

August 10, 2017  
Toshiba Corporation

FOR IMMEDIATE RELEASE

**Toshiba Receives Qualified Opinion from Auditor on  
FY 2016 Securities Report and FY2017 First Quarter Report**

TOKYO—Toshiba Corporation (TOKYO: 6502) hereby gives notice that it has today received a Qualified Opinion from its auditor, PricewaterhouseCoopers Aarata LLC (PwC Aarata), in respect of the 178<sup>th</sup> Annual Securities Report for FY2016, and also a qualified result for Toshiba's FY2017 First Quarter Financial Report. Both the Annual Securities Report for FY2016 and the FY2017 First Quarter Financial Report were today submitted to the Kanto Local Finance Bureau.

The Annual Securities Report for FY2016 received a Qualified Opinion, by which PwC Aarata expresses its opinion that the financial statements of the Company are fairly presented, with the exception of a specified concern. PwC Aarata also gave a qualified result to the First Quarter Financial Report, on the grounds that comparisons made with the same period of the previous year could result in errors. Toshiba understands this to mean that no issues exist in respect of accepting the financial statements for the second quarter of FY2017 and beyond, and that it has returned to normality.

Over the course of the seven months since December 2016, Toshiba has conducted numerous investigations with independent third-party experts into the timing of the recognition of the loss in relation to the acquisition of CB&I Stone & Webster (S&W) by Westinghouse Electric Company LLC (Westinghouse), Toshiba's former subsidiary. As a result, no evidence was found indicating that Toshiba or Westinghouse could have recognized the loss at any time prior to the third quarter of FY2016. Toshiba believes it calculated the amount of the loss provision in relation to the acquisition of S&W using all figures that it could have possibly received at the end of March 2016 in its FY2015 accounts.

In its Audit Report, PwC Aarata states that actual costs for construction of the nuclear power plants far surpassed the original estimate, but the actual costs were not reflected in cost estimates for future construction. They also state that, when experts hired to make decisions on the acquisition of S&W analyzed the cost estimate, they identified possible cost increases if and when S&W failed to reach the planned level of productivity or if it could not keep to the envisaged construction schedule, and that those factors were not reflected in the temporary cost estimate. Moreover, assumptions on productivity used in the final analysis of S&W's balance sheet did not match those used in the provisional estimate.

However, Toshiba recognizes that those findings by PwC Aarata include information that should not be included in the temporary cost estimate. Furthermore, their findings refer only to factors that would increase costs, and the measures to decrease costs that were recognized in the closing of the FY2015 business results were insufficiently included.

In addition, Ernst & Young ShinNihon LLC, Toshiba's former accounting auditor, has confirmed that, on the basis of the scope of briefings by Toshiba and PwC Aarata, they do not recognize any reasons requiring correction to their opinion on the FY2015 financial results.

Toshiba submitted the Annual Securities Report for FY2016 today, the specified deadline after receiving an extension. The Company has continually discussed the report with PwC Aarata, and done its best to explain its understanding, however the parties have not been able to agree on the timing of the loss recognition, and the Company received the Qualified Opinion with disappointment. Toshiba believes it acted appropriately in seeking to close its FY2016 financial reports, and will confirm this at an Extraordinary General Meeting of Shareholders

Toshiba considers that its internal controls on processes for financial results worked effectively, allowing it to submit its Internal Control Report to the Kanto Finance Bureau today, but PwC Aarata has nonetheless expressed an Adverse Opinion.

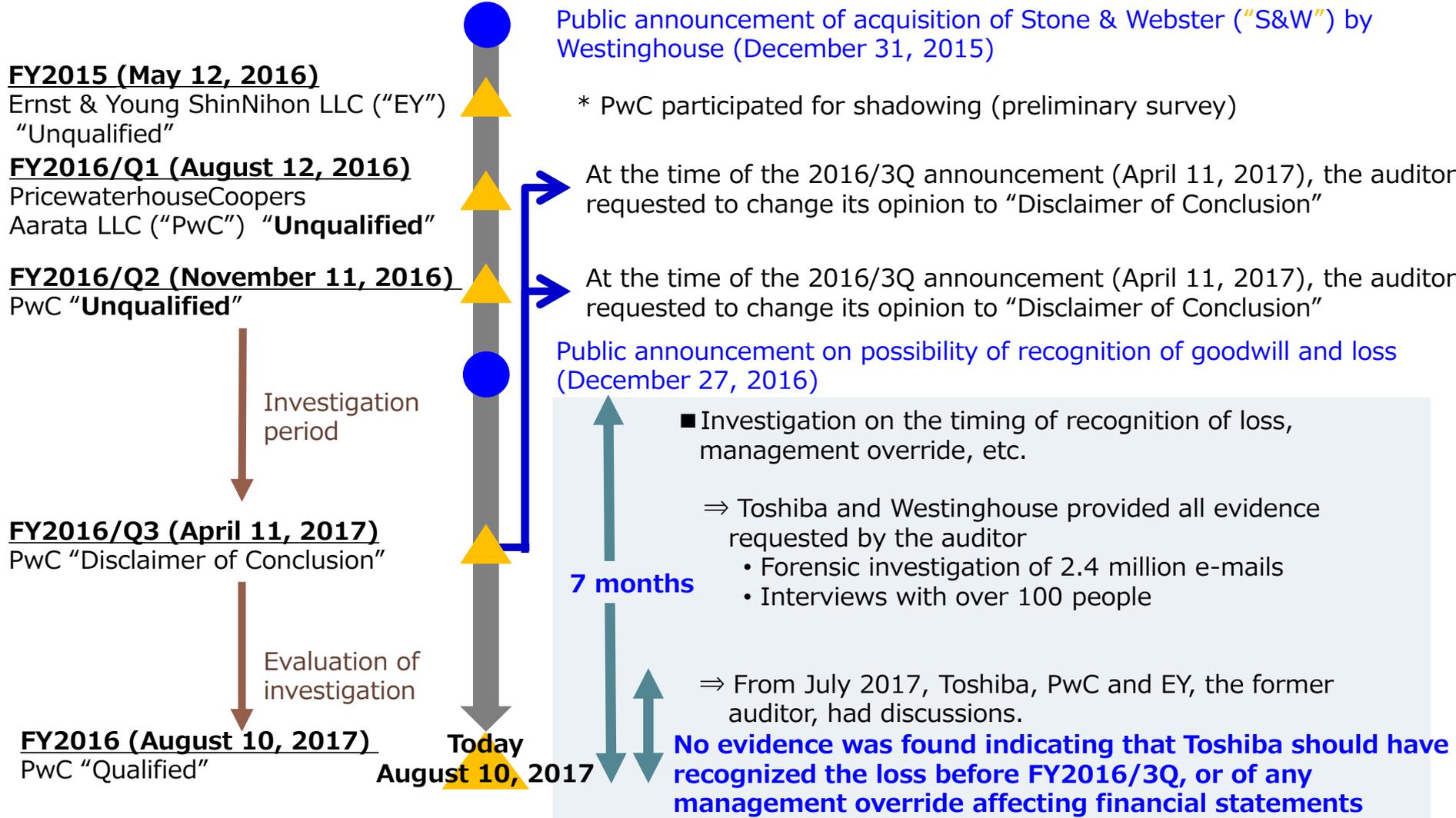
Toshiba will continue to extend full support to and to coordinate with PwC Aarata in respect of the review and auditing procedures that were restored to normality with the reports for the second quarter of FY2017 and after.

###

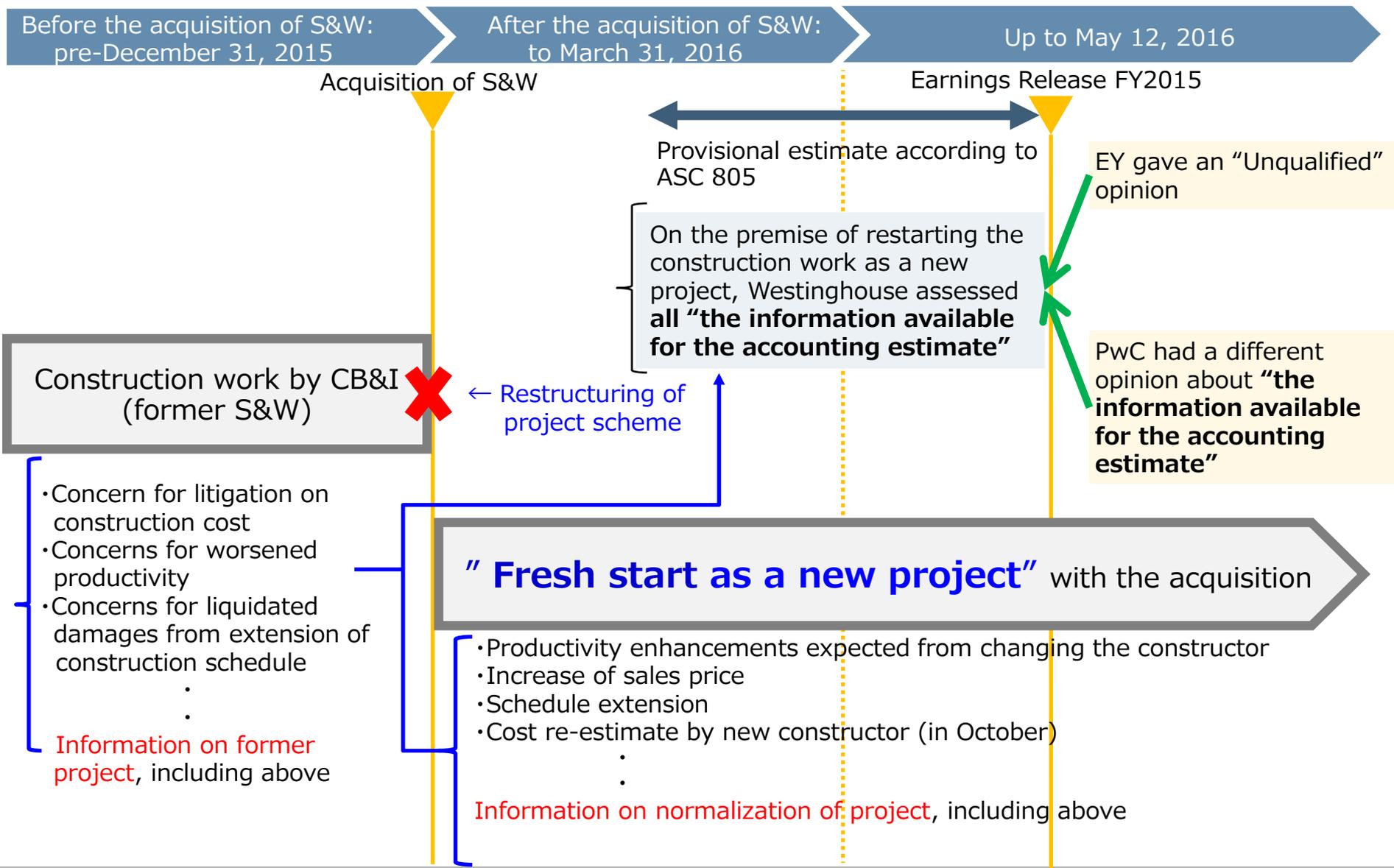
# Timeline of Westinghouse Investigation

 Audits/Reviews on financial statements

 Toshiba's public announcement and investigation progress



# Differences of Opinion between Toshiba and the Auditor



# Auditor's Opinion on Internal Control

Item identified as material weakness in FY2016 will not have impact on financial reporting for FY2017, as Westinghouse Group is deconsolidated

