

[Translation]  
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For Immediate Release

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**Notice on Action to be Taken by Toshiba in Response to the Results  
of the Investigation Report by the Independent Investigation Committee**

Toshiba Corporation (the “Company”) received the investigation report with regard to the appropriateness of accounting practices from the Independent Investigation Committee on July 20. The Company disclosed the summary version of the report on the same day, and released the full report on the following day, July 21. While the Company is continuing to review and closely check the investigation report’s findings, it hereby provides notice of decisions made by the Company so far in response to those findings.

The Company will make appropriate and timely announcements of any other matters that arise require disclosure. The Company will also promptly disclose any new matters relating to the Management Revitalization Committee and other matters with respect to the Company’s internal structure for discussion related to the appropriateness of accounting issues, once they are decided.

The Company takes the matters pointed out in the investigation report by the Independent Investigation Committee very seriously, and will seek to establish a new corporate culture under new management and governance structures. The Company will make every effort to regain the trust of shareholders, investors, all other stakeholders and the public, and asks for your understanding and ongoing support.

## **1. Personnel Measures for Directors and Executive Officers**

Please see the Attachment.

## **2. Selection of the Chairman and Members of the Management Revitalization Committee**

As the Company announced on July 21 in its “Notice on Publication of the Full Version of the Investigation Report by the Independent Investigation Committee, Action to be Taken by Toshiba, and Clarification of Managerial Responsibility,” the Company decided at the Board of Directors meeting held on the same day to establish a Management Revitalization Committee to discuss a new management structure, reform of the governance structure, and measures to prevent any recurrence of accounting irregularities. The Company today appointed the Chairman and members of the Management Revitalization Committee at the Board of Directors meeting held today, as follows:

Chairman: Hiroyuki Itami (Outside Director, Toshiba Corporation)

Members: Ken Shimanouchi (Outside Director, Toshiba Corporation)  
Kiyomi Saito (Outside Director, Toshiba Corporation)  
Sakutaro Tanino (Outside Director, Toshiba Corporation)  
Masami Hashimoto, Certified Public Accountant (Hashimoto CPA Firm)  
Mikinao Kitada, Attorney-At-Law (Mori Hamada & Matsumoto)

Observers: Yoshimitsu Kobayasi (Chairman, Mitsubishi Chemical Holdings Corporation)  
Yuki Furuta (former Supreme Court justice)

The Company has appointed Mr. Masami Hashimoto and Mr. Mikinao Kitada as members of the Management Revitalization Committee. Mr. Hashimoto, a certified public accountant, is a professional in finance and accounting who had served in various posts, including executive director responsible for advisory at KPMG AZSA LLC, and partner and representative director of KPMG FAS Co., Ltd., which provides advice on accounting. Mr. Kitada, an attorney-at-law and a former Superintending Prosecutor at Osaka High Public Prosecutors Office, has rich experience and knowledge as a lawyer, and was also a member of the Special Investigation Committee that the Company initially established in relation to the inappropriate accounting.

Mr. Yoshimitsu Kobayasi and Mr. Yuki Furuta will participate as observers of the Management Revitalization Committee.

Mr. Kobayashi is the Chairman of Mitsubishi Chemical Holdings Corporation and past President & CEO of that company, and also a past President & CEO of Mitsubishi Chemical Corporation. The Company invited Mr. Kobayashi to observe and to offer advice to the Management Revitalization Committee in his capacity as an experienced professional in

managing major organizations. He told the Company: “The accounting issue at Toshiba has raised a big issue on corporate governance in the Japanese business world. I accepted the offer to contribute to the revitalization of Toshiba’s management structure with hopes of contributing to regaining trust in Japanese companies.”

Mr. Furuta is a former justice of the Supreme Court of Japan. The Company invited Mr. Furuta to observe and to offer advice to the Management Revitalization Committee in his capacity a practicing jurist with long experience who will be able to offer an objective point of view. He told the Company: “I have accepted the invitation to be an observer of the Management Revitalization Committee with the hope that I can contribute even somewhat to Toshiba’s revival. I believe re-examining Toshiba’s governance structure and taking remedial measures will not only improve Toshiba but also contribute to the overall enhancement of governance in Japanese companies.”

Going forward, the Company will consider additionally inviting other observers, as necessary, in order to enrich the discussion of the Management Revitalization Committee.

### **3. The Current Status of the Company’s Measures to Prevent Recurrence**

The Company takes seriously the recommendations from the Independent Investigation Committee on measures to prevent recurrence, and will accelerate their realization through consideration by the Management Revitalization Committee. Under the new management team that will be approved by the shareholders at the Extraordinary General Meeting of Shareholders planned to be held in late September, the Company will determine measures to prevent recurrence as promptly as possible, and implement and adhere to those measures.

Separately, the Company will immediately implement those measures that can be deployed before the new management team is determined, and promote reforms with a sense of urgency and speed.

An outline of the status of consideration and implementation of measures by the Company as of July 29 is as follows.

#### **1) Change in mindset of top management**

As the first step toward changing the mindset of top management and others, Masashi Muromachi, Director, Chairman of the Board, Representative Executive Officer, President and Chief Executive Officer, has sent a message, “Towards Regaining Trust and the Revival of the Toshiba Group,” to all of the Company’s employees. He has also made a commitment to implement measures considered by the Management Revitalization Committee and to make a concerted effort to secure the revival of the Toshiba Group.

#### **2) Budget formulation commensurate with company capability**

The Company has confirmed, company-wide, that it will not focus only on short-term profit in the current period, but, taking a long-term perspective, first disclose actual results and then stress consideration of how to improve those results. In order to guarantee this, the Company

has decided to abolish the CEO Monthly Meeting held at the end of every month, which mainly dealt with figures for short-term outlooks. Instead, the Company plans to hold a Briefing Meeting on Business Performance (provisional name) which will mainly look at cash flows and discuss future profit improvement.

3) Reform of all accounting policies and rigorous application thereof

The Company is re-examining the system for estimating costs for the percentage-of-completion method. The Company will improve the checks-and-balances function by providing thorough examination of contract details and evidence of estimates, and thereby seek to improve the accuracy of cost estimates. In addition, the Company will strive to make appropriate calculations of total costs by being sure to revise total estimated costs and monitor progress every quarter.

4) Enhancing internal control (supervision function) by the Board of Directors

The Company has decided to make reports at Board of Directors meetings on the execution of operations, based on the documents used at the Briefing Meetings on Business Performance (provisional name) that replaces the abolished CEO Monthly Meeting.

5) Enhancing internal control (supervision function) by the Audit Committee

The Company appointed Hiroyuki Itami, an Outside Director of the Company, to chair the Audit Committee, at the Board of Directors meeting held on July 21.

6) Increasing the number of Outside Directors and revising the member structure of the Board of Directors

The Board of Directors will adopt a policy of having a majority of Outside Directors as members, and will appoint an attorney-at-law and a certified accountant as Outside Directors.

#### **4. The Company's Response to a Lawsuit in the United States**

The Company is aware that a class action lawsuit has been filed against the Company and its former directors in California relating to the inappropriate accounting. However, the Company has not been served with the complaint to date. The Company understands that the plaintiffs are seeking damages under the U.S. securities laws. However, the securities in question are American Depositary Receipts (ADRs), etc., and the Company is not involved in their issuance. Once the said lawsuit becomes pending before the court, the Company intends to defend the suit on the grounds including that the U.S. securities laws do not apply to the transaction of such securities.

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**Personnel Measures to be Taken by Toshiba**  
**for Directors and Executive Officers**

As Toshiba (the “Company”) announced in its May 29, 2015 “Notice on Holding the Ordinary General Meeting of Shareholders,” in recognizing the seriousness of the fact that the Company is not yet able to close its books and report financial results for FY2014, which has required the revision of the full term forecast to “Undetermined” and the declaration of a zero dividend, the Company implemented a reduction in the compensation of Directors and Executive Officers, effective from May this year.

Based on this, Masashi Muromachi, Director, Chairman of the Board, Representative Executive Officer, President and Chief Executive Officer, in his new capacity as Representative Executive Officer, President and Chief Executive Officer, has decided to surrender 50% of his basic monthly compensation from August 2015. This results in that he will pay back 90% of his basic monthly compensation in total (including the 20% reduction of basic monthly compensation implemented from May and 20% reduction of basic monthly compensation to be implemented for all Directors from July).

In addition, further personnel measures to be taken in respect of inappropriate accounting are as below. The Company will determine other personnel measures in or after October, including reductions in compensation, under the new management team that will be approved by the shareholders at the Extraordinary General Meeting of Shareholders planned for late September.

**1. Clarifying the Responsibility of Executives who are Mentioned in the Investigation Report in Relation to Inappropriate Accounting**

(1) Resignation of an Executive Officer

The following resignation was submitted and accepted on July 29, 2015.

Executive Officer,	Masaaki Osumi	Resigned
Corporate Senior Vice President		

(2) Compensation Reduction for Executive Officers

In addition to the 20% reduction in basic monthly compensation implemented from May 2015, the following Executive Officers have offered to surrender a further 20% of basic monthly compensation. Accordingly, the following Executive Officers will surrender the following total amounts from July.

Executive Officer, Corporate Executive Vice President	Yasuo Naruke	Total of 40% reduction in basic monthly compensation (for three months)
Executive Officer, Corporate Senior Vice President	Shigenori Tokumitsu	Total of 40% reduction in basic monthly compensation (for three months)
Executive Officer, Corporate Senior Vice President	Shinichiro Akiba	Total of 40% reduction in basic monthly compensation (for three months)
Executive Officer, Corporate Senior Vice President	Takeshi Yokota	Total of 40% reduction in basic monthly compensation (for three months)
Executive Officer, Corporate Senior Vice President	Yoshihiro Aburatani	Total of 40% reduction in basic monthly compensation (for three months)
Executive Officer, Corporate Vice President	Masakazu Kakumu	Total of 40% reduction in basic monthly compensation (for three months)
Executive Officer, Corporate Vice President	Kiyoshi Okamura	Total of 40% reduction in basic monthly compensation (for three months)
Executive Officer, Corporate Vice President	Hidehito Murato	Total of 40% reduction in basic monthly compensation (for three months)

### (3) Compensation Reduction for Directors

In addition to the reductions in basic monthly compensation of 20% for Directors and Executive Officers and 10% for non-executive Directors implemented from May 2015, the following Directors have offered to surrender a further 20% of basic monthly compensation from July, for a three-month period.

Also, the four Outside Directors will also surrender 20% of their basic monthly compensation for a period of three months.

Executive Officer, Corporate Executive Vice President and Director	Naoto Nishida	Total of 40% reduction in basic monthly compensation (for three months)
Representative Executive Officer, Corporate Senior Vice President and Director	Fumiaki Ushio	Total of 40% reduction in basic monthly compensation (for three months)
Director	Seiya Shimaoka	Total of 30% reduction in basic monthly compensation (for three months)
Outside Directors (four)		Total of 20% reduction in basic monthly compensation (for three months)

Reference: Officers of the Company who resigned on July 21

Representative Executive Officer, President and Chief Executive Officer and Director;	Hisao Tanaka	Resigned
Vice Chairman of the Board and Director	Norio Sasaki	Resigned
Representative Executive Officer, Corporate Senior Executive Vice President and Director	Hidejiro Shimomitsu	Resigned
Representative Executive Officer, Corporate Senior Executive Vice President and Director	Masahiko Fukakushi	Resigned
Representative Executive Officer, Corporate Senior Executive Vice President and Director	Kiyoshi Kobayashi	Resigned
Representative Executive Officer, Corporate Senior Executive Vice President and Director	Toshio Masaki	Resigned
Chairman of the Audit Committee and Director	Makoto Kubo	Resigned

Representative Executive Officer,  
Corporate Executive Vice President  
and Director

Keizo Maeda

Resigned from his  
positions as  
Representative  
Executive Officer and  
Director

## **2. Clarification of Responsibility of Involved Persons**

The Company is considering personnel measures to apply to management-level employees involved as stated in the Independent Investigation Committee report.

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