

October 31, 2019
Toshiba Corporation

FOR IMMEDIATE RELEASE

Notice Regarding Apparent Fraud by a Former Employee of an Overseas Subsidiary

TOKYO--Toshiba Corporation (TOKYO: 6502) today announced that it has uncovered evidence of fraud at one of its US-based consolidated subsidiaries, Toshiba International Corporation (hereinafter, "TIC"). The evidence shows that a now-former TIC employee (hereinafter, "Employee") conspired with TIC's primary construction contractor (hereinafter, "Contractor") to defraud the company, resulting in undue profits to the Contractor and personal profit to the Employee. On October 30, 2019 (U.S.), TIC filed a lawsuit in the United States District Court for the Southern District of Texas seeking to recover damages from the Employee, the Contractor and other related parties.

The details are as follows:

1. Outline of the fraud

TIC's transactions with the Contractor began in 2009. The evidence shows that beginning no later than 2011, the Employee used fraudulent documents and other methods to direct TIC construction and maintenance work to the Contractor at inflated prices. The evidence also shows that the fraud resulted in undue profits to the Contractor and personal profits to the Employee through kickbacks. The specific duration of the fraudulent scheme and the damages to TIC are still being determined.

2. Background to detection and Toshiba's response

From June to August of this year, Toshiba America, Inc. (hereinafter, "TAI"), Toshiba's regional holding company in the U.S., conducted an Ethics & Compliance Culture Assessment (hereinafter, "Culture Assessment") of its subsidiaries, including TIC. The Culture Assessment uncovered indications of a potential fraud involving the Employee and Contractor. TAI thereafter conducted a formal investigation into the matter with support from third-party experts.

Based on the results of the investigation to date, TIC terminated the Employee on September 24, 2019. Thereafter, on October 30, 2019 (U.S.), TIC filed the lawsuit to recover damages. TAI and TIC also are cooperating with the law enforcement authorities investigating the situation.

Toshiba will continue to strengthen Toshiba Group's internal management system, and to work to prevent any recurrence of such fraudulent transactions.

3. Future outlook

The scale of the damages and the amount that the company might recover have not yet been determined. Toshiba will promptly announce any impact on its financial performance revealed by the investigation that requires disclosure.

4. Outline of TIC

Name: Toshiba International Corporation

Address: 13131 West Little York Road, Houston, Texas 77041, U.S.A.

Name and title of representative:

Koichi Yanabe, President and CEO

Business Outline:

Manufacture and sale of motors and drives, power electronics, transmission & distribution systems, automotive systems and other products

Revenue: US\$628 million (approx. 66.9 billion yen; fiscal year 2018 ending March 2019; consolidated basis)

Capital stock: US\$56 (approx. 6,000 yen, 100% owned by TAI)

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