

For Immediate Release

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**Notice on  
Receipt of Investigation Report from Executive Liability Investigation Committee,  
Filing of Action for Compensatory Damages Against Former Company Executives,  
an Action Filed in the U.S., and Other Matters**

Toshiba Corporation (the “Company”) today received an investigation report from the Executive Liability Investigation Committee. The Company hereby announces that, in response to the receipt of the investigation report and in accordance with a determination by the Audit Committee, the Company has filed an action for compensatory damages (an “action to enforce liability” as provided for in the Companies Act) with the Tokyo District Court against former executives as detailed below. The Company plans to make the investigation report publicly available on November 9 \*following examination of whether it is necessary to make partial redactions from perspectives such as impacts on the court proceedings, protection of trade secrets of the Company and its clients, and protection of personal privacy.

Also, in relation to a purported class action pertaining to the Company’s inappropriate accounting issue that was filed in California in the U.S., the Company announces that today it officially received the Complaint in Japan.

The Company deeply apologizes to our shareholders, investors and other stakeholders for the considerable concern caused.

\* The investigation report is (currently) only available in Japanese.

1. Action to enforce liability

(1) Background, and outline of recommendations

As stated in “Notice on Establishment of Executive Liability Investigation Committee” dated September 17, 2015, having received from certain shareholders on September 9 a demand to file an action to enforce the liability of executives under Article 847(1) of the Companies Act, the Company established an Executive Liability Investigation Committee comprising fair and impartial outside legal experts who do not have any interests in relation to the 98 individuals in total who were directors or executive officers of the Company between fiscal 2008 and the third quarter of fiscal 2014 (such directors and executive officers, the “Investigated Executives”). The Executive Liability Investigation Committee has engaged in necessary investigations with the purpose of making a report and recommendations to the Audit Committee in order for the Company to determine fairly and appropriately, in relation to the Company’s inappropriate accounting issue, whether any of the Investigated Executives are liable for being negligent in their duties and whether the Company should file an action against any of the Investigated Executives.

As a result of such investigation, the Company received a report and recommendations from the Executive Liability Investigation Committee to the effect that five of the Investigated Executives—Atsutoshi Nishida, Norio Sasaki, Hisao Tanaka, Fumio Muraoka, and Makoto Kubo—were found to have been negligent (such five individuals, the “Individuals Subject to Liability Enforcement”) and that it would be reasonable to seek compensation for part of the damage incurred, within the scope in which reasonable and probable causation can be found in terms of the negligent acts of each individual and legal perspectives as an initial claim, taking into account factors such as recoverability. The Executive Liability Investigation Committee summarized as follows the respective liabilities of each Individual Subject to Liability Enforcement with respect to which the Company should enforce compensatory liability.

Note: The project names are the same as those used in the investigation report by the Independent Investigation Committee.

#### Mr. Nishida

It is found that Mr. Nishida breached his duty of care as an executive officer and director in relation to the recording of profits in Buy-Sell transactions at the end of each fiscal period from the second quarter of fiscal 2008 to the first quarter of fiscal 2009 when he was in office as Director and Representative Executive Officer—President and Chief Executive Officer, and it is reasonable for Toshiba to enforce the foregoing liability by filing a civil action against Mr. Nishida in relation to damage for which reasonable and probable causation can be found in respect of such breach.

#### Mr. Sasaki

- (i) In relation to the recording of provisions for contract losses in Project I, it is found that Mr. Sasaki breached his duty of care as an executive officer and director at the end of each fiscal period from the fourth quarter of fiscal 2011 to the first quarter of fiscal 2013 when he was in office as Director and Representative Executive Officer—President and Chief Executive Officer;
- (ii) in relation to the recording of profits in Buy-Sell transactions, it is found that Mr. Sasaki breached his duty of care as an executive officer and director at the end of each fiscal period from the first quarter of fiscal 2009 to the first quarter of fiscal 2013 when he was in office as Director and Representative Executive Officer—President and Chief Executive Officer; and
- (iii) in relation to making inappropriate C/Os, it is found that Mr. Sasaki breached his duty of care as an executive officer and director at the end of each fiscal period from the first quarter of fiscal 2011 to the first quarter of fiscal 2013 when he was in office as Director and Representative Executive Officer—President and Chief Executive Officer.

It is reasonable for Toshiba to enforce the foregoing liabilities by filing a civil action against Mr. Sasaki in relation to damage for which reasonable and probable causation can be found in respect of such breaches.

#### Mr. Tanaka

- (i) In relation to the recording of provisions for contract losses in Project G, it is found that Mr. Tanaka breached his duty of care as an executive officer and director at the end of the second and third quarters of fiscal 2013 when he was in office as Director and Representative Executive Officer—President and Chief Executive Officer;
- (ii) in relation to the recording of provisions for contract losses in Project K, it is found that Mr. Tanaka breached his duty of care as an executive officer and director at the

end of each fiscal period from the first to the third quarters of fiscal 2013 when he was in office as Director and Representative Executive Officer—President and Chief Executive Officer;

- (iii) in relation to recording profits in Buy-Sell transactions,
  - (a) it is found that Mr. Tanaka breached his duty of care as an executive officer at the end of each fiscal period from the second quarter of fiscal 2008 to the first quarter of fiscal 2013 when he was in office as Executive Officer in charge of the Procurement Group; and
  - (b) it is found that Mr. Tanaka breached his duty of care as an executive officer and director at the end of each fiscal period from the first quarter of fiscal 2013 to the third quarter of fiscal 2014 when he was in office as Director and Representative Executive Officer—President and Chief Executive Officer; and
- (iii) in relation to making inappropriate C/Os, it is found that Mr. Tanaka breached his duty of care as an executive officer and director at the end of each fiscal period from the first quarter of fiscal 2013 to the third quarter of fiscal 2014 when he was in office as Director and Representative Executive Officer—President and Chief Executive Officer.

It is reasonable for Toshiba to enforce the foregoing liabilities by filing a civil action against Mr. Tanaka in relation to damage for which reasonable and probable causation can be found in respect of such breaches.

#### Mr. Muraoka

In relation to recording profits in Buy-Sell transactions,

- (i) it is found that Mr. Muraoka breached his duty of care as an executive officer and director at the end of each fiscal period from the third quarter of fiscal 2008 to the first quarter of fiscal 2011 when he was in office as Director and Representative Executive Officer (in charge of the Finance & Accounting Group); and
- (ii) it is found that Mr. Muraoka breached his duty of care of monitoring and supervision as a director and member of the Audit Committee at the end of each fiscal period from the first quarter of fiscal 2011 to the first quarter of fiscal 2014 when he was in office as Director and Audit Committee Chairman.

It is reasonable for Toshiba to enforce the foregoing liabilities by filing a civil action against Mr. Muraoka in relation to damage for which reasonable and probable causation can be found in respect of such breaches.

#### Mr. Kubo

- (i) In relation to the recording of provisions for contract losses in Project G, it is found that Mr. Kubo breached his duty of care as an executive officer and director at the end of the second and third quarters of fiscal 2013 when he was in office as Director and Representative Executive Officer—Vice President (in charge of the Finance & Accounting Group);
- (ii) in relation to the recording of provisions for contract losses in Project I, it is found that Mr. Kubo breached his duty of care as an executive officer and director at the end of each fiscal period from the fourth quarter of fiscal 2011 to the first quarter of fiscal 2014 when he was in office as Director and Representative Executive Officer (in charge of the Finance & Accounting Group);
- (iii) in relation to the recording of provisions for contract losses in Project K, it is found that Mr. Kubo breached his duty of care as an executive officer and director at the end of each fiscal period from the first quarter of fiscal 2013 to the third quarter of

fiscal 2013 when he was in office as Director and Representative Executive Officer (in charge of the Finance & Accounting Group);

- (iv) in relation to the recording of profits in Buy-Sell transactions,
  - (a) it is found that Mr. Kubo breached his duty of care as an executive officer and director at the end of each fiscal period from the first quarter of fiscal 2011 to the first quarter of fiscal 2014 when he was in office as Director and Representative Executive Officer (in charge of the Finance & Accounting Group);
  - (b) it is found that Mr. Kubo breached his duty of care of monitoring and supervision as a director and Audit Committee member at the end of each fiscal period from the first quarter of fiscal 2014 to the third quarter of fiscal 2014 when he was in office as Director and Audit Committee Chairman; and
- (v) in relation to making inappropriate C/Os,
  - (a) it is found that Mr. Kubo breached his duty of care as an executive officer and director at the end of each fiscal period from the first quarter of fiscal 2011 to the first quarter of fiscal 2014 when he was in office as Director and Representative Executive Officer (in charge of the Finance & Accounting Group); and
  - (b) it is found that Mr. Kubo breached his duty of care of monitoring and supervision as a director and Audit Committee member at the end of each fiscal period from the first quarter of fiscal 2014 to the third quarter of fiscal 2014 when he was in office as Director and Audit Committee Chairman;

It is reasonable for Toshiba to enforce the foregoing liabilities by filing a civil action against Mr. Kubo in relation to damage for which reasonable and probable causation can be found in respect of such breaches.

#### Regarding the Investigated Executives other than the Individuals to Enforcement of Liability

The Executive Liability Investigation Committee examined the existence of liability on the part of each of the 98 Investigated Executives, dividing them into “Involved Individuals” (meaning the individuals mentioned in the Investigation Report by the Independent Investigation Committee as having been involved, as well as those found in the process of the investigation by the Independent Investigation Committee to have been possibly involved) and “Non-Involved Individuals” (those other than the Involved Individuals).

There was not found to be any liability on the part of the Non-Involved Individuals to compensate for damage, for reasons such as that they were not found to have been aware or had any particular opportunity to be aware about the necessity of recording provisions for contract losses, or that no particular circumstances or evidence was found that was sufficient to find that they had breached their duty to monitor and supervise or breached their duty to operate internal control systems.

Based on the results of interviews and relevant evidence, the Executive Liability Investigation Committee identified the facts pertaining to each of the projects and the actions of each Involved Individual to the extent ascertainable from the evidence, and determined the facts giving rise to liability and the existence of liability in respect of each Involved Individual, but there was not found to be any liability on the part of the Involved Individuals other than the Individuals Subject to Enforcement of Liability to compensate for damage, for reasons such as that there was no evidence to find that they played a leading or deciding role in not recording appropriate amounts of provisions for contract losses, that it would be difficult to go as far as saying that they had not fulfilled the duty of care that should be

expected of them, or that it can be said that they basically fulfilled the duty of care that should be expected of them in the given circumstances.

Based on examinations made based on the facts etc. ascertainable from the evidence, it is not reasonable for Toshiba to enforce liability for compensatory damages against the Investigated Executives other than the Individuals Subject to Enforcement of Liability as, for the reasons such as those stated above, they were not able to be found legally liable in respect of the inappropriate accounting.

Having received this report and recommendations and having examined whether to file an action seeking compensatory damages against the Individuals Subject to Enforcement of Liability and against the Investigated Executives other than the Individuals Subject to Enforcement of Liability, the Company's Audit Committee decided to file an action seeking compensatory damages (an action to enforce liability) against the Individuals Subject to Enforcement of Liability, and today submitted a Complaint to the Tokyo District Court as set out in (2) below.

Note that the question of whether to file an action seeking compensatory damages against Investigated Executives who are current members of the Company's Audit Committee was examined at the Company's Board of Directors by those Directors other than such Audit Committee members.

## (2) Content of the action

A judgment is sought to the effect that five individuals—Atsutoshi Nishida, Norio Sasaki, Hisao Tanaka, Fumio Muraoka, and Makoto Kubo—jointly pay to the Company JPY 300,000,000 (see Note) and an amount of money equivalent to five percent per annum thereof from the date immediately following service of the Complaint until the date of payment in full.

Note: The amount of damage currently identified is expected to be in excess of a total of JPY 1,000,000,000 (such as compensation for certified public accountants and other accounting experts engaged by the Company to perform services for the restatement of past financial results, and the listing agreement violation penalty), and the amount claimed in this action is a portion (JPY 300,000,000) of such amount of damage, but the Company will examine increasing the amount claimed at an appropriate time if new damage is incurred in the future.

## 2. Action in the U.S.

As stated in "Notice on Action to be Taken by Toshiba in Response to the Results of the Investigation Report by the Independent Investigation Committee" dated July 29, 2015, the Company had been aware that a purported class action pertaining to the Company's inappropriate accounting issue had been filed in the State of California in the U.S. against the Company and multiple former directors of the Company (the "Class Action"), and today the Complaint for such Class Action was officially received by the Company in Japan. The Class Action has been filed by holders of American Depositary Receipts etc., but the Company has not been involved in the issuance of such American Depositary Receipts.

The Company plans to file a petition to the court by around the end of this year seeking that the Class Action be dismissed on grounds such as that the Company is not subject to the application of U.S. securities laws and regulations.

3. Future outlook

It is currently difficult to calculate the financial impact from the above two actions, and the impact on the results of the Company is unclear. It will be disclosed promptly once it is determined.

4. Disciplinary measures against employees

In addition to the personnel measures taken against directors and executive officers that have already been announced, the Company will implement disciplinary measures against employees. As a result of having carefully examined taking measures against employees suspected of involvement, mainly the top managerial employees mentioned in the Investigation Report by the Independent Investigation Committee, the Company plans to implement disciplinary measures as of November 9, 2015 against a total of 26 employees with involvement and employees with management and supervisory responsibilities.

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