saw lower sales, due to a shift in focus to redefined sales territories, and the Home Appliances business also recorded lower sales.

Segment operating loss increased by 55.1 billion yen to 109.7 billion yen (US$-914.6 million). The Visual Products and PC businesses saw a deterioration in operating income, and the Home Appliances business saw a significant fall, the result of recording an impairment loss.

Topics

(1) Accelerating the business structural reform

In April 2014, Toshiba established Toshiba Lifestyle Products & Services Corporation to manage Visual Products and White Goods business integrally under the harsh business conditions.

In the Visual Products business, additional business structural reforms were forced through in order to improve profitability. To be more specific, the business of television for North America was transferred to Compal Electronics, Inc. in Taiwan in the business structure of brand licensing. The Company is also aiming at transferring the global TV business for other overseas areas in a similar way.

With regard to personal computers, Toshiba also accelerated a structural change to corporate business that, for example, provides solution systems to solve various business issues, while largely cutting back consumer business.

(2) Robot vacuum cleaner "TORNEO ROBO" enjoying brisk sales

Toshiba Lifestyle Products & Services Corporation launched "TORNEO ROBO" as a robot vacuum cleaner, market of which is growing with the number of working women increasing. The vacuum cleaner is enjoying brisk sales, as its dust collection ability is higher with an advanced sensor and a well-designed brush equipped, and the frequency of emptying trash bag is reduced to once a month by adopting charging stand with automatic dust collection mechanism.

Others

Main businesses	As of March 31, 2015
IT solutions, Logistics service	

Business Overview

The Others segment recorded operating income of 7.5 billion yen (US$62.3 million) on sales of 529.0 billion yen (US$4,408.5 million).

Topics

(1) Reorganization to strengthen IoT-Related Business

Toshiba consolidated the departments related to ICT (Information Communications Technology) into its in-house Cloud & Solutions Company and changed the company name into "Industrial ICT Solutions Company" to proactively promote the business that exploits the Internet of Things (IoT) - the interconnection of diverse devices to the Internet. Through the reorganization, concentrating ICT-related human resources in the Group to enhance abilities of development, the company will create new IoT businesses which connect "things" such as devices to networks and comprehensively monitor, analyze, and control them.

(2) Starting production and shipment of Vegetables at Plant Factory

Toshiba started production and shipment of vegetables which will be less damaged by germs at a clean room plant factory equipped with Toshiba's wide range of technologies and know-how. The Company will mass-produce mizuna, spinach, and other vegetables which can be fresh for a long time, and expand sales channels mainly to supermarkets, convenience stores, and restaurants. Aiming at expanding the business, the Company will also mass-produce vegetables at a large-scale plant factory to be constructed outside Japan, and sell equipment and systems for plant factory applications.

(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, Paragraph 2 of the Ordinance on Accounting of Companies. Operating income (loss) is derived by deducting the cost of sales and selling, general and administrative expenses from net sales, and reported as a measurement of segment profit or loss. This result is regularly reviewed to support decision-making in allocations of resources and to assess performance. Some items that are classified as operating income (loss) under U.S. GAAP, such as restructuring charges and litigation settlement costs, may be presented as non-operating income (loss).
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. Mobile Broadcasting Corporation, the Mobile Phone business and the ODD business have been classified as discontinued operations in the consolidated accounts in accordance with Accounting Standards Codification No. 205-20, "Presentation of Financial Statements - Discontinued Operations". The performances of these businesses are excluded from consolidated net sales, operating income (loss), and income (loss) from continuing operations, before income taxes and noncontrolling interests. Toshiba Group's net income (loss) is calculated by reflecting these business results to income (loss) from continuing operations, before income taxes and noncontrolling interests. Accordingly, some figures are reclassified.
5. Descriptions such as "World's first", "Japan's first" and" World's highest" are based on data surveyed by Toshiba Group as of the time of announcement and release, unless otherwise noted.

(2) Basic Management Policy

Toshiba Corporation (the "Company") expresses its sincere apologies for inappropriate accounting treatment that has severely undermined the trust of shareholders, customers, employees and all other stakeholders.

The investigation report that the Company received from the Independent Investigation Committee particularized the major direct causes of inappropriate accounting as including institutionalized behavior that included the involvement of certain members of top management, their objective of overstating apparent current-period profit, a policy of over-riding emphasis on current-period profit, and strong pressure to achieve budget targets.

It is also considered that the chief, albeit indirect, cause of issues related to inappropriate accounting was that the non-functioning of certain internal controls for financial reporting due to such top-management involvement resulted in the non-functioning of the monitoring function of the Board of Directors, including the Audit Committee, the internal audit function, and the checks and balances functions, etc. of corporate divisions.

The Company presumes that these causes resulted from pressure caused by an awareness of concerns in the capital market and the Company's need to find new business opportunities in a harsh business environment where individual divisions of the Company were recording weak performances as a result of the negative impacts of the collapse of Lehman Brothers, the Great East Japan Earthquake, the flooding in Thailand and an extremely strong yen, all at a time when traditional business markets were shrinking.

Immediately after receiving the investigation report by the Independent Investigation Committee, the Company acted on this analysis of causes by establishing the Management Revitalization Committee, whose members include the Company's four Outside Directors, an attorney-at-law and a certified public accountant, both from outside the company, and which also called on independent observers. In addition, once new nominees for Outside Directors were selected, they also joined the committee. The committee has been tasked with carrying out intensive discussions on a new management team and prevention of any recurrence, which includes discussions on the reform of corporate governance.

Going forward, resolving management issues and improving the Company's business environment are all imperatives for the Company, together with putting measures into practice to prevent recurrence. The Company will accelerate business selection and concentration, fundamentally reformulate its business structure and revamp its financial structure, by taking measures to ensure efficient use of assets, including asset sales.

Preventive measures that have been discussed so far are described below.

Outline of Reform of Corporate Governance Structure

The Company has determined, based on the discussions by the Management Revitalization Committee, the basic policy described below.

I. Composition and Reinforcement of the Board of Directors' Functions

The Company reconfirms that the functions of the Board of Directors are to "monitor and supervise business execution" and "to determine the Company's basic strategies," and has decided to implement the policies described below.

(1) Composition of the Board of Directors

i. Reducing the number of members of the Board of Directors to approximately 11 people

To ensure substantive and productive deliberations, the Company has decided to reduce the membership of the Board of Directors from the former number of 16 people (the Articles of Incorporation states "20 people or less") to approximately 11 people.

ii. Increasing the ratio of Outside Directors to more than half

To secure the effectiveness of the "monitor and supervise business execution" function, the Company has decided that Outside Directors will constitute over half the members of the Board of Directors.

iii. Ensuring the composition of a Board of Directors that takes the expertise of its members into account

Recognizing that there were inadequacies in its accounting audit function and compliance inspections, the Company will, where possible, appoint Directors who are management executives, legal and accounting professionals, or experts in other areas, in order to diversify the composition of the Board of Directors.

iv. Enabling an Outside Director to become Chairman of the Board of Directors

The Company will propose a change in its articles of incorporation at the Extraordinary General Meeting of Shareholders, in order to allow the appointment of an Outside Director as Chairman of the Board of Directors.

(2) Reinforcement of the Board of Directors' Supervisory Function

i. Reinforcing the support structure for Outside Directors

The function and headcount of the Audit Committee Office will be expanded in order to provide support for Outside Directors. By utilizing independent outside experts (including attorneys-at-law and certified accountants) and others, the Audit Committee Office will reinforce its powers of investigation. This will provide the Outside Directors with stronger report collection and investigation abilities and reinforce their capabilities.

ii. Establishment of 'Executive Sessions'

The Company will establish ‘Executive Sessions,’ meetings that consist of only Outside Directors to stimulate information exchanges among Outside Directors and to increase their understanding of the Company’s business.

II. Reinforcement of the Audit Committee’s Supervisory Function

The Company has decided to implement the measures described below in order to reinforce the internal controls (audit function) managed by the Audit Committee.

(1) Composition of the Audit Committee

i. An Audit Committee composed, in principle, only of independent Outside Director members

The Company has decided that, in principle, all members of the Audit Committee, about five in number, must be independent Outside Directors.

ii. An Audit Committee composed of Outside Directors with a high level of expertise

The Company has decided that members of the Audit Committee must include Outside Directors with a high level of expertise and extensive experience in the fields of accounting, law or management, so as to reinforce the functions of accounting auditing and compliance inspections.

(2) Reinforcement of the Audit Function of the Audit Committee

i. Reinforcement of the Audit Committee Office

To ensure that the Audit Committee Office is able to collect reports and conduct investigations based on instructions from the Audit Committee, the Company will increase the size of the Audit Committee Office’s staff, expand opportunities to use outside experts, and implement other measures. The Company will also appoint the Executive Officer responsible for auditing as the head of the Audit Committee Office.

ii. Reinforcement of the audit function of the Audit Committee through establishment of an internal reporting system

In addition to the internal whistleblower system on the business execution side, the Company will establish an internal reporting function in the Audit Committee Office. The Company will also clarify that all members of the Audit Committee have the right of access to all reports made to the business execution side using the whistleblower system.

iii. Securing the independence of the Audit Committee Office

The Audit Committee will have the right to approve the appointment of, dismiss, and veto the dismissal of, the head and staff members of the Audit Committee Office.

iv. Elimination of the Corporate Audit Division, establishment of the Internal Audit Division, and direct control of the Audit Committee

The Company will eliminate the current Corporate Audit Division, separate the internal audit function of the Corporate Audit Division from the business execution side, and reestablish these functions in an Internal Audit Division under the direct control of the Audit Committee.

v. Reinforcement of the audit function in accounting and compliance inspections by the Internal Audit Division

The Company will limit and focus the work of the Internal Audit Division to audits of accounting, compliance inspections, audits of appropriateness and audits of internal control. Responsibility for management consultation, formerly carried out by the Corporate Audit Division, will be shifted to the business execution side, and the execution and supervisory functions will be clearly separated. The Company will appoint the executive officer in charge as general manager of the Internal Audit Division.

vi. Reinforcement of accounting audits and compliance inspections in in-house companies

Several members of the Internal Audit Division will be resident in each in-house company. The Internal Audit Division will cooperate with in-house companies and accounting auditors and build a structure for sharing information.

vii. Securing the independence of the Internal Audit Division

The Company will give the Audit Committee the right to approve the appointment of, dismiss, and veto the dismissal of, the head of the Internal Audit Division.

III. Reinforcing the Nomination Committee and ensuring the transparency of nomination procedures

In order to prevent any recurrence, the Company will clarify the standards of eligibility for appointment top-management positions and establish a structure that secures appropriate decisions on the eligibility of potential candidates.

(1) Composition of the Nomination Committee

i. A Nomination Committee composed, in principle, only of independent Outside Director members

In principle, all members of the Nomination Committee, around five in number, must be independent Outside Directors.

(2) Ensuring the fairness of nomination procedures

i. Formulation of a Succession Plan

To ensure the objectivity and fairness of the process for nominating the successor of the President and Chief Executive Officer, the Nomination Committee will formulate a Succession Plan.

ii. Clarification of the basis for election and appointment of Executive Officers and Representative Executive Officers and election and appointment processes

The Nomination Committee will clearly set out the standards for electing Executive Officers and appointing Representative Executive Officers. The Nomination Committee will have the authority to conduct periodic interviews with all candidates, and the Company will introduce a system for evaluation of the President and Chief Executive Officer by senior management (a vote-of-confidence system).

IV. Consideration of compensation planning from a medium- to long-term perspective

To motivate top management to draw up reasonable and feasible long-term management plans, the Company will consider compensation planning based on medium- to long-term corporate value, such as increasing the component of compensation that moves in tandem with medium- to long-term performance.

Other Preventive Measures

I. Corporate culture reform

(1) Review of budgetary control

The Company will end the policy of an over-riding emphasis on current-period profit, and review the procedures for drawing up mid-term business plans and budget plans and also its business performance management, with the aim of setting feasible and sensible budgets from a long-term management perspective, and commensurate with the Company's capabilities.

(2) Improved awareness and strengthening of compliance

The Director and Chairman of the Board, concurrently serving as Representative Executive Officer and President and Chief Executive Officer, has sent a message to all employees expressing a firm commitment to steadily implementing the corporate governance reform discussed by the Management Revitalization Committee and to reviving Toshiba Group. His message also declared a determination for the whole Company to work together in order to regain public trust. The Company will also conduct an employee survey in order to gather candid opinions. In addition, the Company will conduct an awareness improvement seminar only for top–management members in early October for improving the awareness of the top management.

(3) Education on accounting compliance

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

II. Measures for strengthening internal control

(1) Reform of the finance organization

In order to reinforce the internal control function of the finance and accounting divisions, the Company will transfer the right to approve the appointment and performance evaluation of the company CFO of each in-house company (CCFO) from the presidents of each in-house company to the Executive Officer in charge of finance and accounting in his or her capacity as the Chief Financial Officer (CFO), so as to secure the independence of the finance and accounting functions.

(2) Reform of the internal reporting system

Together with establishing a confidential reporting function in the Audit Committee Office in addition to the internal whistleblower system on the business execution side, the Company will endeavor to make its whistleblower system more accessible to employees by ensuring that all employees are fully aware that a whistleblower system is available to them and that the anonymity of whistleblowers is strictly ensured.

III. Business process reform

Responding to material inadequacies found in the current internal control system in respect of financial reporting, the Company is now reviewing accounting rules in the following areas for which it delegated investigation to the Independent Investigation Committee and where inappropriate accounting treatment was found, as well as in other similar accounting procedures: (1) accounting in relation to the percentage-of-completion method; (2) accounting in relation to recording of operating expenses in the Visual Products business; (3) accounting in relation to valuation of inventory in the Semiconductor business, mainly Discrete and System LSIs; and (4) accounting in relation to component transactions, etc. in the PC business. The Company is studying required action items to reform business processes in line with changes to the accounting rules. The Company will execute improved business processes based on the determined action items.

The Company expresses its sincere apologies for any concerns or inconvenience caused on this occasion. The Company will revitalize its management structure and unite as a whole to make every effort to reform the Toshiba Group and regain trust.

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

(1) The Group (Consolidated)

Item	173rd Period	174th Period	175th Period	176th Period (current period)
	FY2011	FY2012	FY2013	FY2014
Net Sales (Billions of yen)	5,996.4	5,722.2	6,489.7	6,655.9
Net income (loss) (Billions of yen)	32	13.4	60.2	△37.8
Net income (loss) per share (Yen)	0.75	3.17	14.23	△8.93
Total Assets (Billions of yen)	5,673.1	6,021.6	6,172.5	6,334.8

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

(2) The Company (Non-consolidated)

Item	173rd Period	174th Period	175th Period	176th Period (current period)
	FY2011	FY2012	FY2013	FY2014
Net Sales (Billions of yen)	3,204.8	2,899.0	3,289.0	3,232.4
Net income (loss) (Billions of yen)	△13.6	33.4	54.1	△60.0
Net income (loss) per share (Yen)	3.21	7.90	12.77	△14.17
Total Assets (Billions of Yen)	3,874.9	3,951.4	4,023.1	3,768.5

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

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

Though the Company had decided to pay 4.0 yen per share as the interim dividend, as for the year-end dividend, the Company has decided not to pay because the Company could not meet the deadline to finalize its financial statements for the purpose of dividend payment procedures.

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4. Outline of Main Group Companies As of March 31, 2015

Segment	Name of Company	Paid in Capital	Voting Rights Ratio (Percentage)	Main Business	Location
Energy & Infrastructure	Toshiba Plant Systems & Services Corporation	11,876 (Millions of yen)	61.5	Engineering, construction, trial operation, alignment, maintenance and service of power systems and social infrastructure & industrial systems	Yokohama
	Toshiba Nuclear Energy Holdings (US) Inc.	4,000,000 (Thousands of U.S. dollars)	87.0	Holding company of nuclear power business	U.S.
	Toshiba Nuclear Energy Holdings (UK) Ltd.	1,400,000 (Thousands of U.S. dollars)	87.0	Holding company of nuclear power business	U.K.
Community Solutions	Toshiba TEC Corporation	39,971 (Millions of yen)	52.9	Development, design, manufacture, sales, and maintenance of retail information systems and office equipment	Shinagawa-ku, Tokyo
	Toshiba Elevator and Building Systems Corporation	21,408 (Millions of yen)	80.0	Development, design, manufacture, sales, installation, maintenance, repair and renewal of elevators and escalators, and total management of building-related facilities	Kawasaki
Healthcare Systems & Services	Toshiba Medical Systems Corporation	20,700 (Millions of yen)	100.0	Development, design, manufacture, sales and maintenance of medical equipment/information systems	Otawara
Electronic Devices & Components	Toshiba America Electronic Components, Inc.	60,393 (Thousands of U.S. dollars)	100.0	Sales of Semiconductors and electronic devices	U.S.
Lifestyle Products & Services	Toshiba Lifestyle Products & Services Corporation	13,500 (Millions of yen)	100.0	Development, manufacture, and sales of TVs and home electric appliances	Ome
Others	Toshiba Solutions Corporation	23,500 (Millions of yen)	100.0	Consultation, building, development, design, sales, maintenance, operation and management of IT solutions. Provision of related engineering work	Kawasaki
	Toshiba America, Inc.	1,002,550 (Thousands of U.S. dollars)	100.0	Holding company of operating companies in the U.S.	U.S.
	Taiwan Toshiba International Procurement Corporation	26,000 (Thousands of Taiwan dollars)	100.0	Procurement and export of personal computers, TV, and semiconductors	Taiwan

(Notes)1. The Company has 584 consolidated subsidiaries (including the companies listed above) in accordance with U.S.GAAP, and 217 affiliated companies accounted for by the equity method. The main affiliated companies accounted for by the equity method are Shibaura Mechatronics Corporation, Toshiba Machine Co., Ltd., and Topcon Corporation.

2..The Company had its consolidated subsidiary, Toshiba Home Appliances Corporation, succeed the Visual Products business and established Toshiba Lifestyle Products & Services Corporation which integrates the visual products business and the home appliances business in April, 2014.

3. Toshiba Nuclear Energy Holdings (US) Inc. substantially owns all of the equity of Westinghouse Electric Company L.L.C.

4. Voting rights ratio include those which are held indirectly.

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5. Shares and Stock Acquisition Rights of the Company

As of March 31, 2015

(1) Total Number of Authorized Shares: 10,000,000,000

(2) Total Number of Issued Shares: 4,237,602,026

(3) Total Number of Shareholders: 391,614

(4) Principal Shareholders

Name of Shareholder	Number of shares (in thousands)	Shareholding ratio (Percentage)
The Master Trust Bank of Japan, Ltd. (Trust accounts)	202,102	4.8
Japan Trustee Services Bank, Ltd. (Trust accounts)	163,776	3.9
Toshiba Employees Shareholding Association	118,166	2.8
The Dai-ichi Life Insurance Company, Limited	115,159	2.7
Nippon Life Insurance Company	110,352	2.6
Japan Trustee Services Bank, Ltd. (Trust accounts No. 4)	60,517	1.4
Mizuho Bank, Ltd.	56,343	1.3
THE BANK OF NEW YORK MELLON SA/NV 10	56,070	1.3
STATE STREET BANK WEST CLIENT – TREATY 505234	52,800	1.2
Sumitomo Mitsui Banking Corporation	51,003	1.2

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

(5) Shareholding Ratio by Category :

Category	Government and local public entities	Financial institutions	Securities companies	Other entities	Overseas entities and others		Individuals and others
					Other than individuals	Individuals	
Ratio	% 0.0	33.9	2.8	3.0	30.9	0.0	29.4

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

(6) Stock Acquisition Rights:

There is no relevant item.

6. Main Lenders of the Group

As of March 31, 2015

Lender	Loans Outstanding (Billions of yen)
Mizuho Bank, Ltd	144.6
Sumitomo Mitsui Banking Corporation	143.0
Sumitomo Mitsui Trust Bank, Limited	82.0
The Bank of Tokyo-Mitsubishi UFJ, Limited	63.4

7. Financing of the Group

For prematurity redemption of subordinated unsecured bonds issued in June 2009, the Group procured funds of 180 billion yen through subordinated syndicated loan in June 2014.

To repay borrowings, among others, the Group procured funds of 30 billion yen in July 2014 by issuing unsecured straight bonds.

The funds for capital investment and others were appropriated mainly from own funds and borrowings, etc.

8. Capital expenditure of the Group

(1) Overview

In FY2014, as a result of making investments in priority businesses to achieve growth through creativity and innovation, the total amount of investment and loan amounted to 391.7 billion yen. In relation to capital investment, the Group carefully selected projects in fields in which growth is expected, placing importance on efficiency of investment. Consequently capital expenditure on ordering basis amounted to 353.1 billion yen, increasing by 12.9 billion yen from 340.2 billion yen in the previous year.

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

(Billions of yen)

Segment	Capital Expenditures (Note 1)	Investment and loan (Note 2)	Total amount
Energy & Infrastracture	57.9	34.7	92.6
Community Solutions	30.9	1.2	32.1
Healthcare Systems & Services	9.3	1.0	10.3
Electronic Devices & Components	221.8	1.3	223.1
Lifestyle Products & Services	11.9	0.0	11.9
Others	21.3	0.4	21.7
Total	353.1	38.6	391.7

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

(2) Primary Capital Investment

	Segment	Outline
Completed during the term	Healthcare	• Manufacturing facility for medical diagnostic imaging system (Malaysia)
	Electronic Devices & Components	• Manufacturing building, facilities, interior decorating and power equipment, and manufacturing facilities for NAND flash memory (the Company's Yokkaichi Operations)
Ordered during the term	Energy & Infrastructure	• Equipment for power transmission and distribution systems business (India)
	Electronic Devices & Components	• Manufacturing building, interior decorating and power equipment, and manufacturing facilities for NAND flash memory (the Company's Yokkaichi Operations)

(3) Primary Investment and Loan

Segment	Outline
Energy & Infrastructure	• Acquisition of stake in NuGeneration Limited in the U.K. (making it a consolidated subsidiary) • Acquisition of Mangiarotti spa in Italy

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

As of March 31, 2015

		Responsibility	Status of significant concurrent holding of positions
Chairman of the Board and Director	Masashi Muromachi	Member of the Nomination Committee, Member of the Compensation Committee	➢ Outside Company Auditor, H_2O RETAILING CORPORATION
Vice Chairman of the Board and Director	Norio Sasaki		
Director	Hisao Tanaka	Member of the Compensation Committee	
Director	Hidejiro Shimomitsu		
Director	Masahiko Fukakushi		
Director	Kiyoshi Kobayashi		
Director	Toshio Masaki		
Director	Naoto Nishida		
Director	Keizo Maeda		
Director	Fumiaki Ushio		
Director	Makoto Kubo	Chairman of the Audit Committee	
Director	Seiya Shimaoka	Member of the Audit Committee	
Outside Director	Hiroyuki Itami	Member of the Nomination Committee, Member of the Compensation Committee	➢Professor, Graduate School of Innovation Studies, Tokyo University of Science ➢Outside Company Auditor, JFE Holdings, Inc. ➢Outside Company Auditor, Mitsui O.S.K. Lines, Ltd.
Outside Director	Ken Shimanouchi	Chairman of the Compensation Committee, Member of the Audit Committee	
Outside Director	Kiyomi Saito (Name on the Family Register: Kiyomi Takei)	Member of the Audit Committee, Member of the Compensation Committee	➢President, JBond Totan Securities Co., Ltd ➢Outside Director, Japan Post Insurance Co., Ltd. ➢Outside Company Auditor, Showa Denko K.K.

		Responsibility	Status of significant concurrent holding of positions
Outside Director	Sakutaro Tanino	Chairman of the Nomination Committee, Member of the Audit Committee	➢Adviser, Japan - China Friendship Center ➢Outside Director, ALCONIX Corporation ➢Outside Director, Suzuki Motor Corporation

(Notes)1. Chairman of the Board, Mr.Atsutoshi Nishida, three (3) Directors, Messrs. Hideo Kitamura, Akira Sudo, and Fumio Muraoka, and Outside Director, Mr. Takeo Kosugi left their office due to expiration of their respective terms at the close of the Ordinary General Meeting of Shareholders for the 175th fiscal period held on June 25, 2014.

2. Four (4) Directors, Messrs. Naoto Nishida, Keizo Maeda, and Seiya Shimaoka, and Outside Director Sakutaro Tanino were newly elected and assumed office at the Ordinary General Meeting of Shareholders for the 175th fiscal period.

3. Chairman of the Audit Committee, Mr. Makoto Kubo, has long taken charge of accounting and finance and has considerable knowledge about financial affairs and accounting.

4. Four (4) Outside Directors, Messrs. Hiroyuki Itami, and Ken Shimanouchi and Sakutaro Tanino, and Ms. Kiyomi Saito are independent directors in accordance with the rules of the Tokyo Stock Exchange, etc.

5. Status of significant concurrent holding of position of directors who concurrently serve as executive officers are written in a table of “(3) Executive Officers”, if any.

6. All the sixteen (16) Directors were re-elected at the Ordinary General Meeting of Shareholders for the 176th fiscal period held on June 25, 2015.

However, following eight (8) Directors were resigned from their respective offices on July 21.

Messrs. Norio Sasaki, Hisao Tanaka, Hidejiro Shimomitsu, Masahiko Fukakushi, Kiyoshi Kobayashi, Toshio Masaki, Keizo Maeda and Makoto Kubo.

On July 22, Outside Director, Mr. Noriyuki Itami has taken his office of the Chairman of the Audit Committee.

(2) Outside Directors

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

The Company has an ongoing business relationship with the JFE Group which consists of JFE Holdings, Inc. and its subsidiaries and Showa Denko K.K. in addition, Showa Denko K.K. is contributing the Company’s shares and the Company is contributing the shares of Showa Denko K.K..

In the cases above, there is no materiality that may affect the independence of outside directors.

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

2) Main Activities

a. Attendance of board meetings and Audit Committee meetings.

During the FY2014, the Board of Directors met 13 times, and the Audit Committee 14 times, where the Outside Directors commented as necessary. The Outside Directors received explanations about the matters to be resolved at the board meetings from the staff in charge, etc. in advance. They also attended the monthly liaison conferences of Executive Officers in 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.

Name	Responsibility	Activities
Hiroyuki Itami	Member of the Nomination Committee, Member of the Compensation Committee	Attended the meeting of the Board of Directors 13 times (100%). Commented as necessary based on his wealth of experience and knowledge as a specialist of business administration and an administrator of a university.
Ken Shimanouchi	Chairman of the Compensation Committee, Member of the Audit Committee	Attended the meeting of the Board of Directors 13 times (100%) and that of the Audit Committee 14 times (100%). Commented as necessary based on his wealth of experience and knowledge as an ex-diplomat.
Kiyomi Saito	Member of the Audit Committee, Member of the Compensation Committee	Attended the meeting of the Board of Directors 13 times (100%) and that of the Audit Committee 14 times (100%). Commented as necessary based on her wealth of experience and knowledge as a top executive.
Sakutaro Tanino	Chairman of the Nomination Committee, Member of the Audit Committee	(After June 2014 when he was elected) Attended the meeting of the Board of Directors 9 times (100%) and that of the Audit Committee 10 times (100%). Commented as necessary based on his wealth of experience and knowledge as an ex-diplomat.

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

The Independent Investigation Committee found that the Company carried out inappropriate accounting treatments with respect to accounting treatment. Although Messrs. Hiroyuki Itami, Ken Shimanouchi, and Sakutaro Tanino, and Ms. Kiyomi Saito did not become aware of the facts until they were discovered, on occasions such as meetings of the Board of Directors they regularly expressed opinions from the viewpoint of the reinforcement of compliance and the need for its permeation throughout the organization. As such, they have been proposing the measures for the clarification of causes.

3) Limited Liability Contracts

The Company has signed a limited liability contract with each of the four Outside Directors, Messrs. Hiroyuki Itami and Ken Shimanouchi, Ms. Kiyomi Saito, and Mr. Sakutaro Tanino, to limit their liabilities as provided in Article 423, Paragraph 1 of the Companies Act to 31.2 million yen or the minimum liability amount stated in Article 425, Paragraph 1 of the Companies Act, whichever is larger.

(3) Executive Officers

		Responsibility	Status of significant concurrent holding of positions.
Representative Executive Officer President and Chief Executive Officer (*)	Hisao Tanaka		➢ Chairman, Home Electric Appliance Fair Trade Conference ➢ Chairman, Association for Electric Home Appliance
Representative Executive Officer Corporate Senior Executive Vice President (*)	Hidejiro Shimomitsu	➢ Support of the President ➢ Responsible for Community Solutions Group ➢ General Executive, Marketing Division ➢ General Executive, Corporate Communications Division ➢ General Executive, Design Center ➢ General Executive, Branch Offices	Outside Director, Toshiba TEC Corporation
Representative Executive Officer Corporate Senior Executive Vice President (*)	Masahiko Fukakushi	➢ Support of the President ➢ General Executive, Strategic Planning Division ➢ Project Manager, Global Action for Innovative Enterprise Project Team	
Representative Executive Officer Corporate Senior Executive Vice President (*)	Kiyoshi Kobayashi	➢ Support of the President ➢ Responsible for Electronic Devices & Components Group ➢ General Executive, Quality Promotion Division	
Representative Executive Officer Corporate Senior Executive Vice President (*)	Toshio Masaki	➢ Support of the President ➢ Responsible for Energy & Infrastructure Group	
Representative Executive Officer Corporate Executive Vice President (*)	Keizo Maeda	➢ General Executive, Finance & Accounting Division	
Executive Officer Corporate Executive Vice President	Hiroshi Saito	➢ General Executive, Risk Management Division	

		Responsibility	Status of significant concurrent holding of positions.
Executive Officer Corporate Executive Vice President	Shigenori Shiga	➢ President and CEO, Power Systems Company (in-house company)	➢ President, Toshiba Nuclear Energy Holdings (US) Ltd. ➢ President, Toshiba Nuclear Energy Holdings (UK) Ltd.
Executive Officer Corporate Executive Vice President	Yasuo Naruke	➢ President and CEO, Semiconductor & Storage Products Company (in-house company)	
Executive Officer Corporate Executive Vice President (*)	Naoto Nishida	➢ General Executive, Technology & Innovation Division ➢ General Executive, Information Systems Division ➢ General Executive, New Business Development Division ➢ General Executive, Corporate Research & Development Center ➢ General Executive, Corporate Software Engineering Center	
Executive Officer Corporate Senior Vice President	Masaaki Osumi	➢ Corporate Representative - America	Chairman and CEO, Toshiba America, Inc.

		Responsibility	Status of significant concurrent holding of positions.
Executive Officer Corporate Senior Vice President	Masayasu Toyohara	➢ Corporate Representative - China	Chairman, Toshiba China Co., Ltd.
Executive Officer Corporate Senior Vice President	Hironobu Nishikori	➢ President and CEO, Cloud & Solutions Company (in-house company)	President, Toshiba Solution.
Executive Officer Corporate Senior Vice President	Osamu Maekawa	➢ Executive Vice President, Power Systems Company (in-house company) ➢ Project Manager, New Energy Solutions Project Team	Outside Company Auditor, Toshiba Plant Systems Inc.
Executive Officer Corporate Senior Vice President	Shigenori Tokumitsu	➢ Responsible for Lifestyle Products &Services Group	Chairman, TOSHIBA EL ARABY VISUAL PRODUCTS COMPANY
Executive Officer Corporate Senior Vice President	Naoki Takenaka	➢ General Manager, Marketing Division	
Executive Officer Corporate Senior Vice President (*)	Fumiaki Ushio	➢ General Executive, Legal Affairs Division ➢ General Executive, Human Resources & Administration Division	Chairman, Japan Overseas Medical Fund
Executive Officer Corporate Senior Vice President	Shinichiro Akiba	➢ President and CEO, Community Solutions Company (in-house company)	

		Responsibility	Status of significant concurrent holding of positions.
Executive Officer Corporate Senior Vice President	Takeshi Yokota	➢ President and CEO, Social Infrastructure Systems Company (in-house company)	
Executive Officer Corporate Senior Vice President	Yoshihiro Aburatani	➢ Vice President, Thermal & Hydro Power Systems and Services Division, Power Systems Company (in-house company)	
Executive Officer Corporate Senior Vice President	Satoshi Tsunakawa	➢ Responsible for Healthcare Systems & Services Group ➢ President and CEO, Healthcare Company (in-house company)	
Executive Officer Corporate Vice President	Masakazu Kakumu	➢ Executive Vice President, Healthcare Company (in-house company)	
Executive Officer Corporate Vice President	Hiroshi Igashira	➢ General Manager, Corporate Audit Division	
Executive Officer Corporate Vice President	Kiyoshi Okamura	➢ Assistant To President and CEO, Power Systems Company (in-house company)	Chairman, Westinghouse Electric Company L.L.C.
Executive Officer Corporate Vice President	Takemi Adachi	➢ Executive Vice President, Social Infrastructure Systems Company (in-house company)	
Executive Officer Corporate Vice President	Shigeyoshi Shimotsuji	➢ Executive Vice President, Cloud & Solutions Company (in-house company)	
Executive Officer Corporate Vice President	Shigeru Tasaki	➢ General Manager, Kansai Branch Office	
Executive Officer Corporate Vice President	Yukihiko Kazao	➢ General Manager, Power and Industrial Systems Research and Development Center	
Executive Officer Corporate Vice President	Hiroshi Kurihara	➢ Assistant to President and CEO, Social Infrastructure Systems Company (in-house company)	Chairman, Landis+Gyr A.G.
Executive Officer Corporate Vice President	Seiichi Mori	➢ Vice President, Memory Division, Semiconductor & Storage Products Company (in-house company)	
Executive Officer Corporate Vice President	Noriaki Hashimoto	➢ Corporate Representative - Europe	President and CEO, Toshiba of Europe Ltd.
Executive Officer Corporate Vice President	Hidehito Murato	➢ President and CEO, Personal & Client Solutions Company (in-house company)	Chairman, Toshiba Personal Computer & Network (Shanghai) Co., Ltd

		Responsibility	Status of significant concurrent holding of positions.
Executive Officer Corporate Vice President	Nobuo Hayasaka	➢ Chief Technology Executive, Semiconductor & Storage Products Company (in-house company)	
Executive Officer Corporate Vice President	Shiro Saito	➢ Director, Research & Development Center	President, Specified Non Profit Corporation Japan Multiplex bio-Analysis Consortium
Executive Officer Corporate Vice President	Fumio Otani	➢ Corporate Representative - Asia	President and CEO, Toshiba Asia Pacific Pte., Ltd.
Executive Officer Corporate Vice President	Koichi Harazono	➢ Vice President, Transmission & Distribution Systems Division, Social Infrastructure Systems Company (in-house company)	
Executive Officer Corporate Vice President	Isahiro Hasegawa	➢ General Executive, Productivity Planning Division ➢ General Executive, Procurement Division ➢ General Executive, Corporate Manufacturing Engineering Center	

(Notes)1. (*) indicates that the Executive Officer concurrently serves as a Director.

2. Following six (6) Executive Officers were retired from their respective offices due to expiry of the term of office at the close of the first meeting of the Board of Directors held after the Ordinary General Meeting of Shareholders for the 175th fiscal period held on June 25, 2014:

   Representative Executive Officer, Corporate Senior Executive Vice President, Messrs. Hideo Kitamura, Makoto Kubo, and Akira Sudo

   Executive Officer, Corporate Executive Vice President, Mr. Yasuharu Igarashi

   Executive Officer, Corporate Vice President, Messrs. Masazumi Yoshioka and Teruo Kiriyama

3. Following six (6) Executive Officers were newly elected and assumed office at the first meeting of the Board of Directors held after the Ordinary General Meeting of Shareholders for the 175th fiscal period:

   Executive Officer, Corporate Senior Vice President, Mr. Satoshi Tsunakawa

   Executive Officer, Corporate Vice President Messrs. Nobuo Hayasaka, Shiro Saito, Fumio Otani, and Isahiro Hasegawa

4. The following Changes occurred as of April 2015.

		Responsibility	Status of significant concurrent holding of positions.
Executive Officer Corporate Executive Vice President (*)	Naoto Nishida	➢ General Executive, Research & Development Division	

		Responsibility	Status of significant concurrent holding of positions.
Executive Officer Corporate Senior Vice President	Hironobu Nishikori	➢ President and CEO, Industrial ICT Solutions Company (in-house company)	President, Toshiba Solution.
Executive Officer Corporate Vice President	Kiyoshi Okamura	➢ Assistant To President and CEO, Power Systems Company (in-house company)	President & CEO, Toshiba America Energy Systems Corporation
Executive Officer Corporate Vice President	Shigeyoshi Shimotsuji	➢ Executive Vice President, Industrial ICT Solutions Company (in-house company)	
Executive Officer Corporate Vice President	Shiro Saito	➢ General Manager, Research & Development Center	
Executive Officer Corporate Vice President	Isahiro Hasegawa	➢ General Executive Productivity Planning & Manufacturing Engineering Division ➢ General Executive, Procurement Division	

5. All the thirty-seven (37) Executive Officers were re-elected and assumed office at the first meeting of the Board of Directors held after the Ordinary General Meeting of Shareholders for the 176th fiscal period held on June 25, 2015.
   However, following five (5) Representative Executive Officers were resigned from their respective offices on July 21.
   Representative Executive Officer, President and Chief Executive Officer,
   Mr. Hisao Tanaka
   Representative Executive Officer, Corporate Senior Executive Vice President, Messrs Hidejiro Shimomitsu, Masahiko Fukakushi, Kiyoshi Kobayashi and Toshio Masaki.
   Also, Representative Executive Officer Keizo Maeda was resigned from his office on July 21.
6. Executive Officer, Mr. Masaaki Osumi resigned his office on July 29, 2015.
7. Executive Officer, Mr. Keizo Maeda resigned his office on August 31, 2015.

10. Compensation Policy and the Amount of Compensation

(1) Compensation Policy

The Compensation Committee establishes compensation policy regarding compensation of each Director and/or Executive Officer as follows;

Since the main responsibility of Directors is to supervise the execution of the overall Group’s business, compensation for Directors is determined at an adequate level to secure highly competent personnel and ensure effective work of the supervisory function.

Since the responsibility of Executive Officers is to increase corporate value in their capacity as executives responsible for companies or divisions within the Group, compensation for Executive Officers is divided into the fixed compensation and the performance-based compensation, and determined at an adequate level to secure highly competent personnel and ensure effective function of their compensation package as an incentive to improve business performance.

i. Director’s Compensation

The fixed compensation is paid to Directors who do not concurrently hold office as an

Executive Officer based on his/her status as a full-time or part-time Director and his/her duties.

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

ii. Executive Officer's Compensation

Executive Officer's compensation is comprised of the basic compensation based on the Executive Officer's rank (eg. Representative Executive Officer, President and Chief Executive Officer, Representative Executive Officer, Corporate Senior Executive Vice President) and the service compensation calculated according to his/her duties as an Executive Officer.

40-45% of the service compensation will fluctuate from zero (no compensation) to 2 times according to the year-end performance of the Company or of the division for which the Executive Officer is responsible.

iii. Compensation Standards

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

(2) Amount of Compensation

Item	Number of Directors/Executive Officers	Amount
	Persons	Millions of yen
Directors	21	401
(Outside Directors)	(5)	(62)
Executive Officers	45	1,294

(Notes) 1. The amount of compensation includes compensation to Directors who retired at the end of the General Ordinary Meeting for 175th fiscal year, held on June 25 2014, and compensation to the Executive Officers who retired at the conclusion of the Board Meeting held on the said date for the term from April 2014 to the day of retirement.

2. The amount of compensation for Executive Officers includes the differences between the amount of compensation actually paid in FY2014 for performance-based bonus to the Executive Officers enrolled in 2013 and the amount of provisions of reserve for bonus pay disclosed in the Business Report 2013.

11. The Company's accounting auditor

(1) Name of the Company's accounting auditor

Ernst & Young ShinNihon LLC

(Note) Of the main Group companies, following companies were audited by accounting auditors other than Ernst & Young ShinNihon LLC: Toshiba Nuclear Energy Holdings (US), Inc., Toshiba Nuclear Energy Holdings (UK), Limited, Toshiba America Electronic Components, Inc., Toshiba America, Inc., and Taiwan Toshiba International Procurement Corporation.

(2) Amount of economic benefits paid by the Group to accounting auditors

Category	Fees paid for audit & assurance services	Fees paid for non-audit services (million yen)	Total (million yen)

	(million yen)		
The Company	506	9	515
Consolidated subsidiaries	519	197	716
Total	1,025	206	1,231

(Note) The audit engagement between the Company and its accounting auditors does not distinguish the fees for auditing required under the Company Law from the fees for auditing required under the Financial Instruments and Exchange Law. Because of this, the amount shown as "fees paid for audit & assurance services" is the total amount of these two types of fees.

(3) Non-audit services

The Company has paid compensation to Ernst & Young ShinNihon LLC in consideration of advices about International Financial Reporting Standards (IFRS) , which is a business other than the businesses provided for in Article 2, Paragraph 1 of the Certified Public Accountants Act.

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

i. The Audit Committee will, if it considers that any accounting auditor comes under any of the items of Article 340, Paragraph 1 of the Companies Act, dismiss such accounting auditor by the agreement of all of its members.

ii. The Audit Committee will, if it considers that any accounting auditor comes under any of the following items, decide to propose the appointment of a new accounting auditor and the dismissal and non-reappointment of such accounting auditor at the General Meeting of Shareholders:

a. If the accounting auditor received an administrative punishment for violation of any law or regulation;

b. If the accounting auditor was punished, etc. in accordance with the regulations of the Japanese Institute of Certified Public Accountants;

c. If the Company receives from the accounting auditor a notice to the effect that the auditor does not continue the audit engagement with the Company; or

d. If the Company intends to make the audit service more proper or more efficient.

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

(1) Systems to Ensure the Appropriateness of Business Operations

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 on their execution of their duties and are required to report on necessary items to the Board of Directors, as necessary.

b. The General Manager of the Corporate Audit Division periodically reports to the Board of Directors on management audit results.

c. The Audit Committee periodically interviews Executive Officers and the General Manager of the Corporate Audit Division reports to the Audit Committee on management audit results.

d. Executive Officers report to the Audit Committee on any material violation of laws and regulations without delay in accordance with the Rules concerning Reporting to the Audit Committee.

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 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 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") formulates and promotes measures concerning crisis and risk management in his/her capacity as the chairman of the Risk-Compliance Committee.

b. Executive Officers formulate and promote measures necessary for continuously clarifying business risk factors 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 determines the basic management policy and approves the mid-term business plan and annual budgets prepared by the Executive Officers.

b. The Board of Directors 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 set concrete targets and roles of organizations and employees.

d. Executive Officers make decisions on business operations based on appropriate procedures in accordance with the Board of Directors Rules, the Corporate Decision Making Rule, the In-house Company Decision Making Rule and other rules.

e. Executive Officers follow up annual budget implementation and appropriately evaluate performance evaluation by means of monthly meetings and the Performance Evaluation Committee.

f. Executive Officers promote strengthening of information security systems and operate the accounting system, the authorization system and other information processing systems in an appropriate manner.

v. System to ensure that employees' performance of their duties conforms to laws and regulations and the Articles of Incorporation

a. The Representative Executive Officer, President and CEO ensures, through continuous execution of employee education, etc., that employees comply with the Toshiba Group Standards of Conduct clarifying values and codes of conduct to be shared by all officers and employees.

b. The CRO formulates and promotes measures 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. The Executive Officer in charge endeavors to detect problems early and deal with them in an appropriate manner by making use of the whistle-blower system.

vi. System to ensure the appropriateness of business operations of Toshiba Group

a. Toshiba Corp. requests its subsidiaries to adopt and implement the Toshiba Group Standards of Conduct.

b. Toshiba Corp. requests its subsidiaries to report to Toshiba Corp. in accordance with the Operational Communication Arrangement 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 requests its subsidiaries to promote the measures according to their situations.

d. Toshiba Corp. requests its subsidiaries to establish audit systems in accordance with the Toshiba Group Auditors' Audit Policy.

e. Toshiba Corp. executes management audits of its subsidiaries, as necessary.

(2) Items Necessary for the Audit Committee's Performance of its Duties

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

i. Employees assigned to assist the Audit Committee in the performance of its duties

a. In order to assist the Audit Committee in the performance of its duties, the Audit Committee Office consisting of around five staff is established. No director is assigned to assist the Audit Committee in the performance of its duties.

ii. Independence of employees mentioned in the preceding paragraph from Executive Officers

a. Personnel transfer of employees of the Audit Committee Office is discussed with the Audit Committee in advance.

iii. System for reporting by Executive Officers and employees to the Audit Committee and other systems concerning reporting to the Audit Committee

a. Executive Officers and employees report to the Audit Committee in accordance with the Rules concerning Reporting to the Audit Committee in the event that any material issue arises that may affect operation and financial performance.

b. The Representative Executive Officer, President and CEO provides members of the Audit Committee designated by the Audit Committee with opportunities to attend important meetings, including the Management Committee meetings.

iv. Other system to ensure that audits by the Audit Committee are conducted effectively

a. The Representative Executive Officer, President and CEO periodically dialog with the Audit Committee.

b. Executive Officers and employees report the execution of their duties to the Audit Committee by means of the periodical interviews conducted by the Audit Committee and circuit interviews.

c. The General Manager of the Corporate Audit Division discusses the policy and the plan for management audits at the beginning of each fiscal year with the Audit Committee in advance and timely reports the management 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 term 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 interim settlement of accounts and settlement of accounts at the end of fiscal year as well as quarterly settlement of accounts prior to the approval by the Board of Directors.

f. The Representative Executive Officer, President and CEO informs the Audit Committee in advance and provides explanations concerning the assignment of the General Manager of the Corporate Audit Division, taking into consideration the independence of the General Manager of the Corporate Audit Division from other Executive Officers and organizations.

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

The Company has adopted its basic policy regarding the persons who control decisions on the Company’s financial and business policies and the outlines of its content (the matter listed in Article 118, Paragraph 3 of the Enforcement Regulations for the Companies Act) are as follows:

(1) Basic Policy

In order for the Toshiba Group (the "Group") to earn appropriate profit for return to our shareholders, and to achieve sustainable, continuous growth in the corporate value and common interests of shareholders, we believe it is essential to maintain and develop a proper and good relationship with our shareholders and with other stakeholders, such as customers, business partners, vendors, employees and regional communities, and to adequately consider the interests of these stakeholders.

Also, when we receive a proposal for acquisition for the Company’s shares, in order to make a suitable determination regarding the effect that such acquisition would have on our corporate value and the common interests of our shareholders, we believe it is necessary to gain an adequate understanding of the synergies that could potentially be achieved through a combination of business fields, the current business condition of the Group, and other factors that contribute to the corporate value of the Company.

In light of the required considerations described above, the Company’s Board of Directors believes that any party acquiring a large amount of the Company’s shares, or making a proposal to do so, that does not contribute to protecting and enhancing the corporate value of the Company and the common interests of shareholders, is an inappropriate party to be in control of decisions about the financial and business policy of the Company. It is necessary for the Company to ensure its corporate value and common interests of shareholders by taking necessary and appropriate countermeasures against the large-scale acquisition of the Company’s shares by such a person or party.

(2) Special Measures to Contribute to Realizing the Basic Policy

The Group continues and deepens the restructuring of businesses for the establishment of the financial business structure, tolerable for the environmental changes and profitable. The Group strongly promotes the transformation of business structure toward the establishment of the revenue base as well.

(3) Measures to Prevent Decisions on the Company's Financial and Business Policies from being Controlled by Persons Deemed Inappropriate Under the Basic Policy (Takeover Defense Measure)

The Company adopted a plan for countermeasures to any large-scale acquisitions of the Company's shares (the "Plan"), based on the shareholders' approval at the Ordinary General Shareholders Meeting held in each June 2006, 2009 and 2012.

The Plan was introduced for the purpose of ensuring and enhancing the corporate value of the Company and the common interests of its shareholders by explicitly setting out the procedures to be followed when a large-scale acquisition of the Company's shares is made, ensuring that shareholders are provided with necessary and adequate information and time in order to make appropriate decisions, and securing the opportunity for the Company to negotiate with the acquirer.

Specifically, if an acquirer commences or plans to commence an acquisition or a tender offer that would result in the acquirer holding 20% or more of shares issued by the Company, the Company will require the acquirer to provide the necessary information in advance to its Board of Directors. The Special Committee that solely consists of outside directors who are independent from the Company's management will, at its discretion, obtain advice from outside experts, evaluate and consider the details of the acquisition, disclose to the Company's shareholders the necessary information regarding the acquisition, evaluate, consider and disclose any alternative proposal presented by the Company's Representative Executive Officer, and negotiate with the acquirer. If the acquirer does not comply with the procedures under the Plan, or the acquisition would damage the corporate value of the Company or the common interests of its shareholders, and if the acquisition satisfies the triggering requirements set out in the Plan, the countermeasures (a gratis allotment of stock acquisition rights (*shinkabu yoyakuken no mushou wariate*), with a condition of which will be that they cannot be exercised by acquirers or the like and subject to call to the effect that the Company can acquire stock acquisition rights from those other than such acquirers in exchange for shares of the Company) are to be implemented and the Company will ensure the corporate value of the Company and the common interests of shareholders.

(4) Rationale of the Plan

For the reasons set out below, the Company's board of directors believes that the Plan complies with the Basic Policy, is not detrimental to the corporate value of the Company and the common interests of its shareholders, and is not designed with the purpose of maintaining the positions of management of the Company.

As mentioned below, the Plan fully satisfies all of the three principles (1) principle of ensuring or enhancing corporate value and common interests of shareholders, 2) principle of prior disclosure and shareholders' intention and 3) principle of necessity and appropriateness) set out in the Guidelines Regarding Takeover Defense for the Purposes of Ensuring and Enhancing Corporate Value and Shareholders' Common Interests released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005. The Plan also reflects practical experiences and discussions regarding takeover defense measures at the related parties including legal community.

a. Reflection of the intent of shareholders

The Plan was adopted upon the shareholders' approval at the Ordinary General Shareholders Meeting held in each June 2006, 2009 and 2012.

The Board of Directors may convene the Shareholder's Intent Confirmation Meeting and confirm the intent of the Company's shareholders regarding the implementation of propriety of the plan in the cases of certain situation.

b. Decisions of Independent Outside Parties and Information Disclosure

As a company with committees, the Company establishes the Special Committee composed of no less than three outside directors alone who are independent and supervise the Company's executive officers to eliminate arbitrary decisions by the Company management and to secure objective and rational decisions. Also, the Company believes the Special Committee can properly weigh up the effect an Acquisition would have on the Company's corporate value and the common interests of its shareholders by giving consideration to the actual situation of the Company and any other factors that constitute the Company's corporate value.

In addition, in order to increase the transparency of the Special Committee's decision making, the Company will promptly disclose to shareholders, as a general rule, an outline of the Acquisition Document received from an Acquirer, the opinion of the Company's representative executive officers on the Acquisition terms proposed by the Acquirer, an outline of an alternative plan, and any other matters that the Special Committee deems appropriate.

c. Establishment of reasonably objective requirements for triggering the Plan

The Plan is established so that it will not be triggered unless reasonable and objective requirements determined beforehand have been satisfied, and ensures a structure to eliminate arbitrary triggering by the Company's officers.

d. The acquisition of expert opinion as a third party

Special Committee can receive advices by independent third parties, including Financial Advisers, Certified Public Accountants, Attorneys at Law, Licensed Tax Accountants, Consultants and the other experts, at the expense of the Company. This would securely enhance the fairness and objectivities of the decision made by the Special Committee.

(Note) The above is just the summary of our Takeover Defense Measure. For details, please refer to the Company's web site: (http://www.toshiba.co.jp/about/ir/jp/news/20120508_1.pdf)[1].

The Plan had been expired at the close of the Ordinary General Shareholders Meeting for the 176th period held in June 2015.

14. The Group's Employees As of March 31, 2015

Segment	Number of Employees
Energy & Infrastructure	54,382
Community Solutions	48,770
Healthcare Systems & Services	9,601
Electronic Devices & Components	34,171
Lifestyle Products & Services	24,216
Others	24,107
Group-wide (shared)	3,494
Total	198,741

(Note) The Company has 35,278 employees.

[1] Note for English translation: English version is available at http://www.toshiba.co.jp/about/ir/en/news/20120508_1.pdf

15. Main Places of Business and Facilities of the Group

As of March 31, 2015

(1) The Company

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

Note: As of April 2015, Software Engineering Center was reorganized into IoT Technology Center.

(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 Income

Consolidated Statement of Equity

Notes to Consolidated Financial Statements

For the year ended March 31, 2015

The 176th term

Toshiba Corporation

Consolidated Balance Sheet

As of March 31, 2015

Assets	(Millions of yen)
Current assets	3,338,406
Cash and cash equivalents	199,366
Notes and accounts receivable, trade	1,428,620
Notes	38,397
Accounts	1,426,531
Allowance for doubtful notes and accounts	(36,308)
Inventories	1,004,739
Deferred tax assets	198,066
Prepaid expenses and other current assets	507,615
Long-term receivables and investments	649,823
Long-term receivables	9,937
Investments in and advances to affiliates	362,787
Marketable securities and other investments	277,099
Property, plant and equipment	886,323
Land	94,246
Buildings	948,137
Machinery and equipment	2,077,734
Construction in progress	81,712
Less - Accumulated depreciation	(2,315,506)
Other assets	1,460,226
Deferred tax assets	190,802
Others	1,269,424
Total assets	6,334,778

Consolidated Balance Sheet (Continued)

As of March 31, 2015

Liabilities	(Millions of yen)
Current liabilities	2,910,868
Short-term borrowings	89,104
Current portion of long-term debts	207,275
Notes and accounts payable, trade	1,226,330
Accounts payable, other and accrued expenses	519,527
Accrued income and other taxes	67,274
Advance payments received	398,127
Other current liabilities	403,231
Long-term liabilities	1,858,553
Long-term debt	1,045,005
Accrued pension and severance costs	582,671
Other liabilities	230,877
Total liabilities	4,769,421
Equity	
Equity attributable to shareholders of the Company	1,083,996
Common stock	439,901
Authorized: 10,000,000,000 shares	
Issued: 4,237,602,026 shares	
Additional paid-in capital	402,008
Retained earnings	383,231
Accumulated other comprehensive loss	(139,323)
Treasury stock, at cost	(1,821)
3,394,424 shares	
Equity attributable to noncontrolling interests	481,361
Total equity	1,565,357
Commitments and contingent liabilities	
Total liabilities and equity	6,334,778

Consolidated Statement of Income

For the year ended March 31, 2015

	(Millions of yen)
Sales and other income	6,805,592
Net sales	6,655,894
Interest and dividends	10,886
Equity in earnings of affiliates	20,763
Other income	118,049
Costs and expenses	6,668,948
Cost of sales	5,079,028
Selling, general and administrative	1,406,427
Interest	24,984
Other expense	158,509
Income before income taxes and noncontrolling interests	136,644
Income taxes:	155,659
Current	69,538
Deferred	86,121
Net loss before noncontrolling interests	(19,015)
Less: Net income attributable to noncontrolling interests	18,810
Net loss attributable to shareholders of the Company	(37,825)

Consolidated Statement of Equity

For the year ended March 31, 2015

(Millions of yen)

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Equity attributable to shareholders of the Company	Equity attributable to noncontrolling interests	Total equity
Balance at March 31, 2014	439,901	401,830	454,931	(267,786)	(1,687)	1,027,189	418,805	1,445,994
Capital transactions with noncontrolling interest and other		178				178	18,697	18,875
Dividends to shareholders of the Company			(33,875)			(33,875)		(33,875)
Dividends to non-controlling interest							(8,067)	(8,067)
Comprehensive income (loss)								
Net loss			(37,825)			(37,825)	18,810	(19,015)
Other comprehensive income (loss), net of tax:								
Net unrealized gains and losses on securities				19,643		19,643	3,021	22,664
Foreign currency translation adjustments				96,089		96,089	33,000	129,089
Pension liability adjustments				8,330		8,330	(3,289)	5,041
Net unrealized gains and losses on derivative instruments				4,401		4,401	384	4,785
Comprehensive income (loss)						90,638	51,926	142,564
Purchase of treasury stock, net, at cost					(134)	(134)		(134)
Balance at March 31, 2015	439,901	402,008	383,231	(139,323)	(1,821)	1,083,996	481,361	1,565,357

(For reference) Consolidated Statement of Cash Flows

For the year ended March 31, 2015

	(Millions of yen)
Cash flows from operating activities	330,442
Cash flows from investing activities	(190,130)
(Free cash flow)	140,312
Cash flows from financing activities	(125,795)
Effect of exchange rate changes on cash and cash equivalents	13,509
Net increase in cash and cash equivalents	28,026
Cash and cash equivalents at beginning of the year	171,340
Cash and cash equivalents at end of the year	199,366

Notes to Consolidated Financial Statements

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

(Significant Accounting Policies)

1） Standard of Preparation of the Consolidated Financial Statements
The consolidated financial statements of the Company are prepared in conformity with terms, forms and preparation methods of generally accepted accounting principles in the U.S. (hereinafter, the "U.S. GAAP") pursuant to the provisions of Article 120-2, Paragraph 1 of the Ordinance on Accounting of Companies. However, according to the provision in the second sentence of this paragraph, the Company omits a part of presentation and notes required by the U.S. GAAP.

2） Inventories
Raw materials, finished products and work in process held for sale are stated at the lower of cost or market, cost being determined principally by the average 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
In accordance with "Accounting Standards Codification" ("ASC") 320 "Investment – debt securities and equity securities", the Company classified all the marketable securities into available-for-sale securities, reported them on the basis of fair values and included unrealized gains (losses) after tax effect into accumulated other comprehensive income (loss). Other investments without quoted market prices are stated at cost. Realized gains or losses on the sale of securities are based on the average cost of a particular security held at the time of sale.

4） Method of Depreciation for Property, Plant and Equipment
Depreciation for property, plant and equipment is generally computed using the straight-line method.

5） Impairment of Long-Lived Assets
Long-lived assets, other than goodwill and indefinite-lived intangible assets, are evaluated for impairment using an estimate of undiscounted cash flows whenever events or changes in circumstances indicate that the carrying amount of such assets 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 primarily by using the anticipated cash flows discounted at a rate commensurate with the risk involved. For assets held for sale, an impairment loss is further increased by costs to sell. Long-lived assets to be disposed of other than by sale are classified as held and used until disposed of.

6） Goodwill and Other Intangible Assets

In accordance with ASC 350 "Intangible assets – Goodwill and others", goodwill and recognized intangible assets determined to have an indefinite useful life are no longer amortized, but instead are tested for impairment at least annually. Intangible assets with finite lives are amortized over their respective estimated useful lives.

7） Allowance for Doubtful Accounts

An allowance for uncollectible trade 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 options are exhausted including legal recourse, the accounts or portions thereof are deemed to be uncollectible and allowance for doubtful accounts is used.

8） Accrued Pension and Severance Costs

The Company and some of its subsidiaries sponsor various retirement benefit and pension plans covering substantially all employees. Prior service costs resulting from amendments to the plans are amortized over the average remaining service period of employees expected to receive benefits. Unrecognized actuarial 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 employees expected to receive benefits.

9） Net Earnings (Loss) per Share Attributable to Shareholders of the Company

Basic net earnings (loss) 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.

2. Notes to Consolidated Balance Sheet

1） Liabilities on guarantee and their kinds 77,880 million yen

2） Accumulated other comprehensive loss includes Net unrealized gains and losses on securities, Foreign currency translation adjustments, Pension liability adjustments and Net unrealized gains and losses on derivative instruments.

3） Important disputes

In January 2007, the European Commission (the “Commission”) adopted a decision imposing fines on 19 companies, including the Company, for violating EU competition laws in the gas insulated switchgear market. In April 2007, the Company filed an appeal to the General Court of the European Union (the “GC”) seeking annulment of the Commission's decision. In July 2011, the GC handed down a judgment and annulled the entire fine imposed on the Company, but upheld the Commission's determination about alleged anti-competitive behavior. The Company appealed the GC’s judgment to the European Court of Justice (the “ECJ”) in September 2011. In June 2012, the Commission adopted a decision re-imposing fines on the Company, by recalculating the above-mentioned fines. In this decision, the Company was individually fined 56.8 million euro and was also fined 4.65 million euro jointly and severally with Mitsubishi Electric Corporation. The Company filed an appeal with the GC seeking annulment of this decision in September 2012 on the ground that the procedure and substance of the new decision are unreasonable. In December 2013, the ECJ delivered its final ruling to support the Commission’s decision in respect of the alleged infringement of EU competition laws in the gas insulated switchgear market. As a result, the Company accrued the reasonably estimated amount expected to be paid for the fines.

In February 2011, the Ministry of Defense of Japan (“MOD”) cancelled contract for development and manufacture of “reconnaissance system for F-15” between MOD and the Company. In July 2011, the Company filed a lawsuit against MOD to Tokyo District Court seeking payment of approximately 9,319 million yen including payment for parts which have been already completed. In October 2012, MOD filed a counterclaim seeking payment for the penalty of the cancellation of the contract. In March 2014, the Company expanded seeking payment of approximately 3,017 million yen. The Company properly executed its duties pursuant to conditions of the contract. Therefore, the Company thinks that MOD's cancellation of the contract and the claim for penalty is unreasonable and will assert its position in the Court".

In December 2012, the Commission adopted a decision imposing a fine of approximately 28 million euro on the Company, plus a fine of 87 million euro jointly and severally with Panasonic Corporation and MT Picture Display Co., Ltd. for infringement of EU Competition Law in the color picture tube (used for Televisions) market. Following its own investigation, the Company contends that it has not found any infringement of EU competition laws, and it brought an action to the GC in February 2013. Also in the U.S., purchasers, etc. of cathode ray tube-related products have filed a lawsuit asking for payment of damages based on U.S. Antitrust Law. Believing we have never breached the Law in the cathode ray tube business, the Group will take any legal actions to have our allegation accepted.

In November 2013, Japan Post Co., Ltd. ("JP") filed a lawsuit against the Company and NEC Corporation for violating the antitrust law concerning a bid for postal code automatic reading and sorting equipment, seeking payment of approximately 3,756 million yen and delayed damages. This claim is based on the cease and desist order issued by the Japan Fair Trade Commission in December 2010. The Company will assert its position in the Court because it considers there is no causal association between its action and damage claimed by JP and that JP's claim is unreasonable in the Tokyo High Court.

In November 2014, there was an arbitral award against the Group to find the breach of contracts with clients for the reason of defect of electricity meter in Europe. In July 2015, new arbitration seeking damages was filed. Going forward, the Group intends to assert its opinion in the arbitration. It is not possible to reasonably estimate the amount of such arbitration's impact.

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 continuously made inappropriate accountings and, therefore, the Company filed amendments of the past Annual Securities Reports and other reports. Going forward, the Company may be sued by its shareholders and others with respect to such inappropriate accountings. It is not possible to reasonably estimate the amount of the impact.

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

4) Article of representations and warranties, article of undertaking and Regular reports

Due to inappropriate accounting treatments, the Group conflicts with the article of representations and warranties, and the article of undertaking in loan agreements with several financial institutions. The Group reached the agreement with these financial institutions to be continuously financed for the time being. In Supplement to Self Registration Statement, which the Company submitted at time of issuing bonds, the Company is required to submit regular reports to bond administrator. The Company agreed with bond administrator to extend due of report.

3. Notes Concerning Financial Instruments

1) Matters concerning financial instruments

The Company is managing funds mainly on short-term deposits. It also raises funds through issuance of corporate bonds and borrowings from financial institutions including banks.

Investment securities are mainly stocks. For marketable securities, the Group evaluates their fair values on the basis of market prices.

The intended use of corporate bonds and long-term borrowings is working funds and the funds for capital investments.

In the normal course of its risk management efforts, the Group employs a variety of derivative financial instruments, which are consisted principally of forward exchange contracts, interest rate swap agreements, currency swap agreements and currency options to reduce its exposures. The Group has policies and procedures for risk management and the approval, reporting and monitoring of derivative financial instruments. The Group's policies prohibit holding or issuing derivative financial instruments for trading purposes.

2) Matters concerning market value of financial instruments

The consolidated balance sheet amounts as of March 31, 2015, fair values and their differences are as follows:

(Millions of yen)

	Consolidated Balance Sheet Amount	Fair value	Difference
Assets concerning financial instruments			
Investment securities and other investments	244,626	244,626	-
Liabilities concerning financial instruments			
Corporate bonds and long-term loans payable	1,220,772	1,228,573	7,801
Financial derivatives	8,857	8,857	-

The above table excludes the financial instruments for which fair values approximate their carrying amounts and those related to leasing activities.

In estimating the fair value of these financial instruments, the Group employs a variety of techniques and assumptions, which are based on estimates of market conditions and risks existing at the measurement dates. For certain instruments, including cash and cash equivalents, notes and accounts receivable–trade, short-term borrowings, notes and accounts payable–trade, and accounts payable–other and accrued expenses, the carrying amount approximates fair value for the majority of the respective instruments because of their short maturities. For some of investment securities and other investments, the Group used market prices released.

Fair values of corporate bonds and long-term loans payable are estimated based on the market prices quoted, and if there are no market prices quoted, they are estimated by using estimated present value of future cash flows. For deciding fair values of other financial instruments, methods such as estimated

discounted present value of future cash flow or replacement value are used.
These fair values do not necessarily represent realizable amounts as of the fiscal year-end.
For nonmarketable securities evaluated by the cost method, as it is practically difficult to evaluate their fair values, they were not included in "investment securities and other investments".

4. Notes to net earnings (loss) per share

Net loss per share
Basic net loss per share attributable to shareholders of the Company (8.93) yen

Diluted net earnings per share attributable to shareholders of the Company has been omitted because the Company did not have potential shares of common stock outstanding for the period.

5. Significant Subsequent Events

1) Introduction of defined contribution pension plan

For the purpose of supporting employee's life plans after retirement and fulfilling diverse needs related to retirement benefits, the Company, by July 2015, reached a labor-management agreement to introduce the defined contribution pension plan from October 1, 2015 for approx. 95,000 employees working at 89 domestic Group companies including the Company. It is planned to gradually introduce the plan into some domestic Group companies, apart from the above-mentioned 89 companies. In this plan, 50% of future contribution in the existing retirement lump sum grant becomes the defined contribution pension, which is managed by individual employees.

This plan will be introduced under the approval of the Ministry of Health, Labour and Welfare. The introduction of the system has no material impacts on the Company's consolidated financial statements for the following fiscal year.

2) Sale of shares of KONE in Finland

On July 22, 2015, Toshiba Elevator and Building Systems Corporation, a consolidated subsidiary of the Company, sold its entire stake in KONE Corporation in Finland. Accordingly, 112,831 million yen (before tax) of gains on sales of shares is scheduled to be recorded in the consolidated statement of income for the second quarter of FY2015.

3) Sale of shares of TOPCON

At a meeting of the Board of Directors held on August 31, 2015, the Company decided to sell all the shares Toshiba and Toshiba Insurance Service Corporation, our consolidated subsidiary (hereinafter referred to as "Toshiba Insurance Service"), hold of TOPCON Corporation (hereinafter referred to as "TOPCON") which has been accounted for by the equity method. Accordingly, TOPCON will not be included in the scope of the Company's affiliate accounted for by the equity method. The summary of the sale of shares is as follows:

1. Summary of sale of stocks

(1) Shares to be sold

Shares of TOPCON held by the Company and its consolidated subsidiary Toshiba Insurance Service
Shares held by the Company[*1] 32,566,800 30.13% of total shares issued

Shares held by Toshiba Insurance Service	277,300	0.26% of total shares issued
Total	32,844,100	30.39% of total shares issued

(Note) Including greenshoe options sold by the underwriter as over-allotment shares (3,150,000 shares) and shares subject to additional purchase right granted to the underwriter in relation to overseas sales (1,050,000 shares).

(2) Selling method
As joint lead underwriters, Nomura Securities Co., Ltd. and Mizuho Securities Co., Ltd. will purchase and underwrite all the shares to offer them for sale. Part of the shares may be sold to foreign investors in foreign markets (excluding the U.S. and Canada) mainly in Europe and Asia (overseas sales).

2. Purpose of selling shares

Presently promoting management focusing on cash flow, the Company decided to sell the shares for the purpose of improving the Group's asset turnover and financial structure.

3. Outlook

On any of days from September 8, 2015 to September 10, 2015, a selling price to the underwriter (underwritten price) is scheduled to be decided.

(Profile of TOPCON)

Corporate Name: TOPCON CORPORATION.

Head office: 75-1, Hasunuma-cho, Itabashi-ku, Tokyo, Japan

Business outline: Manufacturing and sale of Surveying instruments, GPS system products, ophthalmic instruments with a focus on medical equipments for ophthalmology

Non-Consolidated Balance Sheet

Non-Consolidated Statement of Income

Non-Consolidated Statement of Changes in Net Assets

Notes to Non-Consolidated Financial Statements

For the year ended March 31, 2015

The 176th term

Toshiba Corporation

Balance Sheet

As of March 31, 2015

Assets	(Millions of yen)
Current assets	1,713,252
Cash and cash equivalents	52,764
Notes receivables	9,318
Accounts receivables	796,657
Finished products	203,036
Raw materials	47,192
Work in process	174,382
Advance payments	27,970
Prepaid expenses	16,610
Deferred tax assets	101,853
Other current assets	398,601
Allowance for doubtful accounts	(115,134)
Fixed assets	2,055,199
Tangible fixed assets	407,048
Buildings	170,562
Structures	13,608
Machinery and equipment	88,780
Delivery equipment	209
Tools, fixtures and furniture	40,521
Land	54,174
Lease assets	3,783
Construction in progress	35,407
Intangible fixed assets	37,689
Software	31,126
Other intangible fixed assets	6,562
Investments and others	1,610,461
Investment securities	98,669
Security investments in affiliates	1,114,811
Other investments	624
Other investments in affiliates	133,787
Long-term loans	109,490
Long-term prepaid expenses	7,229
Deferred tax assets	92,954
Other assets	52,953
Allowance for doubtful accounts	(58)
Total assets	3,768,452

Balance Sheet (Continued)

As of March 31, 2015

Liabilities	(Millions of yen)
Current liabilities	1,873,128
Notes payable	744
Accounts payable	732,092
Short-term loans	189,131
Current portion of debentures	70,000
Lease obligations	1,253
Accrued liabilities	42,017
Accrued expenses	270,059
Corporate and other taxes payable	67
Advance payments received	99,130
Deposits received	295,784
Allowance for warranty and others	5,280
Allowance for losses on construction contracts	45,127
Allowance for losses on business of affiliates	63,327
Other current liabilities	59,110
Long-term liabilities	1,178,042
Debentures	300,000
Long-term loans	700,508
Lease obligations	3,904
Allowance for retirement benefits	156,918
Allowance for recycle of personal computers	3,206
Asset retirement obligations	1,445
Other long-term liabilities	12,059
Total liabilities	3,051,170
Net Assets	
Shareholders' equity	687,045
Common stock	439,901
Capital surplus	380,837
Other capital surplus	380,837
Retained earnings	(131,871)
Legal retained earnings	13,974
Other retained earnings	(145,846)
Reserves for deferral of gains on sales of property	3,805
Retained earnings brought forward	(149,651)
Treasury stock	(1,821)
Difference of appreciation and conversion	30,235
Net unrealized gains (losses) on investment securities	27,933
Deferred profit (loss) on hedges	2,302
Total net assets	717,281
Total liabilities and net assets	3,768,452

Statement of Income

For the year ended March 31, 2015

	(Millions of yen)
Net sales	3,232,394
Cost of sales	2,626,962
Gross margin	605,431
Selling, general and administrative expenses	471,158
Net operating income	134,272
Non-operating income	127,585
Interest income	2,748
Dividend income	80,383
Miscellaneous income	44,453
Non-operating expenses	80,849
Interest expenses	14,724
Miscellaneous expenses	66,125
Recurring income	181,008
Extraordinary gains	52,990
Gains from sales of securities	20,122
Settlement received	32,867
Extraordinary losses	227,508
Losses on valuation of shares of subsidiaries and affiliates	131,388
Losses on valuation of investment securities	5,978
Provision of allowance for losses on business of subsidiaries and affiliates	46,940
Provision of allowance for doubtful accounts	26,157
Impairment loss	8,617
Surcharge	8,427
Income before taxes	6,491
Corporate tax, inhabitant tax and business tax	(3,260)
Taxes deferred	69,760
Net loss	60,008

Statement of Changes in Net Assets

For the year ended March 31, 2015

(Millions of yen)

	Shareholders' equity							
		Capital surplus	Retained earnings					
				Other retained earnings				
	Common stock	Other capital surplus	Legal retained earnings	Reserves for deferral of gains on sales of property	Retained earnings brought forward	Total retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the term	439,901	380,838	10,587	3,684	(53,232)	(38,960)	(1,687)	780,091
Cumulative effect of changes in accounting policies					973	973		973
Balance at beginning of the term after changes in accounting policies	439,901	380,838	10,587	3,684	(52,259)	(37,987)	(1,687)	781,064
Changes in the term								
Dividends from surplus			3,387		(37,262)	(33,875)		(33,875)
Reversal of reserves for deferral of gains on sales of property				120	(120)	0		0
Net loss					(60,008)	(60,008)		(60,008)
Purchase of treasury stock							(139)	(139)
Disposal of treasury stock		–					5	4
Net changes of items other than shareholders' equity								
Total changes in the term	0	–	3,387	120	(97,392)	(93,884)	(133)	(94,018)
Balance at end of the term	439,901	380,837	13,974	3,805	(149,651)	(131,871)	(1,821)	687,045

	Difference of appreciation and conversion			
	Net unrealized gains (losses) on investment securities	Deferred profit (loss) on hedges	Total difference of appreciation and conversion	Total net assets
Balance at beginning of the term	18,510	455	18,966	799,057
Cumulative effect of changes in accounting policies				973
Balance at beginning of the term after changes in accounting policies	18,510	455	18,966	800,030
Changes in the term				
Dividends from surplus				(33,875)
Reversal of reserves for deferral of gains on sales of property				0
Net loss				(60,008)
Purchase of treasury stock				(139)
Disposal of treasury stock				4
Net changes of items other than shareholders' equity	9,422	1,846	11,269	11,269
Total changes in the term	9,422	1,846	11,269	(82,749)
Balance at end of the term	27,933	2,302	30,235	717,281

Notes to Non-Consolidated Financial Statements (1)

1. Notes to Significant Accounting Policies

(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 acquisition costs are 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 and others

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
Work-in-process	Valued at acquisition cost either based on the specific identification method or on the weighted average method
Raw materials	Valued at acquisition cost based on the moving 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 leased assets)	The straight-line method. Service life of buildings and structures is from 3 years to 50 years. Service life of Machinery and equipment is from 3 years to 18 years.
Intangible fixed assets (excluding leased 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 (5 years).
Leased Assets	Leased assets under non-ownership transfer finance lease transactions. For accounting for such leased 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 prepare the bad debt expense, allowance for doubtful accounts are recorded. Allowance is recorded based on the write-off history in general and recorded for any specific, known troubled accounts based on the evaluation of possibility of collection of specific accounts.
Allowance for warranty and others	To cover costs of after-sale service of products, estimated service cost during guarantee period is recognized based on historical record.
Allowance for losses on construction contracts	To cover the estimated loss of uncompleted engineering works as of the end of the fiscal year, the estimated loss is recognized.
Allowance for losses on business of subsidiaries and affiliates	To prepare 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 investment in such affiliates is recorded.
Allowance for retirement benefits	To cover retirement benefits, it is recorded based on estimated accrued pension and severance costs at the end of fiscal year. Retirement benefit obligations are calculated on the straight-line 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.

(Changes in accounting policies)
Effective from the fiscal year , the Company adopted the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26 revised on May 17, 2012, hereinafter referred to as the "Accounting Standard") and the Implementation Guidance for Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25 revised on March 26, 2015, hereinafter referred to as the "Guidance"). The calculation method of retirement benefit obligations and service cost was reviewed, and the method of attributing estimated retirement benefits to periods were changed from the straight-line basis to the benefit formula basis. The method to determine a discount rate was changed from that determined based on bonds with a maturity period approximate to the expected average remaining working lives of employees to one that uses a single weighted average discount rate reflecting the estimated timing of retirement benefit payment and the estimated amount of each retirement benefit payment
In accordance with transitional treatments stipulated in paragraph 37 of the Accounting Standard, at the beginning of the fiscal year under review, effects of changes in calculation methods for retirement benefit obligations and service costs were reflected in retained earnings.
As a result, at the beginning of the fiscal year under review, allowance for retirement benefits for employees decreased 1,511 million yen, and retained earnings increased 973 million yen. The adoption has just slight impacts on operating income, recurring income, and income before tax.

Notes to Non-Consolidated Financial Statements (3)

Allowance for recycle of personal computers	To cover costs of recycle of personal computers, the estimated recycle costs are recognized based on sales performance. (Changes in estimation on Accounting) To cover costs of recycle of personal computers, the estimated recycle costs are recognized based on sales performance. As a collection rate in the domestic market based on a report from a third-party organization, which is used for calculation of estimated recycle costs, was updated, the estimated allowance was changed in the fiscal year. With this change, operating income increased 238 million yen, and recurring income and income before tax increased 883 million yen compared to figures calculated with the conventional method.

(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

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, currency swap agreements, currency options and interest rate swap agreements, etc.
Objects	Monetary assets and liabilities denominated in foreign currency, commitments on future transactions denominated in foreign currency and borrowings, 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 adopted the consolidated taxation system.

(10) Presentation of amount

Amounts under million are rounded down.

2. Notes to Balance Sheet

(1) Collateral assets and liabilities secured by collaterals:

Collateral assets:

Long-term loans	27 million yen
Security investments in affiliates	712 million yen

The above assets are collaterals pledged on loans of 8,795 million yen for affiliates.

(2) Accumulated depreciation for tangible fixed assets: 1,257,493 million yen

(3) Liabilities on guarantees and their kinds

The Company guarantees bonds and borrowings from financial institution, etc. as follows:

(Millions of yen)

Warrantee	Balance of liabilities on guarantees and their kinds
Westinghouse Electric Company LLC	581,562
WesDyne International LLC	48,969
Flash Alliance	42,168
Others	152,420
Total	825,121

(4) Important disputes

In January 2007, the European Commission (the “Commission”) adopted a decision imposing fines on 19 companies, including the Company, for violating EU competition laws in the gas insulated switchgear market. In April 2007, the Company filed an appeal to the General Court of the European Union (the “GC”) seeking annulment of the Commission's decision. In July 2011, the GC handed down a judgment and annulled the entire fine imposed on the Company, but upheld the Commission's determination about alleged anti-competitive behavior. The Company appealed the GC’s judgment to the European Court of Justice (the “ECJ”) in September 2011. In June 2012, the Commission adopted a decision re-imposing fines on the Company, by recalculating the above-mentioned fines. In this decision, the Company was individually fined 56.8 million euro and was also fined 4.65 million euro jointly and severally with Mitsubishi

Electric Corporation. The Company filed an appeal with the GC seeking annulment of this decision in September 2012 on the ground that the procedure and substance of the new decision are unreasonable. In December 2013, the ECJ delivered its final ruling to support the Commission's decision in respect of the alleged infringement of EU competition laws in the gas insulated switchgear market. As a result, the Company accrued the reasonably estimated amount expected to be paid for the fines.

In February 2011, the Ministry of Defense of Japan ("MOD") cancelled contract for development and manufacture of "reconnaissance system for F-15" between MOD and the Company. In July 2011, the Company filed a lawsuit against MOD to Tokyo District Court seeking payment of approximately 9,319 million yen including payment for parts which have been already completed. In October 2012, MOD filed a counterclaim seeking payment for the penalty of the cancellation of the contract. In March 2014, the Company expanded seeking payment of approximately 3,017 million yen. The Company properly executed its duties pursuant to conditions of the contract. Therefore, the Company thinks that MOD's cancellation of the contract and the claim for penalty is unreasonable and will assert its position in the Court".

In December 2012, the Commission adopted a decision imposing a fine of approximately 28 million euro on the Company, plus a fine of 87 million euro jointly and severally with Panasonic Corporation and MT Picture Display Co., Ltd. for infringement of EU Competition Law in the color picture tube (used for Televisions) market. Following its own investigation, the Company contends that it has not found any infringement of EU competition laws, and it brought an action to the GC in February 2013. Also in the U.S., purchasers, etc. of cathode ray tube-related products have filed a lawsuit asking for payment of damages based on U.S. Antitrust Law. Believing we have never breached the Law in the cathode ray tube business, the Group will take any legal actions to have our allegation accepted.

In November 2013, Japan Post Co., Ltd. ("JP") filed a lawsuit against the Company and NEC Corporation for violating the antitrust law concerning a bid for postal code automatic reading and sorting equipment, seeking payment of approximately 3,756 million yen and delayed damages. This claim is based on the cease and desist order issued by the Japan Fair Trade Commission in December 2010. The Company will assert its position in the Court because it considers there is no causal association between its action and damage claimed by JP and that JP's claim is unreasonable.

In November 2014, an arbitration decision was made to recognize that the Group had violated a contract with customers on the ground of problems with electric power meter in Europe. In July 2015, a new arbitration was applied for to seek compensation for the damage. The Group will assert its position in the arbitration. It is not possible to make a reasonable estimate of effect of this matter.

In February 2015, receiving a report order in accordance with Article 26 of the Financial Instruments and Exchange Act from the Securities and Exchange Surveillance Commission, the Company was subject to disclosure inspection with respect to some projects in which the percentage-of-completion method was used. Subsequently, the Independent Investigation Committee was set up and conducted investigations. As a result, it was found that inappropriate accounting had been continuously conducted. Accordingly, the Company will amend prior-year annual securities reports and other documents. In relation to the Company's inappropriate financial reporting, shareholders, etc. may file lawsuits against the Company. It is not possible to make a reasonable estimate of effect of this matter.

(5) Representations and Warranties, Affirmation, and periodic reporting

Although the inappropriate accounting violated clauses of Representations and Warranties, and Affirmation in loan agreements the Company had concluded with multiple financial institutions, the institutions agreed to continue the loans for the time being. In the Shelf Registration Supplemental Prospectuses the Company submitted to issue bonds, periodical reporting to bond administrators is required. With regard to this point, agreements on postponement of reporting have been made.

(6) Monetary receivables and liabilities to subsidiaries and affiliates

Current monetary receivables	727,860 million yen
Non-current monetary receivables	132,068 million yen
Current monetary liabilities	841,491 million yen

3. Notes to Statement of Income

(1)	Sales to subsidiaries and affiliates	2,137,158 million yen
(2)	Purchases from subsidiaries and affiliates	2,232,677 million yen
(3)	Non-operating transactions amounts with subsidiaries and affiliates	104,130 million yen

4. Notes to Statement of Changes in Net Assets

(1) The class and number of issued shares as of March 31, 2015

Common stock 4,237,602,026 shares

(2) The class and number of treasury stock as of March 31, 2015

Common stock 3,394,424 shares

(3) Resolution of dividends

Resolution	Total amount of dividends	Dividend per share	Record date	Effective date
Board of Directors Meeting held on May 8, 2014	16,937 million yen	4.00 yen	Mar. 31, 2014	Jun. 2, 2014
Board of Directors Meeting held on October 30, 2014	16,937 million yen	4.00 yen	Sep. 30, 2014	Dec. 1, 2014
Board of Directors Meeting held on May 8, 2015	0 million yen	0.00 yen	Mar. 31, 2015	―

5. Notes to Deferred Income Tax Accounting

The main cause of accrual of the deferred tax assets is non-recognition of the allowance for retirement benefits, net-loss carried forward, etc. while main cause of deferred tax liabilities is other comprehensive income on securities and reserves pursuant to the Special Taxation Measures Law, etc.

(Additional information)

With the promulgation of the "Act Partially Amending the Income Tax Act, etc." (Act No. 9 of 2015) and the "Act Partially Amending the Local Tax Act, etc." (Act No. 2 of 2015) on March 31, 2015, it was decided that rates of income tax and business tax would be changed from the business year starting on and after April 1, 2015. Accordingly, in respect to temporary differences, etc. which are expected to be eliminated in the business year starting on April 1, 2015 and in and after the business year starting on April 1, 2015, the effective statutory tax rate used for calculating deferred tax assets and liabilities is changed from the previous rate of 35.6% to 33.1% and 32.3%, respectively. With this change in tax rate, while the amount of deferred tax assets (calculated by deducting the amount of deferred tax liabilities) decreased 10,681 million yen, taxes deferred increased 12,164 million yen.

6. Notes to Transaction with Related Parties

Subsidiaries and affiliates

(Millions of yen)

Distinction of subsidiary/ affiliate	Company	Holding ratio of voting rights*1	Relationship	Transaction	Amount	Accounts	Ending balance
Subsidiary	Toshiba America Electronic Components, Inc.	100%	Sales of the Company's products	Sales of the Company's products*3	393,710	Accounts recievable	41,622
Subsidiary	Toshiba Lifestyle Products & Services Corporation	100%	Lending of cash	Lending of cash*4	–	Other current assets	47,800
				Receipt of interests*4	98	Other current assets	2
Subsidiary	Landis+Gyr Holding A.G.	60.0%	Lending of cash	Lending of cash*4	–	Long-term loans	42,660
				Receipt of interests*4	1,238	Other current assets	206
Subsidiary	Taiwan Toshiba International Procurement Corporation	100%	Procurement	Procurement*5	1,052,664	Accounts payable	185,456
Subsidiary	Toshiba Trading Inc.	100%	Procurement	Parts trading*6	375,969	Other current assets	59,567
Subsidiary	Toshiba Information Equipment (Philippines), Inc.	100%	Procurement	Procurement*5	236,138	Accounts payable	41,764
Subsidiary	Toshiba Plant Systems & Services Corporation	61.5%	Procurement	Procurement*5	90,511	Accounts payable	56,021
			Deposit of cash	Deposit of cash*7	–	Deposits received	61,480
				Payment of interests*6	134	Accrued expenses	17
Subsidiary	Toshiba of Europe Ltd.	100%	Borrowing of cash	Deposit of cash*7	–	Deposits received	68,385
				Payment of interests*7	–	Accrued expenses	–
Subsidiary	Westinghouse Electric Company LLC	100%*2	Guarantees	Guarantees	581,562	–	–
Subsidiary	WesDyne International LLC	100%*2	Guarantees	Guarantees	48,969	–	–
Subsidiary	Toshiba JSW Power Systems Pvt. Ltd.	75%	Guarantees	Guarantees	39,815	–	–
Subsidiary	Mobile Broadcasting Corporation	–	–	Debt forgiveness*8	63.258	–	–
Affiliate	Flash Alliance	50.1%	Guarantees	Guarantees	42,168	–	–

*1. Voting rights include voting rights held through subsidiaries of the Company.
*2. Toshiba Nuclear Energy Holdings (US) Inc., 87% of whose voting rights are held by the Company and subsidiaries of the Company, holds all of the voting rights of Westinghouse Electric Company LLC and WesDyne International LLC.
*3. Conditions of sale of the Company’s products are determined under the same condition of arms-length transaction, considering market price.
*4. Conditions of lending and/or borrowing of cash are determined under the same condition of arms-length transaction, considering market interest rate.
*5. Conditions of procurement are determined under the same condition of arms-length transaction, considering market price.

*6. The Company outsources most of the manufacture of personal computers and other products to overseas subcontractors (ODM). Some parts necessary for the manufacture of personal computers, etc. are centrally purchased by the Company (including the Group) and supplied to ODM. In this case, the supply price is set higher than the purchase price for the Company (including the Group), as commonly practiced by makers of personal computers, etc.

*7. Funds are lent and borrowed through cash pooling among group companies
Interest of lending and/or borrowing is determined under the same condition of arms-length transaction, considering market interest rate.

*8. For debt forgiveness in relation to Mobile Broadcasting Corporation which was implemented with completion of liquidation of the company, allowance for bad debt which has been recorded until the previous year was used.

7. Notes to information per share

(1) Net assets per share	169.40	yen
(2) Net loss per share	14.17	yen

8. Notes to Business Combination

(Transactions, etc. between entities under common control)

On April 1, 2014, the Company transferred its visual products business to Toshiba Lifestyle Products & Services Corporation, a consolidated subsidiary, through company split.

1) Overview of company split

a. New company name after the company split

Toshiba Lifestyle Products & Services Corporation

On April 1, 2014, the company name was changed from Toshiba Home Appliance Corporation.

b. Contents of business for the company split

Visual products business and related businesses (excluding license businesses related to essential patent of DVD and BD, businesses related to copy protection and R&D operations that is being carried out by Personal & Client Solutions Company).

c. Reason for the company split

By merging the visual products business into the home appliances business as consumer business, Toshiba aims to promote use of shared resources to improve the efficiency of sales and after-sales service operations in the Japanese market; to strengthen and expand sales in overseas markets, primarily in emerging economies; and to promote investments in developing new business fields, including smart home appliances.

d. Date of the company split

April 1, 2014

e. Summary of transactions including a legal form

Absorption-type company split, in which Toshiba is a splitting company in the absorption-type split, and Toshiba Lifestyle Products & Services Corporation is a succeeding company.

2) Summary of accounting treatment

The company split was handled as transactions between entities under common control, pursuant to the Accounting Standard for Business Combinations (ASBJ Statement No. 21 revised on December 26, 2008), the Accounting Standard for Business Divestitures (ASBJ Statement No. 7 revised on December 26, 2008）and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10 revised on December 26, 2008).

3) Matters concerning acquisition of additional shares of the subsidiary

a. Assets and liabilities succeeded by the succeeding company and acquisition cost for shares of the subsidiary the Company acquired

Current assets	99,936 million yen
Fixed assets	15,519 million yen
Total assets	115,455 million yen
Current liabilities	55,452 million yen
Fixed liabilities	0 million yen
Total liabilities	55,452 million yen
Acquisition cost for shares of the subsidiary	61,121 million yen

b. Number of shares issued

Toshiba Lifestyle Products & Services Corporation allotted 171,030 shares of common stock to the Company. The number of shares of common stock to be issued is decided upon consultation between both companies.

9. Notes to Significant Subsequent Events

(1) Introduction of defined contribution pension system

For the purpose of supporting employee's life plans after retirement and fulfilling diverse needs related to retirement benefits, the Company, by July 2015, reached a labor-management agreement to introduce the defined contribution pension plan from October 1, 2015 for approx. 95,000 employees working at 89 domestic Group companies including the Company. It is planned to gradually introduce the plan into some domestic Group companies, apart from the above-mentioned 89 companies. In this plan, 50% of future contribution in the existing retirement lump sum grant becomes the defined contribution pension, which is managed by individual employees.

This plan will be introduced under the approval of the Ministry of Health, Labour and Welfare. The introduction of the system has no material impacts on the Company's financial statements for the following fiscal year.

(2) Sale of shares of TOPCON

The Company decided to sell all the shares in TOPCON Corporation, its affiliate (hereinafter referred to as "TOPCON"), at a meeting of the Board of Directors held on August 31, 2015. The summary of the sale of shares is as follows:

1) Summary of the sale of shares

a. Shares to be sold

Shares of TOPCON held by the Company	32,566,800 shares
	(30.13% of total shares issued)

(Note) Including greenshoe options sold by the underwriter as over-allotment shares (3,150,000 shares) and shares subject to additional purchase right granted to the underwriter in relation to overseas sales (1,050,000 shares).

b. Selling method

As joint lead underwriters, Nomura Securities Co., Ltd. and Mizuho Securities Co., Ltd. will purchase and underwrite all the shares to offer them for sale. Part of the shares may be sold to foreign investors in foreign markets (excluding U.S. and Canada) mainly in Europe and Asia (overseas sales).

2). Purpose of selling the shares

Presently promoting management focusing on cash flow, the Company decided to sell the shares for the purpose of improving the Group's asset turnover and financial structure.

3) Outlook

On any of days from September 8, 2015 to September 10, 2015, a selling price to the underwriter (underwritten price) is scheduled to be decided.

(Profile of TOPCON)

Corporate Name:	TOPCON CORPORATION.
Head office:	75-1, Hasunuma-cho, Itabashi-ku, Tokyo, Japan
Business outline:	Manufacturing and sale of Surveying instruments, GPS system products, ophthalmic instruments with a focus on medical equipments for ophthalmology

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(Translation)

Independent Auditor's Report (Consolidated Financial Statements)

To: Mr. Masashi Muromachi
Representative Executive Officer
President and Chief Executive Officer
Toshiba Corporation

September 3, 2015

Ernst & Young ShinNihon LLC

Masaichi Nakamura
Certified Public Accountant
Designated and Engagement Partner

Hiroshi Hamao
Certified Public Accountant
Designated and Engagement Partner

Shigehiro Koshihara
Certified Public Accountant
Designated and Engagement Partner

Yasushi Yoshida
Certified Public Accountant
Designated and Engagement Partner

Masato Tanibuchi
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 444, Section 4 of the Companies Act, we have audited the consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of shareholders' equity and the notes) of Toshiba Corporation (the "Company") applicable to the fiscal period from April 1, 2014 to March 31, 2015.

Management's Responsibility for the statutory report

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the provision of the second sentence of Article 120-2, Paragraph 1 of the Corporate Accounting Regulations of Japan, which permits the omission of some disclosure items required under the accounting principles generally accepted in the United States of America (hereinafter "U.S. GAAP"); this includes the development, implementation, and maintenance of internal control deemed necessary by management for the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditors. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing 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 audit procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessment, we consider 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. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating 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.

Audit opinion

In our opinion, the consolidated financial statements referred to above, which omit some disclosure items required under U.S. GAAP in accordance with the provision of second sentence of Article 120-2, Paragraph 1 of the Corporate Accounting Regulations of Japan, present fairly, in all material respects, the financial position and results of operations of the Toshiba Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal period ended March 31, 2015.

Emphasis of Matters

1. As stated in “5. Notes to Significant Subsequent Events”, Toshiba Elevator and Building Systems Corporation, a consolidated subsidiary of the Company, sold all the shares of KONE Corporation, a Finnish company, on July 22, 2015.
2. As stated in “5. Notes to Significant Subsequent Events”, the Company decided, at a meeting of its board of directors held on August 31, 2015, to sell the shares of Topcon Corporation, an affiliated Company accounted for by the equity method.

Our opinion is not qualified in respect of these matters.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

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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 income, the consolidated statement of shareholders’ equity and the notes) during the 176th fiscal period, from April 1, 2014 to March 31, 2015.

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 requested them explanation. In addition, we have overseen and inspected whether the accounting auditor keeps their independency and conducts appropriate audit. We have received reports on execution of its duties from the accounting auditor and requested it explanation. Also, we have received notice from the accounting auditor that it maintains systems to ensure appropriateness of execution of duties (items described in each item of Article 131 of the Regulations for Corporate Accounting) in accordance with “Quality Control Standards for Audits” (Business Accounting Council, October 28, 2005) and requested it explanation.

Based on the method above, we have examined the consolidated financial statements for the 176th fiscal period.

2. Results of audit

The method and results of the audit by Ernst & Young ShinNihon LLC, the audit firm, the accounting auditor, are appropriate.

September 3, 2015

Audit Committee
Toshiba Corporation

Hiroyuki Itami

Seiya Shimaoka

Ken Shimanouchi

Kiyomi Saito

Sakutaro Tanino

Note: Mr. Hiroyuki Itami, Mr. Ken Shimanouchi, Ms. Kiyomi Saito and Mr. Sakutaro Tanino are outside directors prescribed by Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.

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(Translation)

Independent Auditor's Report

To: Mr. Masashi Muromachi
Representative Executive Officer
President and Chief Executive Officer
Toshiba Corporation

September 3, 2015

Ernst & Young ShinNihon LLC

Masaichi Nakamura
Certified Public Accountant
Designated and Engagement Partner

Hiroshi Hamao
Certified Public Accountant
Designated and Engagement Partner

Shigehiro Koshihara
Certified Public Accountant
Designated and Engagement Partner

Yasushi Yoshida
Certified Public Accountant
Designated and Engagement Partner

Masato Tanibuchi
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and these related supplementary schedules of Toshiba Corporation (the "Company") applicable to the 176th fiscal period from April 1, 2014 to March 31, 2015.

Management's Responsibility for the Financial Statements and these Related Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and these related supplementary schedules in accordance with accounting principles generally accepted in Japan; this includes the development, implementation, and maintenance of internal control deemed necessary by management for the preparation and fair presentation of the financial statements and these related supplementary schedules that are free from material misstatement, whether due to fraud or error.

Independent auditor's responsibility

Our responsibility is to express an opinion on the financial statements and these related supplementary schedules based on our audit as independent auditors. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and these related 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 related supplementary schedules. The audit procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the financial statements and these related supplementary schedules, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessment, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and these related supplementary schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the

financial statements and these related supplementary schedules.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion
In our opinion, the financial statements and these related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of Toshiba Corporation as of the date and for the period for which the financial statements and these related supplementary schedules were prepared in accordance with business accounting standards generally accepted in Japan.

Emphasis of Matters
As stated in “(2) of 9. Notes to Significant Subsequent Events”, the Company decided, at a meeting of its board of directors held on August 31, 2015, to sell shares of Topcon Corporation, an affiliate of the Company.
Our opinion is not qualified in respect of this matter.

Conflicts of Interest
We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

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(Translation)

AUDIT REPORT

We, the audit committee of Toshiba Corporation, have audited directors' and executive officers' execution of their duties during the 176th fiscal period, from April 1, 2014 to March 31, 2015. We report the method and the results as follows:

1. Method and contents of audit

We, the Audit Committee, have overseen and inspected current status of internal control system (Board resolution with respect to items prescribed in Article 416, Paragraph 1, Item 1 b) and e) of Companies Act). Also, 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 the important meetings; received reports on execution of duties of directors, executive officers and others from them and inquired about them, 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.
We have received reports on "Internal control over financial reporting", such as current status of consulting and evaluation about internal control, from Corporate Executive and Ernst & Young ShinNihon LLC, and requested it explanation.
Also, we have examined "Basic Policy on Control of the Company and Takeover Defense Measure" described in Business Report (basic policy prescribed in Article 118, Item 3 a) of the Companies Act Enforcement Regulations and undertakings prescribed in Article 118, Item 3 b) of the Companies Act Enforcement Regulations) based on discussion in the Board and other meetings. We tried to enhance close communication with directors, auditors and other personnel of subsidiaries, and received reports of business from subsidiaries.
In addition, we have received notice from the accounting auditor that it maintains systems to ensure appropriateness of execution of duties (items described in each item of Article 131 of the Regulations for Corporate Accounting) in accordance with "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005) and requested it explanation.
Based on the method above, we have examined the Business Report, the Financial Statements (the balance sheet, the statement of income, the statement of changes in net

assets and the notes to the financial statements) and these related supplementary schedules for the 176th fiscal period.

2. Results of audit

(1) Audit results of the Business Report and others

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

b. As a result of the investigation made by the Independent Investigation Committee chaired by Attorney-at-law Koichi Ueda, which was delegated to the committee on May 15, 2015, and the self-checks, in some businesses, inappropriate accounting and financial reporting including intentional overstatement of the current-profit were conducted, and that certain former directors and former executive officers were involved. In this regard, we confirm that, with respect to the execution of duties of directors and executive officers, there is suspicion of such involvement.

c. The contents of the resolution of the board of directors with respect to internal control system were appropriate. However, in our opinion, internal control over financial reporting for the 176th fiscal period was not appropriate.
The Company resolved, on July 21, 2015, to establish a Management Revitalization Committee composed of the Company's outside directors and professionals on legal and accounting affairs. The members discussed a new management team and reform of corporate governance, and announced the results of discussion. We, the Audit Committee, will continue to monitor and examine the improvement thereof based on the measures announced.

d. The contents of basic policy described in "Basic Policy on Control of the Company and Takeover Defense Measure" in the Business Report are appropriate. "Undertakings to Contribute to Achieving the Company's Basic Policies" and "Measures to Prevent Persons Considered Inappropriate, in Light of the Company's Basic Policies, from Controlling the Company's Decisions on Financial and Business Policies (Takeover Defense Measure)" (undertakings prescribed in Article 118, Item 3 b) of the Companies Act Enforcement Regulations) described in Business Report are based on the Company's basic policies and does not prejudice the corporate value or the common interests of shareholders of the Company, and it also believes that the introduction of the Plan is not for the purpose of maintaining the status held by the management of the Company.

(2) Audit results of the financial statements and these related supplementary schedules
The method and results of the audit by Ernst & Young ShinNihon LLC, the audit firm, the accounting auditor, are appropriate.

September 3, 2015

Audit Committee
Toshiba Corporation

Hiroyuki Itami

Seiya Shimaoka

Ken Shimanouchi

Kiyomi Saito

Sakutaro Tanino

Note: Mr. Hiroyuki Itami, Mr. Ken Shimanouchi, Ms. Kiyomi Saito and Mr. Sakutaro Tanino are outside directors prescribed by Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.