

FOR IMMEDIATE RELEASE

November 8, 2018

Toshiba Corporation

Notice on Revision of Executive Officer Compensation System

TOKYO--Toshiba Corporation (Tokyo:6502) hereby gives a notice that its Compensation Committee has proposed a revision to executive compensation, and reported this decision at today's meeting of the company's Board of Directors.

1. Purpose of Revisions

As announced in "Notice on Toshiba's Implementation of a Restricted Stock Compensation System" on May 15, 2018 and "Notice on Toshiba's Issuance of New Shares as Restricted Stock Compensation" on July 18, 2018, Toshiba proposes to revise its executive compensation system by implementing a stock compensation system that allots restricted shares to Toshiba's executive officers (hereinafter, "Officers") and to directors of key group companies, with the aim of encouraging the Officers and directors of key group companies to share the same values as the shareholders, and to provide them with an incentive to drive forward medium-to long-term business growth.

Toshiba has decided on the revision as an incentive to improve enterprise value under the Toshiba Next Plan, a five-year transformation plan of measures to enhance core earning power and medium- and long-term strategies, and to achieve the following objectives:

- To build greater awareness of the responsibility to improve Toshiba Group's medium- to long-term enterprise value, without excessively pursuing short-term profit.
- To ensure that compensation reflects shareholder recognition of Toshiba Group as an entity worthy of investment, and to provide an incentive to improve shareholder value.
- To align interests with shareholders and to strengthen management from the shareholder perspective.

2. Overview of Revisions of the Compensation System

The details of the revision are as follows.

- To achieve an appropriate balance of fixed compensation and performance-linked compensation properly.

- To secure dynamic differences in performance-linked compensation to reflect business results.
- To develop the rules of forfeiture and return and Toshiba Group compensates Officers with a certain percentage of fixed compensation plus a majority of performance-linked compensation in the form of restricted stock compensation.

The amount of compensation paid to Officers has consisted of basic compensation (fixed) according to position; job compensation (fixed/variable) in accordance with the responsibilities of the individual Officer; and stock compensation. The amount of compensation paid to Officers will be revised to consist of (1) basic compensation in cash, at a fixed amount; (2) fixed compensation in stock; and (3) variable, performance-linked compensation paid in cash and stock.

(1) Basic compensation

Basic compensation is an amount paid by cash according to the position held.

(2) Stock compensation

Stock compensation allows Officers to receive monetary compensation receivables that they can use to acquire shares of Toshiba's common stock that are allotted to them as restricted shares in accordance with their position.

(3) Performance-linked compensation

Performance-linked compensation is dependent on business results. It has a cash component and a monetary compensation receivables component that allows Officers to acquire shares of Toshiba's common stock that are allotted to them as restricted shares in accordance with position.

The total of performance-linked compensation is (a) an amount calculated on the basis of Toshiba's performance evaluation system and certain management indexes; (b) the multiple of (a) and the difference between Toshiba's TSR (Total Shareholder Return) and the TSR of comparison companies* selected by Toshiba; and (c) the multiple of (a) and a figure derived from an individual evaluation of the Officer based on positive and negative factors.

*Companies whose average market capitalization positions them in the top ten companies by closing price in March in the electrical equipment segment of the first section of the Tokyo Stock Exchange, and that have recorded sales of over 1 trillion yen in their most recent fiscal year.

When (2) and (3) above are allotted to Officers in performance-linked compensation, they are required to enter into allotment agreements for restricted shares with Toshiba that prevent them transferring, offering as collateral, or making any other disposition of the allotted restricted shares for a specified period. The allotment agreements also cover forfeiture or return of restricted shares in cases of inappropriate behavior or serious

negligence on the part of Officers that affects the basis for the compensation calculation.

As the total amount of shares used in the restricted shares allotment is relatively small in respect to the total number of issued shares, even at the theoretical maximum, any dilution of shares of the value of other share prices is extremely insignificant.

Detailed system development for this revision to the compensation system will be further refined by the Compensation Committee.

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